

CPMR Discussion Paper 27

THE ROLE OF THE CENTRE IN PROMOTING CIVIL SERVICE MODERNISATION

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CONTENTS

Foreword	5
Executive Summary	7
Chapter 1: Introduction and background	13
1.1 Focus of the report	13
1.2 Study background and approach	13
Chapter 2: Setting the scene: developing a framework for assessing the evolving role of the centre	15
2.1 The evolving role of the centre in the public sector	15
2.2 The evolving role of the centre in the private sector	15
2.3 An overview of the role of the centre in civil service modernisation	16
2.4 Conclusions and framework for the remainder of the study	17
Chapter 3: The role of the centre in leading the modernisation process	20
3.1 Issues arising from practice	20
3.2 The planning influence of the centre: lessons from the literature on the private sector	21
3.3 Conclusions	23
Chapter 4: The role of the centre in reviewing the modernisation process	26
4.1 The role of strategic review in addressing the implementation challenge	26
4.2 The review role of the centre: lessons from the literature on the private sector	27
4.3 What to do when modernisation initiatives fail to deliver	29
4.4 Conclusions	33
Chapter 5: Assessing the role of the centre as a participant in the modernisation process	35
5.1 The importance of assessing the role of the centre	35
5.2 Assessing the role of the centre: lessons from the private sector	36
5.3 Assessing the role of the centre: some evidence from the Australian public service	38

5.4 Conclusions	40
Chapter 6: Conclusions	41
6.1 Introduction	41
6.2 The centre as a leader of civil service modernisation	43
6.3 The centre as reviewer of civil service modernisation	47
6.4 The centre as participant in civil service modernisation	49
6.5 Concluding remarks	50
Annex One	51
Bibliography	53
Notes	55

Foreword

This paper is the twenty-seventh in a series undertaken by the Committee for Public Management Research. The Committee is developing a comprehensive programme of research designed to serve the needs of the future developments of the Irish public service. Committee members come from the following eight departments: Finance; Environment, Heritage and Local Government; Health and Children; Taoiseach; Transport; Communications, Marine and Natural Resources; Social and Family Affairs; Office of the Revenue Commissioners and also from Trinity College Dublin, University College Dublin and the Institute of Public Administration.

This series aims to prompt discussion and debate on topical issues of particular interest or concern. The papers may outline experience, both national and international, in dealing with a particular issue. Or they may be more conceptual in nature, prompting the development of new ideas on public management issues. They are not intended to set out any official position on the topic under scrutiny. Rather, the intention is to identify current thinking and best practice.

We would very much welcome comments on this paper and on public management research more generally. To ensure that the discussion papers and wider research programme of the Committee for Public Management Research are relevant to managers and staff, we need to hear from you. What do you think of the issues being raised? Are there other topics you would like to see researched?

Research into the problems, solutions and successes of public management processes and the way organisations can best adapt in a changing environment has much to contribute to good management, and is a vital element in the public service renewal process. The Committee for Public Management Research intends to provide a service to people working in public organisations by enhancing the knowledge base on public management issues.

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General information on the activities of the Committee for Public Management Research, including this paper and others in the series, can be found on its website: www.irlgov.ie/cpmr; information on Institute of Public Administration research in progress can be found at www.ipa.ie.

Executive Summary

1. Background

This study provides an overview of some of the main issues concerning the role of the centre in promoting the modernisation agenda in the civil service. For the purpose of the study, the centre is defined primarily as the Departments of the Taoiseach and Finance, as well as the Implementation Group and associated sub-groups engaged in promoting the modernisation programme centrally. The study is not an evaluation of the role of the centre. Rather, the study draws upon organisational theory literature as to how the centre can promote and control change in complex organisational settings. The study also draws on lessons from practice in other administrations and a series of interviews with key informants from the Irish civil service.

2. Framework for the study

A review of developments in both the public and private sectors conducted for the study suggests that there is no one 'model' or 'approach' as to how the centre should organise itself to promote civil service modernisation. Rather than looking for the correct model for the role of the centre then, it is important (a) to ensure that the role of the centre is appropriate to the particular culture and context within which it operates, and (b) to identify the underlying characteristics that determine a successful role for the centre in the modernisation process. To this end, three issues emerge as being of particular significance and provide the framework for this study:

1. *Determining the role of the centre in leading the modernisation process.* Providing the vision of change and planning from a whole-of-government perspective are important aspects of the centre's role in modernisation.
2. *Determining the role of the centre in reviewing the modernisation process.* Monitoring and evaluating progress with implementation is clearly an important function for the centre.
3. *Assessing the role of the centre itself as a participant in the modernisation process.* If the centre is to effectively fulfil its strategic planning and control functions, it is

important that the centre itself is subject to scrutiny in its advancement of the modernisation process.

These issues are addressed in Chapters 3 to 5 of the study.

3. Main findings

It is worth stressing that responsibility for modernisation does not simply rest with the Departments of Finance and the Taoiseach, and the Implementation Group and its associated sub-groups. As originally envisaged, civil service modernisation is intended to be widely-owned, particularly by the heads of government departments and offices. While this paper examines the role of the centre, as defined, in modernisation, it is important to recognise and place the role of the centre in this wider context.

Using the framework developed for this study, a number of key findings are outlined concerning the role of the centre in civil service modernisation.

The centre as a leader of civil service modernisation

- *Managing the modernisation agenda.* As ‘guardian’ of the civil service modernisation vision, the centre has a role to play in articulating the vision to guide the overall modernisation agenda. In part, the vision will comprise values and ends that are long-term and provide the foundation for progress. Other aspects of the vision may be more actionable, with the centre establishing change scenarios and intermediate milestones to monitor progress.

Another aspect of the modernisation agenda to be managed is the prioritisation of themes and topics to be addressed. At certain times themes, such as human resource management and financial management, and topics within these themes, such as the performance management and development system (PMDS) or the management information framework (MIF), may need strong prioritisation by the centre and consequent support and direction. At other times, such topics are best left with line departments and offices, with the centre maintaining a ‘light’ touch overview of proceedings. The centre has an important role to play in managing this evolving agenda and prioritising key themes and topics in need of central push and co-

ordination. The centre needs to engage with the management of themes so as not to become overloaded, or inappropriately over-intrusive.

In prioritising themes and topics, the centre needs to ensure that there are clearly identifiable ‘champions’ of change for particular key issues, as was done for example in the development and design of PMDS. There is a need for champions of modernisation within the centre itself with the authority to ensure momentum and progress.

- *Intervention management.* Apart from prioritisation of modernisation themes, the centre must also determine the nature of its interventions with regard to embedding modernisation issues across the civil service. Deciding when to take a directive stance in driving change forward and when to grant local discretion and flexibility is a challenging business. This is likely to vary from issue to issue. With regard to overall human resource management strategy, for example, this is an issue where the centre clearly needs to take the lead and make a strong intervention. At other times the nature of the intervention by the centre may need to allow local flexibility within a centrally co-ordinated approach. Staying with the example of HR, the performance management and development system (PMDS) was both instigated and highly designed centrally. While the need for central direction with regard to performance management is broadly welcomed, the degree of detailed intervention at the design stage has been questioned. As a general rule the centre needs to scrutinise its actions constantly so as to ensure that they are not over involved in detailed design issues. The need is for a clear focus on the desired outcomes, while not being over-prescriptive on the processes to be used to achieve those outcomes.
- *Knowledge and practice sharing.* There is widespread support for the centre supporting civil servicemodernisation through the development of knowledge and practice sharing. The centre can act as a ‘clearing house’ and add value to initiatives through the use of relatively simple mechanisms. Through its facilitation of networks and other communications channels, the centre should continue to facilitate the sharing of knowledge and experience across civil service organisations. This includes both the sharing of knowledge and experience between organisations, and the raising of awareness of international good practice examples.

A further aspect of ‘sharing’ relates to the development of shared services between organisations to facilitate the modernisation agenda. The centre has a key role to play here in both promoting practice and in ensuring consistency of practice.

- *Removal of common obstacles.* An important leadership role for the centre highlighted in this study is to identify and address common obstacles to modernisation faced by line departments and offices. This requires structured dialogue to identify and determine the nature of such common obstacles, and the promotion of subsequent actions. Such a role is important to support the ‘bottom-up’ drive for modernisation, where departments are actively engaged in trying to change practice, but need support in order to overcome problems outside their control.
- *Links with the political process.* While individual departments and offices have a responsibility to maintain engagement with the political level with regard to their own modernisation initiatives, there is a particular onus on the centre to overview the engagement at the political level with civil service modernisation.

The centre as reviewer of civil service modernisation

In determining the role of the centre as reviewer of civil service modernisation, it is important to note that the centre does not have the same mandate or powers of review as does a corporate headquarters of a private organisation. The centre in this context may be best described as ‘first among equals’ rather than as having the formal mandate to require reporting to them on all aspects of the modernisation programme by line departments and offices. In this context, key findings include:

- *Challenge function.* The general feedback of this study is that departments welcome the development of a ‘challenge’ function from the centre, with the centre aiming to ensure that objectives and targets are sufficiently stretching and challenging. This role can be carried out in different ways both by the central departments and the civil service performance verification group (PVG). As this challenge function evolves, it is possible to envisage a more ‘contractual’ style of relationship developing between the central and line departments, with departmental plans and progress reports providing a focus for attention, including outlining the supports needed from the centre to enable modernisation to proceed.

- *Reporting arrangements.* Divided feedback or reporting to different parts of the centre on modernisation initiatives can present particular challenges to line departments. As far as practicable, primary reporting lines on the main issue, with dotted-line reporting on specific sub-issues, should be pursued if applicable. It is important that the diverse elements of the centre associated with civil service modernisation are all clear about their specific responsibilities.

With regard to more formal reporting of progress, the further development of progress reports to the civil service performance verification group (PVG) could be a positive development – particularly to improve the evidence base presented by departments and offices on the intermediate and final outcomes of modernisation initiatives.

- *Implementation problems.* The centre has an important role to play when problems are encountered with the implementation of centrally agreed modernisation initiatives. In such a situation, the centre should use a diagnostic framework, such as that outlined in section 4.3 of this paper, that enables the causes of the implementation problem to be clearly identified and appropriate responses developed. The civil service performance verification group (PVG) may have a role to play in identifying particular problem areas/issues in need of scrutiny.
- *Political overview.* While outside the specific brief of this study, it is important to note that many respondents noted that, in terms of review, Oireachtas committees represent a potentially significant but relatively underused review mechanism. The degree to which such political oversight could be supported is an issue that could be examined by the centre in assessing overall review arrangements.

The centre as participant in civil service modernisation

The centre has an important role to play in stimulating and assessing the level of civil service modernisation that occurs. But the centre itself should be the subject of periodic scrutiny and assessment as to how it is fulfilling its role as a player in the modernisation process. There can be a tendency for more and more issues to be identified as needing the drive and support of the centre if they are to take root across the service, particularly with regard to whole-of-government issues. Yet the centre itself has limited capacity.

Assessment of the priorities of the centre and its capabilities is an important element in effective management of the modernisation agenda. The main findings here relate to:

- *Value-added scrutiny.* There is a need for periodic assessment of the net value-added being provided by the centre for each of the main themes and activities covered by the modernisation agenda. The centre must be performing a role that positively influences performance by line departments and offices. If this positive influence cannot be demonstrated, the role of the centre in that particular instance should be questioned.

In assessing the role of the centre in adding value, a couple of approaches are possible and mutually compatible. One is for central managers to report on the value their section is adding, informed by the views of managers in line departments. The other is for external peer review of the centre. In terms of the criteria and principles to be used in assessing the centre's role in modernisation, it is important to assess the structures, systems and processes used by the centre and the management style adopted.

1

Introduction and background

1.1 Focus of the report

This study provides an overview of some of the main issues concerning the role of the centre in promoting the modernisation agenda in the civil service. For the purpose of the study, the centre is defined primarily as the Departments of the Taoiseach and Finance, as well as the Implementation Group and associated sub-groups engaged in promoting the modernisation programme centrally¹. The study is not an evaluation of the role of the centre. Rather, the study draws upon organisational theory literature as to how the centre can promote and control change in complex organisational settings. The study also draws on lessons from practice in other administrations and a series of interviews with key informants from the Irish civil service.

1.2 Study background and approach

The government's civil service modernisation agenda has been articulated and developed in a number of documents. Key sources in this regard include *Delivering Better Government* (1996) and *Sustaining Progress* (2003). Central departments and working groups have a vital role to play in advancing the implementation of the modernisation agenda.

In its *Evaluation of the Strategic Management Initiative* (SMI), the PA Consulting Group (2002) identifies 'the challenge of implementation' as perhaps the key theme to emerge from its analysis of progress made to date. While the primary thrust of the recommendations from the PA report is upon completing the agenda first identified and articulated by *Delivering Better Government* (1996), some recommendations are made concerning the role of the centre. For example, it recommends 'the strengthening, widening and deepening of the range of central support for civil service modernisation provided by the Departments of Finance, the Taoiseach and the Implementation Group of Secretaries General'. In general, when looking forward PA Consulting comment 'the quality of the institutional leadership provided by the Department of the Taoiseach and the Department of Finance will continue to be vital'.

In CPMR Discussion Paper No.17 entitled *A New Change Agenda for the Irish Public Service*, Boyle and Humphreys (2001) note that, 'Central agencies have a critical role to play in pushing the modernisation agenda forward and ensuring coherence across the civil and public service in the methods and approaches used'. Overall, however, the current organisational and governance arrangements at central level for promoting change are presumed to continue and are not subject to significant evaluation and scrutiny by PA Consulting. This study by the CPMR of the role of the centre in promoting civil service modernisation is therefore not only timely but should also make a helpful contribution in moving forward on the next phase of modernisation. As Matheson (2002) has observed, 'The emphasis of most modernisation efforts in OECD countries in recent years has been on service delivery: "rowing". It is, however, becoming increasingly evident that some of the most important changes in adapting governments to the changing needs of society are in "steering", especially from a whole-of-government perspective. A central issue is what strategic capacity a government in modern society needs, and how are the central agencies in different countries adapting to build such capacity'.

This study then is not an evaluation of existing practice with regard to the role of the centre in civil service modernisation. While some examples of issues addressed under modernisation, such as human resource management, are used for illustrative purposes, particularly in the concluding chapter, the focus of this research is on learning from organisational theory and general organisational practice. The research approach adopted for this study includes web-based and other literature searches to identify national and international level material on the role of the centre in major change programmes, in both the public and private sector. Organisational theory literature provides useful information on good practice from a private sector perspective. In particular, a long-term programme of research undertaken by the Ashridge Strategic Management Centre into corporate strategy and the role of the centre in the management of multi-business companies provides insights into the differing roles the centre can play. In the public sector, experience from OECD studies of the role of the centre and from individual administrations provides helpful material. In addition, in-depth discussions were held with members of the Implementation Group and associated sub-groups. These interviews provide a detailed overview of the role of the centre from many of the main participants engaged in driving the modernisation agenda forward, both from the centre itself and from line departments.

2

Setting the scene: developing a framework for assessing the evolving role of the centre

2.1 The evolving role of the centre in the public sector

Looking at international trends in civil service modernisation and the role of the centre, it is possible to discern some common broad changes. In the late 1970s and early 1980s as Keating (1995) notes: ‘central departments in many administrations exercised substantial control through their detailed involvement in the operations of line departments’. The reform programmes of the last twenty to thirty years have tended to focus on giving line departments and managers more autonomy and discretionary authority in selected areas, with more responsibility and accountability being the corollary of this development.

The role of the centre has consequently shifted away from involvement in detailed management at departmental level towards developing and maintaining the broad management framework for government. Central departments now have more of a focus on the corporate management of the public service, or what is nowadays commonly referred to as a ‘whole-of-government’ perspective.

2.2 The evolving role of the centre in the private sector

This shift in focus of the centre echoes developments in the role of the centre in diversified organisations in the private sector. Chandler (1962) in a seminal work on strategy and structure described how four major US firms changed from a functional to a divisional structure. As the firms grew, the role of the centre became increasingly complex and overloaded with operational issues. Divisionalisation was seen as a way of both increasing the success of managers in the divisionalised units, and also allowing the centre to focus more on policy formulation and resource allocation.

As the centre in diversified organisations focuses more on corporate management issues in terms of directing progress and change, issues arise about what distinguishes ‘successful’ centres from others. Work by Goold, Campbell and Alexander (1994) indicates that, at first sight, it is the differences between centres that are most apparent. Some emphasise the strategic planning process, others do little strategic planning; some have large corporate centres and complex organisational structures while others emphasise low overheads and personal accountability. But, Goold, Campbell and Alexander discern a number of underlying features shared by successful centres:

- Attempts to create value fit well with the opportunities in their particular businesses. They have particular insights about how to create value from these opportunities, and the priority opportunities to pursue.
- The centres have distinctive characteristics that are helpful in exploiting these opportunities.
- The centres clearly recognise and employ criteria that define their own heartlands (the businesses they are in) and focus their portfolios on these heartlands.

Application of these features is seen as the key to ensuring an excellent fit between the characteristics of the centre and the characteristics of the business.

2.3 An overview of the role of the centre in civil service modernisation

From the perspective of civil service modernisation, the above developments would suggest a changing role for the centre, with more of a focus on corporate management and the overall planning and control of change, and less attention to detailed operational issues. The centre also needs to identify and focus on its main ‘added value’ contribution to modernisation.

In a review of the role of the centre in reform programmes in a variety of public administrations, the OECD (1999) reflects on such changes. A number of significant points emerge from this OECD study:

- A strong, competent centre is considered crucial for successful public management reform, especially in facilitating horizontal work and providing for co-ordination. It is also seen as important in creating a link between policy formulation and

implementation and for investigating future opportunities and threats. Also important is ensuring the maintenance of the interface between the public service and elected officials, and evaluation of the outcome for promulgating best practice and innovation.

- Several countries' experiences emphasises the crucial role played by the central departments in developing and maintaining an overall perspective on the need for reform without which the initiatives would be more fragmented and isolated.
- The role of the centre is not as strong in all countries. Reform is organised in ways characteristic of each culture. In some countries a ministerial committee on public management reform is the central actor, with a central ministry or ministries co-ordinating reform and acting, through information steering and advice, as a policy planning unit for the entire government. In other countries, each ministry conducts its affairs independently and an approval of all the ministries is often required for reforms to apply to the entire administration. A variation of this model involves several centres for national administration policy, with the sectoral ministry remaining as the most important one but with a number of important ministries playing a general role in reform.
- Whatever the role of the centre, the line ministries remain crucial for successful reform in all of the countries.

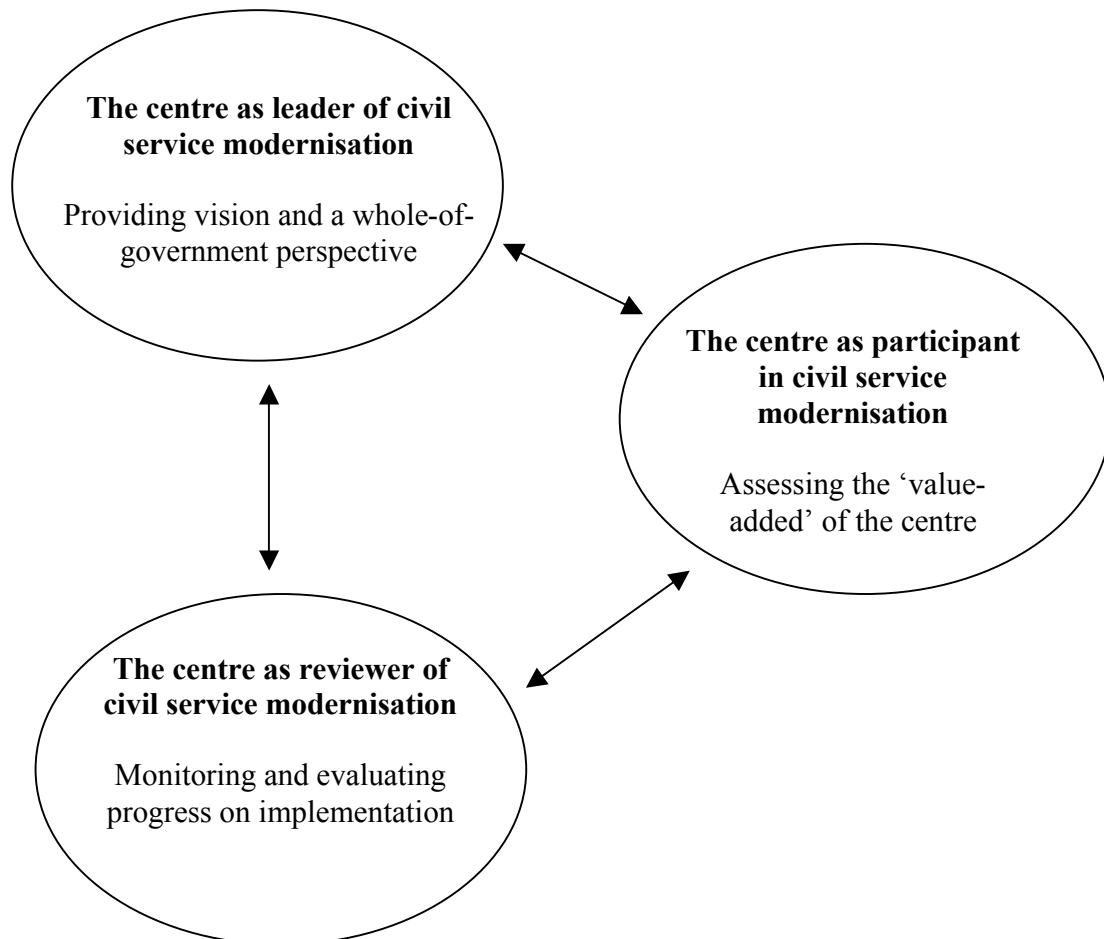
2.4 Conclusions and framework for the remainder of the study

What emerges from this brief portrait of developments in the role of the centre in both the public and private sectors is that there is no one 'model' or 'approach' as to how the centre should organise itself to promote civil service modernisation. In some scenarios, a strong centre with an emphasis on strategic planning is deemed successful; in other cases a relatively 'diffuse' centre with most of the responsibility resting at the operational level can bring about change.

Rather than looking for the correct model for the role of the centre then, it is important (a) to ensure that the role of the centre is appropriate to the particular culture and context within which it operates, and (b) to identify the underlying characteristics that determine a successful role for the centre in the modernisation process. To this end, three issues

emerge as being of particular significance and provide the framework for the remainder of this study (Figure 2.1).

Figure 2.1 Framework for the study



1. *Determining the role of the centre in leading the modernisation process.* Providing the vision of change and planning from a whole-of-government perspective is an important aspect of the centre's role in modernisation. How best can the centre lead the visioning and strategic planning process without becoming an overbearing influence on line departments? What is the place of 'champions' and 'culture setting' in this process? What tools of influence are available to the centre (such as target setting, selection of strategic objectives) and how should these be used?
2. *Determining the role of the centre in reviewing the modernisation process.* Monitoring and evaluating progress on implementation is clearly an important

function for the centre. What is the appropriate mix of formal and informal review processes? How can review best operate when the centre itself is in practice not one but multiple centres? What should happen when initiatives get stuck?

3. Assessing the role of the centre itself as a participant in the modernisation process.

If the centre is to effectively fulfil its strategic planning and control functions, it is important that the centre itself is subject to scrutiny in its advancement of the modernisation process. What value does the centre add to the process and how can this be determined? Are there any negative consequences arising from the centre's activities for modernisation?

These questions are addressed in the remainder of the study, using the three-point framework outlined above.

The role of the centre in leading the modernisation process

3.1 Issues arising from practice

The centre has a key role to play in setting the broad strategic direction for modernisation and in providing a coherent and overarching vision of where change is leading. To this end, the key informant interviews carried out for this study highlight a number of important issues:

- The need for the centre to articulate a clear vision of the future with regard to modernisation is widely supported. There is also a general sense that the vision needs to be supported by more actionable statements, with specific timetables and options, and intermediate milestones, so that progress in implementation can be assessed. One respondent notes the role that the development of scenarios can play in providing a fairly concrete picture of what the intended future(s) might look like and the practical benefits arising.
- Allied with articulation of the vision is the perceived need for the centre to provide clarity in relation to the strategic objectives to be achieved through modernisation. Several respondents express concerns about mixed messages coming from the centre, some emphasising short-term control and others emphasising the need for longer-term investment. To some extent this reflects the different roles the centre and in particular the Department of Finance itself has to undertake. There is seen to be a need for greater consistency concerning the desired direction of the reform. Also noted by some respondents is the need for the centre to prioritise key objectives and projects, with central steering of significant cross-cutting projects which underpin the reform process.
- A common theme from several respondents is that the centre should concentrate in particular on removing the common obstacles that block departments making progress. Where analysis indicates that common problems are being faced across several departments in the implementation of aspects of the modernisation programme, there is a particular need for the centre to take or co-ordinate action to remove the blockages.

- Several respondents note difficulties faced by maintaining momentum for change over the longer-term. As fatigue sets in, there is a need for central drive and leadership. Issues around changes in personalities and structures can affect the pace and nature of change in multi-annual change programmes. There is seen to be a need for constant scrutiny and re-invigoration of the role of the centre. In this context, the identification of clear ‘champions’ of change was mentioned by some respondents as important in providing momentum and direction, as was done for example in the design of the performance management and development system (PMDS).
- A role for the centre in identifying and disseminating lessons learnt from good practice in modernisation, both nationally and internationally, was mentioned by several respondents. The centre as the co-ordinator of shared learning is seen as an important role.
- The need for the centre to engage with the political process centrally, and to inform and stimulate political oversight of the modernisation process was mentioned by some respondents. In this situation, the centre acts as an important link between the political and administrative interface on modernisation.

3.2 The planning influence of the centre: lessons from the literature on the private sector

In fulfilling its leadership function, the centre has a role to play in shaping the strategies that emerge in the line departments to fulfil the vision for modernisation. The centre’s influence in shaping the modernisation agenda in this respect is a function of the objectives and targets that are set, but also the culture, systems and processes and how these are managed. Based on private sector organisation experience, Goold and Campbell (1987) identify a number of tools of influence that the centre can use in the strategic planning process:

- 1) *Organisation structure.* The way the organisation is structured affects the degree of planning influence. Where there are extensive overlaps, co-ordinating committees and matrix-like arrangements, the centre has more of an opportunity to influence plans as they are being developed.

- 2) *Review of plans.* Unit reviews of their plans with the centre provide an opportunity for the centre to give a steer to managers. This issue is addressed further in Chapter 4, under strategic review.
- 3) *Strategic themes.* Here, the centre has a view of what are the distinctive competencies of the organisation as a whole, and advocates significant themes across units that complement these competencies.
- 4) *Broad strategic thrusts.* Related to the themes issue, this influence comes from the specification by the centre of broad objectives or thrusts for particular units.
- 5) *Specific suggestions.* The degree to which central managers make specific suggestions to line management depends on their commitment to decentralisation. But even in highly decentralised operations, central managers from time to time make specific suggestions.
- 6) *Management of overlaps between businesses.* Central influence in the form of broad thrusts or specific suggestions is exercised particularly where overlaps, links or relationships between businesses need to be managed.
- 7) *Allocation of resources.* The most powerful way in which the centre can influence strategy is through the allocation of resources. Some centres link resource allocation closely to long-term business plans, others adopt a more project by project approach.

Extremes in the way these tools are applied exist. At one extreme are highly centralised companies where the centre takes all the major decisions. At the other extreme is the centre as holding company, essentially detached from unit decision making. Goold and Campbell found that successful companies tend to lie somewhere between these extremes, and to mix top-down (centre-led) and bottom-up (unit-led) contributions. This finding supports that of Mohrman, Tenkasi and Mohrman (2003) that reliance on a hierarchical cascading of change from the centre outwards tends to be ineffective: 'Organisational actors have to be able to interact with each other and change agents in a variety of forums for change to be accepted and adopted'. In particular, strong ties between inter-unit networks, both formal and informal, can lead to more successful change efforts, as they facilitate a shared understanding of the purposes and content of the changes. The use of formal and informal social networks by the centre to facilitate change is an important driver of change (Tenkasi and Chesmore, 2003).

The centre also has an important role to play in selecting appropriate objectives and targets for each business area. Goold and Quinn (1993) outline the role of the centre in selecting suitable strategic objectives:

- Strategic control should concentrate on a small number of key objectives. Ten to fifteen key objectives per business per year represents the maximum that can be set without causing confusion about priorities and interference with operating decisions.
- While modernisation objectives may cover long-term goals, the centre should ensure that milestones are identified on an annual basis.
- Objectives should be determined which focus on either the completion of major projects vital for strategic success or on measures of results achieved in key areas.
- The centre should aim to sharpen and stretch targets proposed by businesses. This requires the centre to know enough about each business to be able to tell whether a target represents stretch performance that is at the same time achievable.
- The centre has a key role to play in ensuring the avoidance of setting budget targets that are incompatible with strategic targets without a consequent renegotiation of the strategic targets.

3.3 Conclusions

In looking at the role of the centre in providing a vision and leading the strategic planning process in modernising the public service a number of significant issues emerge from this brief overview. It is important that the vision and strategic objectives for modernisation are actionable, with interim steps along the way determined to enable judgements on progress to be made. In terms of departmental-based strategic modernisation objectives, the centre has a role in (a) providing a ‘stretch’ or ‘challenge’ function to these objectives, (b) ensuring that common strategic themes and thrusts are addressed by departments, and (c) identifying common obstacles faced by departments in progressing modernisation and addressing these as appropriate.

In terms of leading on strategic themes, there is a need for the centre to take on a strong, driving role, that adds momentum and value to the process. This point can be illustrated by the role of the Department of Finance in Australia in promoting departmental

evaluation of programmes, as outlined in Box 3.1. Here the centre has been important in advancing a key priority theme in a coherent and co-ordinated manner.

Box 3.1 A positive strong centre: the role of the Department of Finance in Australia in promoting departmental evaluation

In the late 1980s and 1990s the federal government in Australia gave a high priority to ensuring that programme evaluations were conducted and the findings used. The approach adopted entailed a combination of formal requirements for evaluation plus their strong advocacy by a powerful central department: the Department of Finance.

The role of the Department of Finance has been identified as ‘... perhaps the single most important factor in the substantial degree of success with evaluation in Australia’ (p.164). The department periodically critiqued the process and recommended improvements to government. The department also established an evaluation branch responsible for advice, support and training for other departments and Finance itself. Informal discussions with senior executives in departments have emphasised ‘... the important catalytic role played by DoF ... in their departments’ (p. 168).

Source: Mackay, 2002

There is a need for coherence from the centre in the planning process. In particular, there is a danger of mixed messages emerging when different parts of the centre have responsibility for different aspects of modernisation. It is particularly important to ensure that budget targets and strategic targets are in alignment (this issue is addressed further in the next chapter, on strategic review).

The centre has an important role to play in maintaining momentum for modernisation, which is a multi-generational change programme. Issues such as identifying and promoting desired scenarios of change, the promotion of intermediate milestones, and the role of ‘champions’ in the change process are all important in this context. Modernisation objectives need an identifiable champion or champions at senior management level if they are to have substantial and lasting impact. The effective use of networks, with strong ties

between the centre and line, is important in winning wide-spread acceptance of the change.

In summary, the centre has an important role to play in providing the vision of change and a consistent view; identifying and pushing key priority themes and projects; and identifying and addressing common obstacles. Other strategic planning tasks can be decentralised for line departments to take the lead.

The role of the centre in reviewing the modernisation process

4.1 The role of strategic review in addressing the implementation challenge

The PA Consulting Group (2002) evaluation of the SMI notes that ‘The challenge for the modernisation programme in future will not be to consider “what do we need to change”. The work already done under SMI/DBG has explored these questions and provides an appropriate agenda moving forward. The real challenge will be to implement insights already secured’. In moving forward on implementation, strategic review by the centre on progress has a vital role to play. A number of important strategic review issues was raised in the key informant interviews for this study:

- Several respondents, both from central departments and line departments, indicate that they welcome the further development of a ‘challenge’ function from the centre with regard to modernisation implementation. The need for the centre to ‘raise the bar’ for everyone and to resolutely scrutinise progress and pursue change are seen as important functions. One respondent referred to a desire to see a more ‘contractual’ style of relationship between departments and the centre with regard to modernisation implementation.
- In terms of existing controls, some concerns are expressed about tensions between the centre and line departments on the degree and detail of control needed with regard to modernisation. However, some respondents note that a degree of ‘tension’ is not always a bad thing, and can encourage discussion and debate in situations where there is no one right answer. Some respondents suggest that, in line with the recent economic slowdown, there is a re-assertion within the Department of Finance of the ‘traditional’ control ethos and consequent diminution in trust.
- There is a widespread view among respondents that the SMI Implementation Group, whilst serving a useful function, is not an effective review body. It is seen as too big and more focused on steering/information exchanges.
- Several respondents mentioned the performance verification groups set up under *Sustaining Progress* (2003) as potentially useful from a monitoring and review perspective. This is particularly the case given the limited information available at

present to provide evidence of the impact of modernisation. The performance verification groups are seen as a means of enhancing the evidence base for modernisation.

- A need for more engagement by the Oireachtas, particularly Oireachtas committees, in scrutinising progress with regard to modernisation was noted by several respondents.

4.2 The review role of the centre: lessons from the literature on the private sector

Goold and Quinn (1993) found that formal approaches to strategic review (which they refer to as strategic control) by the centre in diversified companies are relatively uncommon. But in those major companies where it does exist, strategic control underlines the importance of strategic action programmes and clarifies priorities, making strategy implementation more effective. They identify a number of common features of strategic control:

1. *Periodic strategy reviews and formal monitoring of strategic progress.* Strategy reviews, often carried out annually, aim to establish broad strategic directions for change and a focus on key strategic objectives. The quality of thinking behind the reviews and the debate between business and corporate management are vital influences on the success of such reviews. Reviews are often supported by progress reports. These reports address questions such as whether the critical assumptions behind strategies are still valid and if implementation is on schedule.

Goold and Campbell (2002) note particular challenges in strategic control monitoring and reporting in multi-dimensional structures where operating unit managers report to more than one boss:

Divided reporting is not easy. To work well, it requires a clear agreement about who is primarily responsible for what, and a process for reaching a collective view on parenting responsibilities that are shared between the bosses ... Divided reporting also causes potential conflict for operating unit managers. It is harder to respond to two bosses, each with separate agendas and sometimes pulling in different directions.

In consequence, Goold and Campbell found that divided reporting has become a relatively rare and unpopular form of strategic control. In multi-dimensional structures, most companies now opt for clear primary reporting lines, with a secondary or dotted-line reporting relationship:

With dotted-line reporting, there is a clear line of reporting to the main boss, who has ultimate authority, but there are some other secondary or dotted-line reporting relationships ... The dotted-line boss is concerned with specific, identified issues, and has some influence on them, but the primary boss clearly remains the main authority ... Nevertheless, dotted-line reporting brings with it some of the same dangers as divided reporting. The more powerful and demanding the dotted-line boss, the greater the risk of conflict with the main line of reporting. But the weaker the dotted-line boss, the less input the relationship will have. Dotted-line reporting is a tricky tightrope to walk, and the extent of the responsibilities of the dotted-line boss needs to be clearly laid out.

2. *Link to reward and sanctions.* Interestingly, achievements against strategic change objectives are typically not tightly linked to personal career progression, salaries or bonuses. More indirect links are used, with subjective assessment of progress against milestones being built into incentive compensation plans. Also, the process of formally monitoring strategic objectives means that there are psychological rewards and penalties attached to target attainment.
3. *Central intervention.* While budget shortfalls are the most common trigger of central intervention, failure to meet strategic objectives is also seen as important. If milestones are missed, the centre may press for more information or for a review, or be less delegative in its approach to the business.
4. *Use of performance measures and control information.* In most companies the centre monitors agreed criteria regarding the strategic objectives. The centre also informs itself about a wider range of issues, using informal contacts and sources of information as well as formal reporting mechanisms. This broad information base helps central managers when judging if targets are stretching enough, and when deciding how to react when milestones are not met
5. *Informal strategic control processes.* As well as, or in many companies instead of, formal control procedures, companies often use more informal processes. Regular line management contacts and informal channels are used to flag important strategic

issues that need addressing, allowing a flexible response as a business's circumstances change. Features of informal control include:

- dialogue between the centre and the businesses to establish priorities
- budget discussions to provide a vehicle for communicating strategic priorities and constraints
- performance monitoring through periodic strategy reviews, operating plan reports, specific investigations and regular informal meetings and discussions.

However, Goold and Quinn, while recognising the benefits of informal strategic control, warn against the danger of falling back on informal control due to a failure to think through what represents good strategic performance and what are necessary milestones. In this situation, informal controls can lead to confusion and lack of purpose.

4.3 What to do when modernisation initiatives fail to deliver

Some initiatives under SMI/DBG have proceeded according to plan. Others have progressed slower than intended. A significant strategic review problem for the centre is determining what to do when initiatives do not proceed as intended. To what extent and in what manner should the centre intervene? Some guidance on these issues is provided by research undertaken by Darragh and Campbell (2001) in investigating why corporate initiatives get stuck. They identify three main reasons why corporate initiatives become stuck:

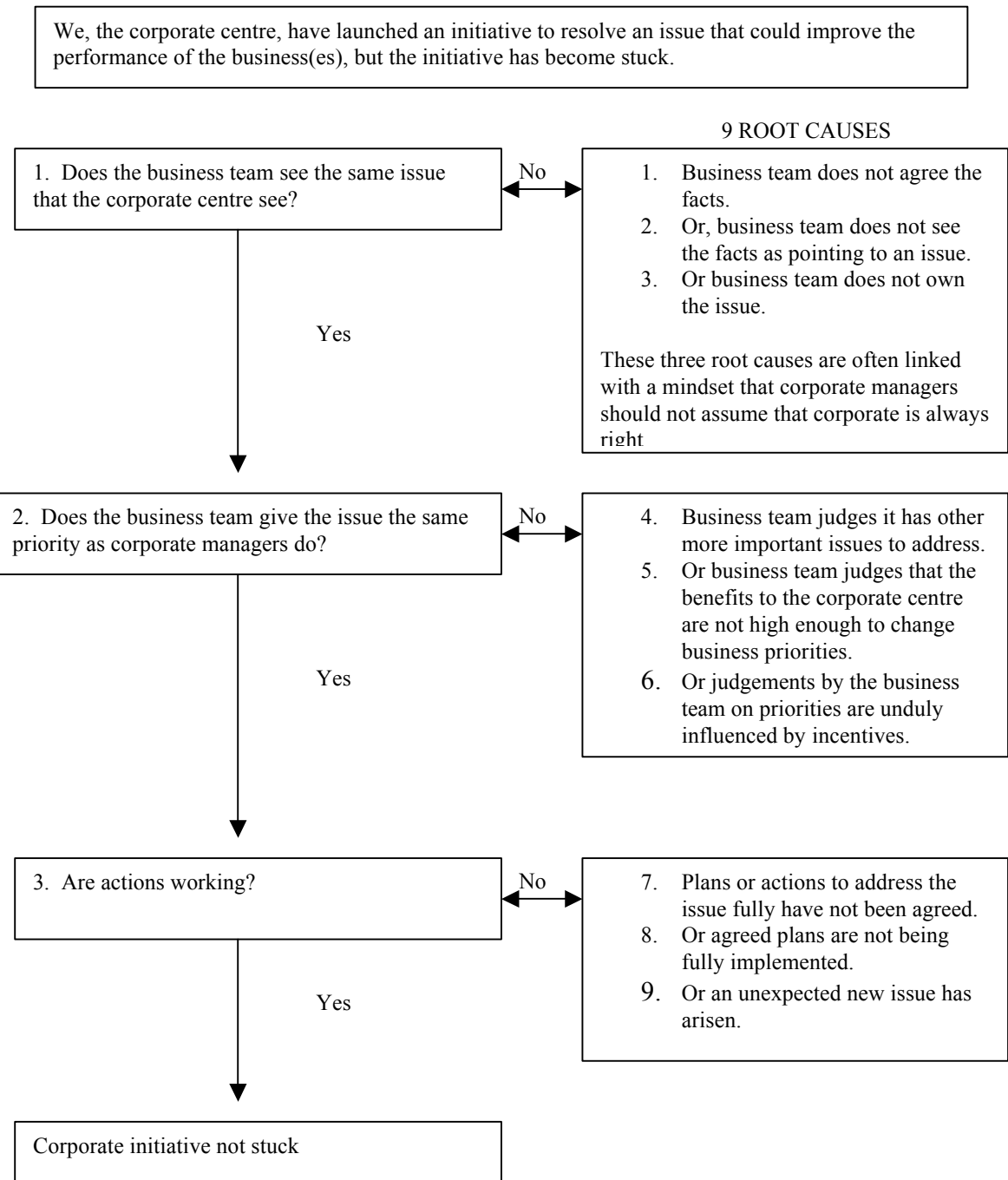
1. Managers in business units do not see the issue that an initiative is trying to address in the same way corporate managers see it. About half the initiatives researched get stuck for this reason.
2. Managers in business units see the issue in the same way as the centre, but do not give it the same priority. Other activities they are concerned with receive more attention. About one-third of initiatives get stuck for this reason.
3. The business unit managers see the issue in the same way, give it priority, but the actions they take do not work. About one in eight initiatives researched stuck at this point.

These results are in complete contradiction with the opinions of corporate managers, who judge implementation difficulties (point three) as the most important. The first issue, of differing perceptions of importance of the initiative, they see as the least important cause of initiatives getting stuck. Mis-diagnosis then leads to inappropriate 'solutions'. On the basis of these findings, Darragh and Campbell developed a diagnostic framework to identify the root causes of initiatives getting stuck, built around the three main sticking points. This framework is outlined in Figure 4.1. The framework is intended as an aid to dialogue between business managers and corporate managers. Each of the nine root causes and possible approaches to dealing with them, under the three main reasons for failure, are outlined below.

A Does the business team see the same issue that the centre sees?

- 1) *Does the business team agree the facts?* Sometimes, the basic facts can be in dispute. In this situation, time is needed to discuss and agree the facts of the situation.
- 2) *Does the business team see the facts as pointing to an issue?* The research indicates that different interpretations of the facts between the centre and business units are a common cause of initiatives becoming stuck. In these circumstances, Darragh and Campbell identify a number of ways forward: (a) consensual change, where dialogue resolves the differences; (b) compliance, often enforced by the centre withholding something the business managers want until they have addressed the issue; or (c) people change, where changing a key manager can unblock the change.
- 3) *Does the business team own the issue?* On occasion, it is possible for the business and the corporate centre both to think that the other has overall responsibility for a particular issue. Here, responsibilities need to be clarified, and ownership of the issue by the business unit encouraged, unless the dialogue indicates that the centre has mis-diagnosed the issue, in which case the centre should re-assess its views.

Figure 4.1 Framework to diagnose where a corporate initiative is stuck



Source: Darragh and Campbell (2001)

B. Does the business team give the issue the same priority as corporate managers do?

- 4) *Does the business team judge it has other more important priorities?* Most business teams already have a heavy agenda and may see corporate initiatives as of a lower order of priority. Here, there needs to be joint consideration of the value added from the corporate initiative, reviewing its relative importance on the business agenda.
- 5) *Does the business team judge that the benefits to the corporate centre are not high enough to change its business priorities?* This problem may be caused by (a) the corporate centre having a number of initiatives that are crowding out the ability of the business team to handle this initiative, or (b) corporate managers sending out mixed signals on the importance of the initiative. In these cases, the centre needs to reflect on its own priorities and the consistency of the messages it is sending out.
- 6) *Are judgements by the business team on priorities unduly influenced by incentives?* The incentive structure operating on business unit managers may cause them to give the corporate initiatives less priority, as incentives (bonuses, promotions etc) are focused on business unit activities rather than corporate activities. This may require the review and re-alignment of incentive structures.

C. Are actions working?

- 7) *Are there agreed plans and actions to address the issue fully?* In facing unfamiliar or complex issues, business teams may not have adequate skills or planning capabilities. The centre needs to ensure that the plan devised by the business team fully addresses the issue.
- 8) *Are agreed plans being fully implemented?* In this situation, business managers may 'cherry pick' actions and implement their favourite ones only, or they may lack the capacity to address the issue. Here, the centre should confirm ownership of the plans with the business units and if necessary review the capabilities of the business management team.
- 8) *Has an unexpected new issue arisen?* When new issues arise, the centre needs to assess if the new issue really presents an opportunity to add value, and if so, reassess relative priorities.

Finally, on the general issue of modernisation initiatives failing to deliver, work by Tenkasi and Chesmore (2003) suggests that when the changes sought are particularly controversial, it may be worth the centre considering starting change from the periphery rather than launching straight into system-wide change:

... innovations, particularly when they are controversial, can be threatening to some actors because they may involve institutional and/or cultural changes that are a departure from familiar routines of behaviour and thought. In such cases, these can be a backlash to broad implementation efforts for the innovation. However, if the willing change recipient units are located on the periphery, with little contact and exposure to the rest of the organization, they can safely adopt the innovation, demonstrate its effectiveness, and then spread the word to the neighbouring subunits one unit at a time. Krackhardt (1997) modelled this process ... to show how the complex dynamics of gradual and incremental adoption of controversial innovations favor this periphery/low connectivity strategy.

4.4 Conclusions

Strategic review by the centre of modernisation initiatives is a crucial element of the implementation process. Yet it is one that many administrations fail to adequately address. Good strategic review ensures that there is follow-through on the vision and the objectives, milestones and targets derived at the strategic planning stage.

The centre has an important challenge and review function. One aspect of this is the conduct of periodic reviews using progress reports and monitoring of progress against modernisation milestones. The centre in this context aims to 'raise the bar' for everyone and encourage progress. At the same time, it provides an opportunity for line management to raise issues bearing on their ability to implement change.

The management of 'mixed messages' and 'divided reporting' presents particular challenges, both for the centre itself and for line management. Dotted-line reporting relationships on particular issues, added to one main reporting relationship, are more frequently used in the private sector, but are still not easy to manage. It is important for the centre itself to reflect on its own priorities and aim to ensure consistency in the messages it is sending out.

Informal strategic review processes, such as regular contacts between the centre and line, and the use of informal channels of communication, have a useful complementary role to play. But they are not a substitute for formal review procedures. The Danish civil service, for example, puts significant emphasis on flexible and informal approaches to conflict prevention, emphasising close personal contacts, facilitated by a relatively small Prime Minister's Office (OECD, 1998).

Finally, the diagnostic framework produced by Darragh and Campbell (2001) to assess why corporate initiatives get stuck provides a useful tool that can be applied to the review of modernisation initiatives in the public service. Ensuring that there is a clear and correct understanding of why implementation problems are arising with regard to cross-cutting modernisation initiatives is important. It can help avoid mis-diagnosis of the problem and consequent inappropriate solutions.

Assessing the role of the centre as a participant in the modernisation process

5.1 The importance of assessing the role of the centre

As has been mentioned, the centre has an important challenge function to perform in progressing civil service modernisation. But it is equally important that the centre itself should be challenged and assessed. Several of our key informant interviews, including those conducted with central managers themselves, recognise the importance of the centre itself being accountable for its role in the modernisation process.

Such scrutinies of the role of the centre do periodically occur in some administrations. For example, in New Zealand in 1999 the role of the State Services Commission (SSC) in promoting change in government departments was assessed and changes made in its role and direction (Upton, 1999). A greater emphasis was put on the role of the SSC in monitoring the quality of public sector management. In the UK, the Cabinet Office was subject to external peer review. The *Modernising Government* white paper (Cabinet Office, 1999) tasked the Centre for Management and Policy Studies with organising a programme of peer reviews of how departments were implementing the principles of modernisation. An external team from the public, private and voluntary sectors, chaired by the President of the Canadian Centre for Management Development, was asked to conduct the peer review of the Cabinet Office (Peer Review Report, 2001). A ten-day programme of briefings and interviews took place. A number of conclusions emerge from this review:

- a) *Modernising Government* is widely accepted as a positive and effective framework for change. Numerous departmental and wider public service improvement and change initiatives are going forward. The agenda is relevant across the various divisions of the Cabinet Office.
- b) The Cabinet Office needs to find ways to keep in touch with what is going on in departments, so that it can celebrate success, understand progress and spot the gaps.

- c) There is strong demand from departments and stakeholders for more leadership and better support from the centre – as opposed to more demands.
- d) The Cabinet Office should concentrate on areas where it can offer expertise, carry credibility and add value.
- e) The Cabinet Office should provide a role model for the change agenda and operate in a joined-up way across the centre of government.

Academic reviews of the role of the centre in progressing civil service modernisation in the UK have tended to emphasise and warn against the fragmented nature of the centre. Within the Cabinet Office itself, there is a diversity of units established to progress different aspects of modernisation. Kemp notes that this has led to ‘... the duplication of resources and ... different ambitions and conflicting objectives which is reflected all the way down the line in departments’ (in Fry, 1997). Talbot (2003) stresses what he sees as the dominance of the Treasury. In describing the powers available to the Treasury, such as its involvement in setting departmental objectives and monitoring delivery, he states that:

Set against this, the powers of Number 10 are pretty feeble. The Treasury has its hands firmly on both the purse strings and most of the accountability mechanisms for delivery, as well as having sucked in whole policy areas ... Slimming the Treasury down into an actual finance ministry would help – moving some of its powers over regulation, enterprise and some other policy areas into the relevant ministries. And strengthening the role of what should be the centre of government – the Prime Minister’s Office – would also move us in the right direction.

In general, periodic assessment of the role of the centre can be helpful in maintaining momentum behind modernisation programmes.

5.2 Assessing the role of the centre: lessons from the private sector

Goold and Campbell (2002) set out their understanding of why assessment of the role of the centre (or the parent function in their terminology) is important:

Parent functions should be accountable for contributing to the effectiveness and added value of the parent. Surprisingly few companies however make an explicit attempt to measure how much net value parent functions are adding. We believe that this is an error, and that corporate function heads should be required to report on the value that their departments have added, at least annually. Shell has recently adopted this discipline for its corporate centre, and it has sharpened its thinking about the real sources of parenting value-added, and about the staff resources needed to support them. The opinions of business managers should be given strong weight in making the assessments of value-added, and can provide a salutary balance to the views of overoptimistic corporate staffers.

Goold and Campbell (2002) refer to a 'redundant hierarchy test', which is a test of whether or not the centre creates value in its businesses. It asks the question, does the centre have distinctive, value-creating responsibilities and the knowledge and competence to discharge them effectively? If not, the centre may actually contribute to value destruction. The role of the centre in this scenario is to influence the businesses in its portfolio to enhance their collective performance. If this cannot be demonstrated, the corporate strategy may need to be re-assessed.

In judging whether or not the centre is performing as well as it should with regard to modernisation, Goold, Campbell and Alexander (1994) suggest a number of characteristics of the centre that should be assessed:

- *The centre's mental maps.* Central managers have rules of thumb and mental models they use to interpret and synthesise information. These values and objectives should be assessed as to their validity with regards to modernisation.
- *The centre's structures, systems and processes.* These are the means through which the centre creates value. The way central managers use human resource systems, budgeting and planning processes and the like to influence change needs to be scrutinised.
- *People and skills.* The centre often creates value because it contains people with distinct expertise. The extent to which the centre has the relevant skills and competences to progress modernisation is an important consideration.

- *Devolution contracts*². These ‘contracts’ define the issues on which the centre normally retains influence and those that it normally devolves to business managers. It is partially captured in formal procedures such as authorisation limits, job descriptions etc. But it is also embedded in the culture of the company, involving both principles and precedents that are continuously tested in specific cases. Changing circumstances may require agreed changes in such arrangements.

The means by which such characteristics of the centre are assessed is important. Pettifer and Campbell (1998) suggest that the centre needs to have an annual review of its sources of added value. They recommend that this involve written descriptions of the nature of the value it is trying to add, each description to be owned by one or more of the centre’s senior managers. The review is then a report by the responsible manager on how well progress is being made. It is likely that these reviews will be highly qualitative. In this context, Pettifer and Campbell recommend involving the businesses the centre aims to help change (the customers in the process) in the review, to help assess the amount of value being created. Also, regular confidential feedback from business unit managers may help unearth negative influences or unintended influences of the centre on the modernisation process.

5.3 Assessing the role of the centre: some evidence from the Australian public service

The Australian Government commissioned research on leadership in government (Korac-Kakabadse and Korac-Kakabadse, 1998). This study, which was based on a survey of senior executive officers and other senior officers, included an assessment of the impact of the centre on regional and outlying offices. Four main styles of management adopted by the centre were assessed:

- *People sensitive styles*: refer to managers at the centre being responsive to and respecting the needs, requests and areas of challenge facing the managers in regional or outlying offices.
- *Power oriented styles*: refer to those approaches adopted by managers in the centre to influence others through personal dominance and/or power invested in office with a view to having their agenda adopted.

- *Styles promoting rules and regulations:* are ones that focus managers in the regional and outlying offices to comply with procedures and regulations emanating from central office.
- *Styles valuing performance and professionalism:* highlight the practise of open communication and feedback, establishing and working towards criteria for effective performance and promoting a shared sense of responsibility towards high quality performance.

The survey indicates a number of significant features of the role of the centre in relation to these different management styles:

- Power and rules and regulations oriented styles are most likely to undermine the degree of cohesion necessary to promote, to implement, to develop and to communicate certain key strategic initiatives across the public service.
- Styles that value effective performance and professionalism emerge as most effective in supporting the development of elements of organisational and strategic initiatives. Examples would be the promotion and implementation of key policies, the development of external relations, the communication of the mission, vision and objectives.
- Styles supportive of performance and professionalism when practised by central office managers have the greatest positive impact on regional office staff and management. These styles help to promote strongly held values in the areas of service orientation, professionalism and conduct.
- Styles practised by central office managers that promote greater sensitivity to people, positively impact on the performance of people in the organisation, the quality of internal interfacing and the effective application of IT to meet organisational needs.
- Power and rules and regulations oriented styles practised by central office managers have an adverse impact on staff and management in regional offices in terms of the effectiveness of service delivery, the performance of people, the clarity of strategic direction, the effectiveness of internal interfacing and the application of IT to meet organisational needs.

5.4 Conclusions

In assessing the role of the centre in progressing civil service modernisation, a number of issues arise. One is the need for explicit, formal periodic reviews of the role of the centre to take place. These should not just involve managers from the centre itself, but also take on board the views of line management, perhaps also with some external scrutiny and benchmarking from outside the administration.

In conducting reviews of the role of the centre in promoting civil service modernisation, a number of issues need to be taken on board. In particular, it is important to form a judgement about which aspects of the centre's work are adding value to modernisation and which are not. When making such an assessment, factors such as the structures, systems and processes used by the centre, skill levels and 'values' driving the process, and the management style adopted need to be part of the assessment. So too should the balance between what the centre itself does and what line departments do: the degree of devolution.

6

Conclusions

6.1 Introduction

Before going into conclusions on the role of the centre in civil service modernisation, some general points should be made. First, it is worth stressing that responsibility for modernisation does not simply rest with the Departments of Finance and the Taoiseach, and the Implementation Group and its associated sub-groups. As originally envisaged, civil service modernisation is intended to be widely-owned. Embleton (1999) notes, in the context of historical efforts to reform the civil service:

The approach of the SMI/DBG programme was influenced by these previous experiences which showed that centrally devised and driven programmes can meet with strong opposition, primarily because of a view of reform being imposed. The approach on this occasion was, and remains, characterised by extensive consultation with and involvement of management across the public service.

In particular, Murray (2001) notes that ‘special emphasis was placed on the role of Secretaries (General) and Heads of Office in leading the change process and in preparing proposals ...’. Line departments and offices are themselves key drivers of the modernisation process. While this paper examines the role of the centre, as defined, in modernisation, it is important to recognise and place the role of the centre in this wider context.

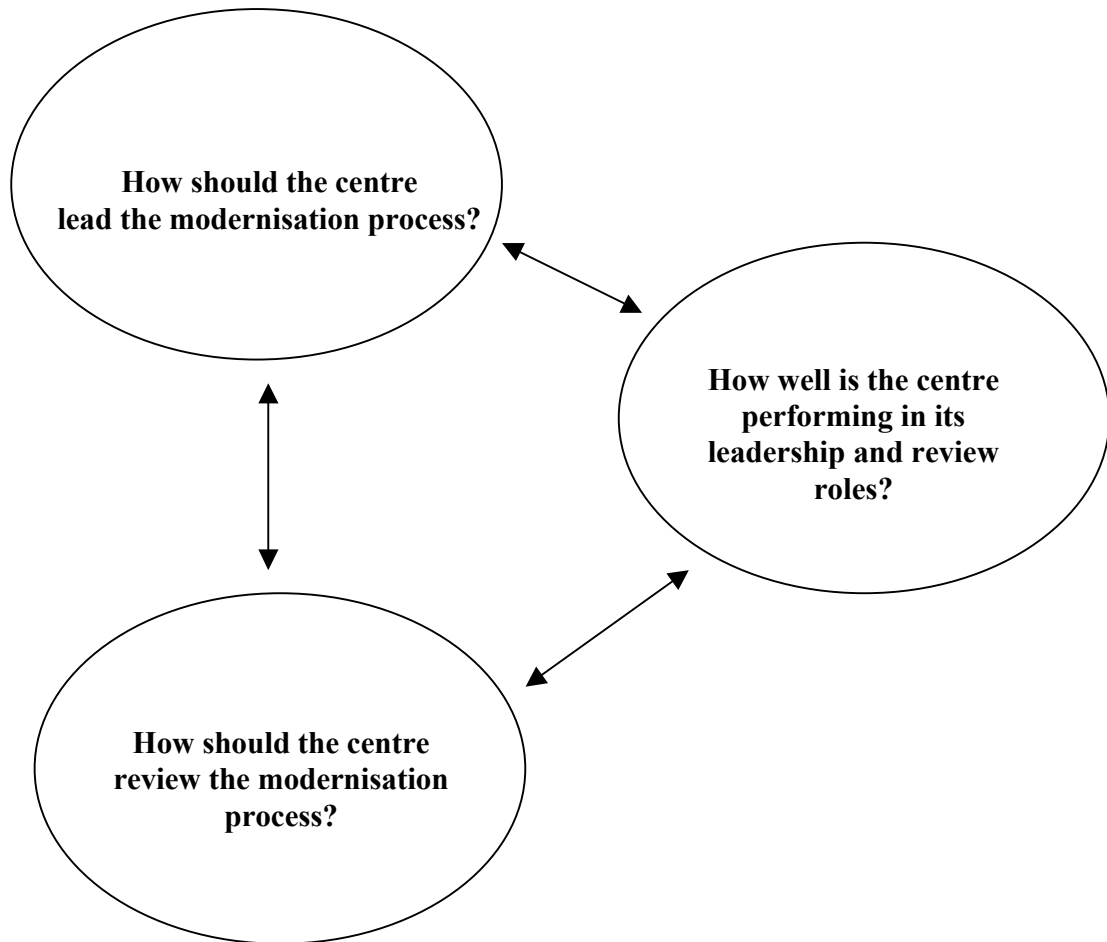
Second, the government’s decentralisation programme announced in December 2003 involving the relocation of over 10,000 civil servants from Dublin, including eight whole government departments, clearly has implications for the role of the centre in civil service modernisation. While coming too late to be a topic of serious scrutiny for this paper, the implications of decentralisation for civil service modernisation will be addressed as appropriate in forthcoming studies for the Committee for Public Management Research.

Also, before going into conclusions as to the differing roles the centre can play in civil service modernisation, a brief word is necessary on the tensions the centre has to manage which impact on its role in modernisation. Broadly speaking, both the Department of the Taoiseach and the Department of Finance have to balance ‘controlling’ and ‘promoting’ roles with regard to public service provision. This is particularly the case in the Department of Finance, which has, for example, responsibility both for controlling the public service paybill and for management and development functions aimed at enhancing the efficiency and effectiveness of the public service.

From time to time, administrations have tried to separate out these ‘control’ and ‘promotional’ roles; for example, the creation of the Department of the Public Service in the 1970s or the creation of separate dedicated units in the UK as outlined in Chapter 5. But, in general such attempts have tended to lead to their own problems, particularly fragmentation and duplication of responsibilities, which ultimately causes more difficulties than the problems they were intended to address. In these circumstances, it is likely that the managing of the tensions between the ‘control’ and ‘promotional’ roles is a continuing challenge to be faced by the centre when addressing civil service modernisation, and one that needs constant scrutiny.

It is helpful to revisit the framework established for this study in Chapter 2 and to highlight the main questions to be addressed when examining the role of the centre in civil service modernisation, as outlined in Figure 6.1. The extent to which means of addressing these questions have been raised in the analysis to date is highlighted in the remainder of this chapter.

Figure 6.1 Key questions regarding the role of the centre in civil service modernisation



6.2 The centre as a leader of civil service modernisation

Based on the findings highlighted in this study, a number of issues emerge as significant in determining if the centre is to be an effective leader in civil service modernisation. These issues are highlighted in Table 6.1, and elaborated on below:

- *Managing the modernisation agenda.* As ‘guardian’ of the civil service modernisation vision, the centre has a role to play in articulating the vision to guide the overall modernisation agenda. In part, the vision will comprise values and ends that are long-term and provide the foundation for progress. Other aspects of the vision may be more actionable, with the centre establishing change scenarios and intermediate milestones to monitor progress.

Issue	Requirements
Managing the modernisation agenda	Articulation of the vision. Priority setting to identify main themes and issues
Intervention management	Managing the nature of the intervention by the centre, including clarification of responsibilities and identification of champions of change.
Knowledge and practice sharing	Facilitation of networks. Promotion and dissemination of good practice. Promotion of shared services.
Removal of common obstacles	Identification of obstacles and progressing of actions arising.
Link with political process	Monitor and promote appropriate political engagement with modernisation.

Another aspect of the modernisation agenda to be managed is the prioritisation of themes and topics to be addressed. At certain times themes, such as human resource management and financial management, and topics within these themes, such as the performance management and development system (PMDS) or management information framework (MIF), may need strong prioritisation by the centre and consequent support and direction. At other times, such topics are best left with line departments and offices, with the centre maintaining a 'light' touch overview of proceedings. The centre has an important role to play in managing this evolving agenda and prioritising key themes and topics in need of central push and co-ordination. Murray (2001) states that '... important for the future of the SMI is the question of whether it is not time for the SMI process to be seen as established at local level and driven from there with purely facilitative and integrative value being added "from the top"'. Some themes/topics will need such an approach, while new emerging priorities will need some top-down direction. The centre needs to engage with the management of themes so as not to become overloaded, or inappropriately over-intrusive.

In prioritising themes and topics, the centre needs to ensure that there are clearly identifiable ‘champions’ of change for particular key issues, as was done for example in the development and design of PMDS. There is a need for champions of modernisation within the centre itself with the authority to ensure momentum and progress.

- *Intervention management.* Apart from prioritisation of modernisation themes, the centre must also determine the nature of its interventions with regard to embedding modernisation issues across the civil service. Deciding when to take a directive stance in driving change forward and when to grant local discretion and flexibility is a challenging business. This is likely to vary from issue to issue. To take human resource management (HRM) as an example, on the basis of a review of strategic HR in the civil service, O’Riordan (2004) notes that ‘... there is a need for the centre to adopt a more pro-active approach with regard to overall HR strategy, in effect managing HR assets and liabilities that are civil service wide, for example senior management development, succession planning and the determining of standards with regard to the delivery of HR’. This is an issue where the centre clearly needs to take the lead and make a strong intervention.

At other times the nature of the intervention by the centre may need to allow local flexibility within a centrally co-ordinated approach. Staying with the example of HR, the performance management and development system (PMDS) was both instigated and highly designed centrally. While the need for central direction with regard to performance management is broadly welcomed, the degree of detailed intervention at the design stage has been questioned. As O’Riordan (2004) notes in her review of strategic HR:

A similar standard of performance management is required across the civil service. However, this can be achieved by ensuring that departments implement performance management systems that have a number of consistent components (for example, individual discussions between managers and their staff, objective setting, the identification of competencies, an emphasis on training and development), while at the same time allowing greater autonomy to develop a system that meets the specific needs and circumstances of each department.

The centre must make a judgement about the degree to which local flexibility and discretion are allowed. As Boyle and Humphreys (2001) have previously noted, as a general rule ‘the Departments of Finance and the Taoiseach need to scrutinise their actions constantly so as to ensure that they are not over involved in detailed design issues ... the need is for a clear focus on the desired outcomes, while not being over-prescriptive on the processes to be used to achieve those outcomes’.

The centre may also need to consider different intervention strategies for large and small departments and offices. The larger departments and offices tend to have the capacity to be able to take on and manage key modernisation topics and dedicate resources to implementation. This may be more of a challenge for smaller departments and offices, who consequently may need more supports in the form of central guidance and direction.

- *Knowledge and practice sharing.* There is widespread support for the centre supporting civil service modernisation through the development of knowledge and practice sharing. The centre can act as a ‘clearing house’ and add value to initiatives through the use of relatively simple mechanisms. Through its facilitation of networks and other communications channels, the centre should continue to facilitate the sharing of knowledge and experience across public service organisations. This includes both the sharing of knowledge and experience between organisations, and the raising of awareness of international good practice examples.

A good example of this kind of development is the creation of a network of expenditure reviewers and its co-ordination by the expenditure review secretariat in the Department of Finance. Here, the centre provides and co-ordinates training supports, maintains an extranet resource, and provides fora for the promotion of discussion and debate on the expenditure review initiative. These activities have all been well received by departments and offices.

A further aspect of ‘sharing’ relates to the development of shared services between organisations to facilitate the modernisation agenda. The centre has a key role to play here in both promoting practice and in ensuring consistency of practice.

- *Removal of common obstacles.* An important leadership role for the centre highlighted in this study is to identify and address common obstacles to modernisation faced by line departments and offices. This requires structured dialogue to identify and determine the nature of such common obstacles, and the promotion of subsequent actions. Such a role is important to support the ‘bottom-up’ drive for modernisation, where departments are actively engaged in trying to change practice, but need support in order to overcome problems outside their control.
- *Links with the political process.* While individual departments and offices have a responsibility to maintain engagement with the political level with regard to their own modernisation initiatives, there is a particular onus on the centre to overview the engagement at the political level with civil service modernisation.

6.3 The centre as reviewer of civil service modernisation

In determining the role of the centre as reviewer of civil service modernisation, it is important to note that the centre does not have the same mandate or powers of review as does a corporate headquarters of a private organisation. The centre in this context may be best described as ‘first among equals’ rather than as having the formal mandate to require reporting to them on all aspects of the modernisation programme by line departments and offices.

However, it should also be noted that the civil service performance verification group (PVG) established under *Sustaining Progress* (2003) introduces a new and more formal review mechanism into the process. The civil service PVG has an equal number of management, trade union and independent members and an independent chair. The civil service PVG is charged, amongst other things, with assessing the degree of implementation of the modernisation agenda in the civil service. As such, it represents a new central review mechanism. Its potential future role in the review process, should it or a variant continue to exist post *Sustaining Progress*, is included in the discussion below on the issues to be addressed in determining the role of the centre as reviewer of civil service modernisation (see Table 6.2). However, while the national agreement framework provides a powerful lever for change, it should be borne in mind that over-identification of civil service modernisation with national agreements may run the danger of modernisation being subsumed into this particular industrial relations mechanism.

Modernisation needs to link into, but not be solely driven by, national partnership agreements.

Issue	Requirements
Challenge function	Scrutiny and ‘stretch’ of strategic objectives and targets.
Reporting arrangements	Address the challenge of ‘divided’ or ‘dotted-line’ review arrangements. Periodic reviews backed up by progress reports.
Implementation problems	Clear framework for analysing and addressing implementation problems at the centre.
Political overview	Engagement of Oireachtas committees in reviewing modernisation in a systematic and comprehensive manner.

- *Challenge function.* The general feedback from this study is that departments welcome the development of a ‘challenge’ function from the centre, with the centre aiming to ensure that objectives and targets are sufficiently stretching and challenging. This role can be carried out in different ways both by the central departments and the civil service PVG. As this challenge function evolves, it is possible to envisage a more ‘contractual’ style of relationship developing between the central and line departments, with departmental plans and progress reports providing a focus for attention, including outlining the supports needed from the centre to enable modernisation to proceed.
- *Reporting arrangements.* Divided feedback or reporting to different parts of the centre on modernisation initiatives can present particular challenges to line departments. As far as practicable, primary reporting lines on the main issue, with dotted-line reporting on specific sub-issues, should be pursued if applicable. It is important that the diverse elements of the centre associated with civil service modernisation are all clear about their specific responsibilities.

With regard to more formal reporting of progress, the further development of progress reports to the civil service PVG could be a positive note – particularly to improve the evidence base presented by departments and offices on the intermediate and final outcomes of modernisation initiatives.

- *Implementation problems.* The centre has an important role to play when problems are encountered with the implementation of centrally agreed modernisation initiatives. In such a situation, the centre should use a diagnostic framework, such as that developed by Darragh and Campbell (2001) and outlined in section 4.3, that enables the causes of the implementation problem to be clearly identified and appropriate responses developed. The civil service PVG may have a role to play in identifying particular problem areas/issues in need of scrutiny.
- *Political overview.* While outside the specific brief of this study, it is important to note that many respondents suggest that, in terms of review, Oireachtas committees represent a potentially significant but relatively underused review mechanism. The degree to which such political oversight could be supported is an issue that could be examined by the centre in assessing overall review arrangements.

6.4 The centre as participant in civil service modernisation

The centre has an important role to play in stimulating and assessing the level of civil service modernisation that occurs. But the centre itself should be the subject of periodic scrutiny and assessment as to how it is fulfilling its role as a player in the modernisation process. There can be a tendency for more and more issues to be identified as needing the drive and support of the centre if they are to take root across the service, particularly with regard to whole-of-government issues. Yet the centre itself has limited capacity. Assessment of the priorities of the centre and its capabilities is an important element in effective management of the modernisation agenda. The main issue to be considered is the value-added role of the centre, highlighted in Table 6.3 and elaborated on below:

- *Value-added scrutiny.* There is a need for periodic assessment of the net value-added being provided by the centre for each of the main themes and activities covered by the modernisation agenda. The centre must be performing a role that positively influences performance by line departments and offices. If this positive influence

cannot be demonstrated, the role of the centre in that particular instance should be questioned.

In assessing the role of the centre in adding value, a couple of approaches are possible and mutually compatible. One is for central managers to report on the value their sections are adding, as Shell is doing on an annual basis (see section 5.2), informed by the views of managers in line departments. The other is for external peer review of the centre, as was carried out on the UK Cabinet Office (see section 5.1).

In terms of the criteria and principles to be used in assessing the centre's role in modernisation, it is important to assess the structures, systems and processes used by the centre and the management style adopted. To address the issue raised by Murray (2001) of the embedding of modernisation at departmental/office level, and tackle the problem of potential overload at the centre, a default position of the centre disengaging or taking a limited role unless there is a strong requirement otherwise could be helpful.

6.5 Concluding remarks

Civil service modernisation is a continual and evolving process. Given the disparate nature of the centre, determining the most effective role for the centre is no easy task. Confronting and questioning the part played by the centre in modernisation, as leader, reviewer and participant, requires a combination of critical self-scrutiny and external assessment.

Annex One

Historical evolution of the role of the centre in civil service modernisation in Ireland

(This annex draws heavily on a paper prepared for an OECD symposium entitled *Government of the Future: Getting from Here to There*: See Embleton (1999)).

The *Strategic Management Initiative* (SMI), which provides the genesis of the existing civil service modernisation programme, was initiated by the then Taoiseach in February 1994. A key element in the build-up to the SMI was the role played by networks of senior managers from across the civil service. These networks were organised and supported by the Department of Finance. The networks produced discussion papers and proposals that were endorsed by secretaries general.

A significant design feature of the SMI was the establishment of a Co-ordinating Group of Secretaries General drawn from nine departments, with a mandate to oversee and direct the initiative and to report to government on progress. The group was also given a mandate to identify barriers to better management of the civil service and make recommendations to the government on how best to address these barriers. The group's report on this issue – *Delivering Better Government: A Programme of Change for the Irish Civil Service* (DBG) – was approved by government in May 1996. DBG drew heavily on papers produced by teams commissioned by the Co-ordinating Group on a series of public service management issues. These teams were drawn from within the Department of Finance, supplemented by civil servants from other departments.

The approach to the SMI/DBG programme was influenced by previous reform initiatives which were seen to have failed in part at least because they were perceived as imposed, centrally devised and driven programmes. The approach in the case of the SMI was informed by consultation with and involvement of management across the civil service.

Following on from the introduction of DBG, some changes were made in the support structure at the central level. The Co-ordinating Group was extended to include union, private sector and academic interests. An Implementation Group of Secretaries General (similar in composition to the previous Co-ordination Group) was set up within the civil service to give an added focus to implementation. Six inter-departmental working groups were established, to progress specific issues identified in DBG, and comprised civil servants from different departments and levels as well as private sector participants. At a political level, an all-party Oireachtas committee on the SMI/DBG was established. The committee has a remit to consider, and to report to both houses of the Oireachtas, on the progress being made in the civil service.

Over time, the Co-ordinating Group was found to be relatively unwieldy as a support structure and the focus has shifted to the Implementation Group as the main central oversight body for the modernisation programme. The Implementation Group was extended in 1999 and again subsequently so that all secretaries general and heads of offices are members of the Implementation Group.

The Department of the Taoiseach, always a significant player, began to take on a more prominent role in the modernisation process subsequent to DBG. In particular, the department plays a major co-ordinating role, providing support to the Implementation Group and monitoring progress (the Secretary General of the Department of the Taoiseach chairs the Implementation Group). A cross-departmental SMI team was set up in the Department of the Taoiseach to support the modernisation process. This cross-departmental team evolved over time into a civil service modernisation division of the department, reporting to an assistant secretary general.

The Department of Finance has particular responsibility for human resource and financial management initiatives and for progressing the legislative changes deemed necessary to underpin and advance the change programme. Finance also has responsibility for the overall management and development of the civil and public service.

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Notes

1. Annex one gives a brief historical sketch of the development of the role of the centre in the modernisation process.
2. Goold, Campbell and Alexander (1994) refer to these contracts as decentralisation contracts. However, to avoid confusion with the government's decentralisation programme of re-location of civil and public servants, the term devolution contract is substituted here.