Wielding the Bureaucracy for Results: 
An Australian Perspective

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Future Shock

MORE THAN a generation ago in 1965, Alvin Toffler (1970) coined the term ‘future 
shock’ to describe the shattering stress of disorientation that occurs in individuals subject to 
too much change in too short a time. Five years later he converted that concept into an 
international bestseller. Now, a quarter of a century later, we have become remarkably 
comfortable with the manner in which the future invades our lives. Most of us have 
adapted to the transformation of our workplaces so well that the notion of change has 
become part of our career code, and the concept of continuous improvement has been 
adopted as a common ideological creed.

However, there is a considerable difference between acknowledging and accepting 
ongoing change and being subject to structural shocks. I believe that public sectors, not just 
in Australia will face major shocks, which taken together — will be qualitatively different 
from the reforms of which we have been part over the last decade.

We now face pressure not simply to manage better, do things smarter and manage for 
results: we are at a point at which we need to rearticulate the concept of public service, 
reexamine how it contributes to the system of governance and what distinguishes its role 
vis-a-vis the private and non-profit sectors.

Let there be no mistake. The Australian Public Service (APS) is already an environment 
of considerable change. It has undergone significant reforms to meet the increasing 
expectations that the government, the Parliament, and the Australian community have of its 
performance. The public service has committed itself to achieving better standards of 
service for its clients, ensuring efficient spending of public money, and being held accountable 
for the results it achieves.

Over the last decade the Service has been at the forefront in Australia in adopting a 
system of performance management and program budgeting based upon explicit evaluation 
of outcomes. It has moved from a hierarchical pyramid to a more diamond-shaped structure, 
based upon a multiskilled, computer-literate workforce. Devolution has been a guiding 
philosophy. Many of the prescriptive controls wielded by central agencies have been 
removed or relaxed. Thus, in lieu of the Minister, Secretaries and CEOs are recognized, for 
most industrial purposes, as the employer.

Through the discipline of user-pays, the public service has forced itself to examine (and 
reduce) the real internal costs of corporate services. It has restructured the machinery of 
government in a largely successful attempt to create more efficient and effective portfolios. 
It has delayered and downsized its workforce.

Although the productivity of public service is notoriously difficult to measure, there can 
be no doubt that it has risen: as one crude indicator, administrative costs have fallen as a 
proportion of program expenditure.
In short, it is fair — if simplistic — to characterize the transformation of the public service from a culture of administration which emphasized process to a culture of management which focuses on results, outcomes, and evaluation of performance.

The Health of the Australian Public Service

While the APS has experienced considerable reform, it would be wrong to exaggerate its scale of achievement. Four recent assessments of the Australian Public Service suggest there are further significant challenges ahead.

First, a report from the Management Advisory Board (MAB) on Achieving Cost Effective Personnel Services (MAB/MIAC, 1995) found that the resources of people management are tied up in administrative and processing tasks; and that there is far too much complexity in personnel work. The MAB noted in particular that the poor management of inefficiency and underperformance raised the cost of delivery of personnel services to two-and-a-half times that of best practice.

Second, the National Commission of Audit (NCA, 1996) reported to Government that a ‘very substantial’ cultural and structural change is needed in the Australian Public Service since it is too highly centralized; has an inflexible employment framework; and is characterized by a risk-averse, conservative management.

Third, the Kakabadse Report on Leadership (Kakabadse, 1996) argued that in spite of the fact that ‘[Australian Public Service] managers rate their organizations highly on performance culture, professionalism, ethical standards and service orientation’, public service leadership rates poorly in terms of cohesion (particularly its lack of collective vision and unwillingness to take ‘cabinet responsibility’ for decisions); communication; and trust (particularly an inability or unwillingness to deal with sensitive issues).

Overall, Kakabadse reports that our strategic management ability is poor compared to the private sector. We seem to have devolved leadership responsibility without building a strong collegiality.

Fourth, a report on Innovative Ways of Organizing People (MAB/MIAC, 1996) identified a range of inhibitors to effective work systems, structures and culture. Some related to performance (e.g. the persistence of individual-based cultures), others to continuous improvement (e.g. the lack of team-based rewards) or to leadership (e.g. a structure based on power).

What lies at the heart of the malaise in today’s APS? To some extent the causes as cited below are external:

- The lack of recognition of our managerial achievements;
- The media stereotyping of the public servant as a bumbling, paper-pushing bureaucrat;
- The experience of downsizing, largely in response to budgetary pressures; and, perhaps most important,
The uncertain future of public service in an environment in which Government is defining public purpose more narrowly, privatizing or corporatizing public enterprise, and opening the delivery of public services to the private sector.

It is the combination of criticism, change and uncertainty that can have a debilitating effect on public service performance. Change, as Jack Waterford, the editor of the Canberra Times recently emphasized, ‘occurs against a background of often publicly expressed contempt for the work which public servants do’ (Waterford, 1996).

For those of us who take pride in being a servant of the public, and who derive a sense of purpose from working in the public interest, these are matters of deep concern.

The Shock of the New

Australia’s experience is, of course, part of a global phenomenon. The shifting winds of change that blow across our continent are apparent in many countries. The transformation of public service transcends political boundaries. It is my view that we can expect eight key ‘shocks’ in public service worldwide in the very near future:

1. A narrowing of the traditionally wide public service role which governments believe to be necessary through the privatization or corporatization of government enterprise, and through a reduction in the level of market regulation or intervention;

2. The ascendancy of a culture in which the roles of government and of the public sector are continually evaluated to see whether they continue to be necessary, and if so whether they are performed in a manner which represents ‘best practice’;

3. The creation of small, core Public Services, with responsibility for policy advice, regulating (as required) the market, implementing legislation and overseeing the contractual relationships between the government purchaser and the ultimate provider and a smaller, less permanent public sector workforce;

4. Organizational separation of policy development from program delivery, and of government funding of services from government provision of services with delivery agencies operating with a high degree of autonomy and independence from departments of state, and responsibility for the delivery of many service being contested between the public, private and non-profit sectors;

5. The adoption of a far more flexible employment framework with agreements negotiated, collectively or individually, at the agency level; with CEOs having full autonomy in human resource management and being held accountable through formal contracts which are available to the public; and with central agencies facilitating change and best practice rather than prescribing process;

6. The introduction of better customer service through the application of information technology in new organizational arrangements so as to provide information, determine eligibility, provide referrals and deliver services through ‘one-stop’ or ‘first stop’ shops, and across portfolios or even across government jurisdictions;
7. The elimination of duplication and overlap by devolving responsibility down to levels of governments closer to the client; and

8. The establishment of a global working environment in which both domestic policy formation and its administration are subject to increasing international constraints, and in which government services can be purchased from multinational providers.

A New Approach to People Management in the Public Sector

Already, most of the eight key shocks noted above are transforming the Australian Public Service. The traditional monopoly enjoyed by the APS has gone. Instead government activities (such as administrative services) are being outsourced, service delivery (such as employment brokerage services) are to be competitive, functions (including policy advice) are increasingly contestable, and a widening range of APS activities are being benchmarked against the private sector.

In this new, radically different environment, what is the role of leaders of the public service? How can we contribute to and help to direct the changes rather than being overwhelmed by them?

It will be necessary, as a first step, to identify what we do well. The fact is that in certain respects the management of the Australian public sector compares favorably with that in the private sector. We should take pride in our achievements and promote them.

Let me give just one example. David Karpin (1995) concluded that Australian managers ‘still do not make managing a diverse workforce a priority’. It is the public sectors that have taken the lead in challenging this inertia, recognizing that opening up career opportunities for women provides a new pool of skills and talent; that cultural diversity can be used to enhance managerial performance; and that service provision is improved when those delivering the service reflect the face of the multi-cultural Australia they serve. We must do far more to market our good practice.

At the same time we must be far more vigorous in tackling our poor practice. We need to recognize that our workplace structures and informal value systems can limit workplace flexibility, create rigidities and drive up costs. Although we have made significant strides, the public sector often retains an unnecessarily prescriptive rule framework. The burden of process must be reduced.

The challenges we face in building a new public sector are great. I subscribe to the view that the keys to effective transition lie in more innovative management of human resources.

We have made significant progress over the last decade. But it is vital that we do not overemphasize our achievements.

Indeed, at least from the Australian perspective, I see a public service that has failed the test of people management. I am persuaded of this by my perception that the overwhelming majority of young women and men in the Service — the leaders of the future — still want to see real change in the way their work is performed and managed. At the very least, things have not changed as fast as their expectations.

In the mid-1960s Warren Bennis prophesied that traditional bureaucracy was too inflexible in structure and too authoritarian in style to meet the demands of a rapidly
changing environment (Bennis, 1966). In the early 1970s there were those who believed that they could see the transformation underway: bureaucracies were becoming more amorphous and less directive.

A generation on and those brave predictions appear to have gone the way of the paperless office and the three-day work week.

The structure of the APS workforce has changed in the last ten years. The distinction between graduate and non-graduate grades has been abolished and simpler, broad-band job classifications introduced. Layers of management have been removed. A Service-wide management group, the Senior Executive Service, has been established. Many of the prescriptive controls wielded by central agencies have been removed or relaxed.

Yet although a recent study of the Australian Public Service by Jenny Stewart and Megan Kimber has found it ‘less bureaucratic than in the past’, the effect of a decade of change appears to be surprisingly restrained. It ‘still retains many of the characteristics of its ‘machine’ ancestor’ (Stewart and Kimber, 1996).

Such organizational inertia does not provide a strong foundation on which to build a new public sector whose service delivery is to be competitive, whose policy advice is to be contestable and whose performance is to be benchmarked in the market.

Most Australian public servants I speak to recognize the need for more structural reforms. Staff surveys indicate that the majority of officers want the freedom to be more innovative, to manage risks effectively and to achieve and to be recognized for higher levels of performance.

They want the process-driven hierarchies to be replaced by more flexible working arrangements. In particular they want more direct relationships with their leaders and seek to be treated with greater respect. They want the sense of belonging that comes from being trusted.

These problems are not a matter of individual failings. Increasing recruitment competition for scarce places has meant that the quality of those who enter the Service as trainees and graduate assistants remains high. The Kakabadse report, critical as it was, nevertheless indicated that those in the Service maintain high ethical values, a strong commitment to professional standards and a willingness to accept personal responsibility for performance.

No, the problem lies not in levels of individual supervision, management or leadership but in organizational structures and systems. It is the culture of the APS workplace, not the attitude of our workers, that undermines our endeavors.

As a Service we have committed ourselves to a focus on results. We have taken a number of key steps to transform the rhetoric of continuous improvement into reality.

Yet we have failed to address adequately the most important driver of performance, namely people working together for a common purpose. We have left in place the power-based structures which were appropriate to maintaining process standards and controlling inputs and tried unsuccessfully to adapt them to an era in which we are held accountable for outcomes.

The service continues to be structured along traditional lines of authority, carefully regulated to ensure that as few mistakes as possible are made. These structures have been highly effective in providing maximum control of process and maintaining public confidence in the integrity of decision-making. They have made a significant contribution to preventing
corruption and arbitrary use of political influence. They ensure consistency in policy and reliability in execution.

At the same time they have stifled creativity and imagination in the workplace and accorded little recognition to the collective nature of our work. They have undermined dedication and the quality of service that comes from commitment. I can do no better than quote Henry Mintzberg on the result:

An organisation without human commitment is like a person without a soul: Skeleton, flesh, and blood may be able to consume and excrete but there is no life force. Government desperately needs life force (Mintzberg, 1996).

Today’s public service remains bound in red-tape. It is too ready to control the workplace through process rather than managing people as individuals working in a collective endeavor. It is riddled with detailed prescription, over-regulated and disempowering. It seeks performance through compliance. Its unhealthy dependence on rules creates a culture of learned helplessness.

At the same time, the continuation of formalized power structures, combined with high levels of prescriptive regulation, have served to undermine the strategic management of our people. The public service remains, in effect, a centralized, hierarchical organization divided into many layers and boxes. A power-based bureaucracy of checkers checking checkers three-deep is very safe — and very dull. It creates aversion to risk. It removes responsibility. It stifles innovation. It contributes to managerial conservatism.

Why on earth does anyone want this to continue? Why have the organizational structures, systems and culture of people management proved so remarkably impervious to change? Surely there cannot be a single individual in the Service who wants to preserve a framework that makes work routine, that manages through rules rather than trust, that succeeds in transforming something so honorable and exciting — contributing to matters of national interest — into bureaucratic greyness?

The best answer I have yet come across is in an American analysis of the barriers to reform:

The civil service system’s very dullness and arcane details have created a cohort of enthusiastic fans who guard the details zealously... If the current system is unquestionably dysfunctional, its rules also make it comfortably predictable in helping workers reduce risks. Its details provide great advantage to anyone who has mastered them... The current system has few enthusiastic supporters, but the system’s dysfunctions are more comfortable than the uncertainties that real reform would bring... The system is a devil, but knowing it brings comfort (Kettl et al., 1996).

Reading this, as Australia’s Public Service Commissioner, I found it difficult not to believe it had not been written about the APS. For me — as for Departmental Secretaries, for personnel managers, for union delegates — knowledge of the rules gives power.

If we want to build an Australian Public Service that is rewarding to work in, that promotes collective responsibility, that provides a stimulus to individual creativity and imagination — if, in short, we wish to build an intelligent enterprise — then we have got to re-engineer the way we do business and reinvest in our people. But, in doing that, we’ve also got to transform the existing power relationships that govern people management.

Our intellectual resources — whether devoted to policy development, legislative enactment, market regulation or program implementation — are now contestable. The
government has alternative suppliers. Our future depends on persuading our employer that our ability to argue and articulate the public interest gives us an intellectual edge over our competition.

Like other organizations which sell the skills, experience and intelligence of their workplace, we need to devote much sharper focus to recruiting, developing and motivating the people who have ideas. If we are to stay competitive we need to invest heavily in those qualities of intellect which add value to the processes of government — the very properties of creativity which hierarchy tends to squelch.

The journey to the new public sector requires a significant cultural change in most workplaces. It means moving from a rigid and directive structure into one of self-managed collectives able to respond creatively to the changing demands of government. A ‘virtual government’ will require a ‘virtual organization’ in which intellectual value can be maximized through far more flexible team structures which can form, re-form and interact in response to the changing environment of political discourse and decision.

Human resource management focuses too much attention on processes and inputs. Consequently the cost of recruitment and selection, attendance, payment of allowances, performance management and management of part-time work is much higher than the private sector. The result is that we spend too little time on strategic people management and human resource development.

Similarly we have embraced a results-orientation, evaluating performance against outcomes, while persisting with hierarchical management structures that were designed to monitor process and to ensure that as few mistakes are made as possible. The ‘functional silos’ that are traditional in the public sector have been highly effective in providing maximum control of quality and maintaining public confidence in the integrity of decision-making. At the same time they have stifled creativity and imagination in the workplace, constrained effective risk-management and accorded little recognition to collective work.

The challenge we face is to re-engineer our organizational structures, and re-invest in the people who remain, so that we can succeed in turning a short-term shock into a sustained improvement in productivity.

Downsizing is not a policy. Undertaking real structural reform aimed at modernizing the public service is. That crucial distinction is reflected in the Australian Government’s recent commitment to a public service reform agenda which seeks to provide a far more flexible employment framework.

**An Agenda for Public Service Reform**

We need to make uncertainty into a catalyst for change. The Australian Government has recently announced an Agenda for Public Sector Reform, soon to be made public in a Discussion Paper. That Agenda will provide us with an unparalleled opportunity to develop more innovative ways of organizing our people.

The employment environment within which we operate will be made far more flexible, encompassing substantial changes on:

- The legislation regulating the Service;
- The industrial framework and enterprise bargaining arrangements which establish our terms and conditions of employment; and
The management framework which influences the culture and practice of individual workplaces.

Out of this can emerge a more competitive and more rewarding Australian Public Service — an energetic and creative Service better able to respond to the demands of Government. It is likely to be smaller, focusing on policy development, the administration of legislation and oversight of the delivery of government services. But, precisely because of that narrower ambit, we have the chance to build a cohesive public service wielded together by a common ethos and shared values rather than bound to conformity by regulation and the standardization of terms and conditions.

I have a splendid vision of the Australian Public Service that we should become, of workplace systems and culture designed not to enforce rules but to stimulate innovation. At the heart of that change lies the greater use of teams—teams which encourage interdependent and empowered ways of working; teams committed to a common purpose, for which they hold themselves mutually accountable; and team members who judge leadership by the quality of coaching and mentoring provided.

The Australian Public Service, and its constituent agencies, must become learning organizations able to generate commitment and embrace change at every level.

This will require widespread participation in decision-making, an entrepreneurial ethic and a recognition that the process of change is enhanced by employing people with a diversity of skills and viewpoints. Such an environment will complement — not eradicate — the traditional skills and sense of purpose required of public servants.

What we offer to government, what we contribute to the public interest, is our intellectual capital. That, in essence, is the service we deliver. To do it best we need an organization in which people continually expand their capacity to create results, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together.

The Meaning of Public Service

As I see it the real shock in the future will be a redefinition of what we understand to be public service.

The definition of a public good — what functions governments believe they need to perform within the market economy — will be more narrowly interpreted in the future. At the same time the systems of governance of which we are so important a part will be shaken profoundly by the creation of the ‘contract state’. The privatization of service provision through competitive tendering and the contracting out of government services challenges us to rearticulate the vision of public service: its role, its purpose and its values.

Our role until now has been clear. Because governments have found it impractical to undertake all the administrative tasks required to deliver their policies, they have delegated substantial powers to an appointed public service. We exercise those powers as a monopoly.

Australian public servants serve the public interest. Our actions express the will of the state as set out in the Australian Constitution, the judicial interpretation of that document, and the policies set by the government of the day and scrutinized by representative parliaments. In providing policy advice we do so on the basis of our understanding of the
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public interest. That is why we continue to set high store on strong, impartial and apolitical public service leadership.

We also deliver programs that have a public intent and are paid for out of the public purse. We have access to the coercive powers of government in implementing policy. For our efforts we are paid out of money levied from the people of Australia.

It is for all these reasons that the scrutiny to which we are subject is significantly greater than in the private sector. The disciplines which we face, and the ethical traditions to which we aspire, derive from the need to control governmental power, keeping it within proper bounds to protect the Australian citizen from abuse and excess. They are part of the democratic process.

Our decisions are expected to be transparent and open to question by parliamentary committees, the framework of administrative law, the investigation of Ombudsman and Auditor, and the application of freedom of information legislation. The attitude toward risk management is far more restrictive than in a commercial environment: the Australian public may be ‘share-holders’ in the nation but the willingness to let risks be managed in the interests of efficiency and effectiveness is necessarily constrained by the need to be accountable for public monies.

The framework of governance is now about to be changed fundamentally. It will no longer be accepted that a public good has to be delivered by a public service. Governments will purchase the services they require from a variety of providers on the basis of outcome payments with the public purpose set out (and costed) as ‘community service obligations’.

These developments pose significant questions for the framework of public accountability which is fundamental to the public sector ethos. Will the competitors to public service delivery be subject to the same administrative law framework as the public service? Or, alternatively, could the traditional values of public service be confined to a ‘core’ public service which provides policy advice, regulates the market and oversees the contractual relationships with providers? Where government services are provided by an autonomous agency or a private company, does ultimate responsibility for delivery lie with the Minister (because of government ‘ownership’) or with the CEO (because the Minister is responsible only for policy direction)? In transforming service delivery from those interested in the public good to those motivated by commercial gain, how will we ensure that public good does not become subverted by private interest?

These are the issues. We need to identify the ethos and values that distinguish the nature of public service and how they are to be maintained in the next century.

In Australia, as well as in many other countries, representative and responsible governments are redefining the public will. As a consequence the structure of governance is being changed forever.

We — the servants of the public — are both part of that change and a contributor to it. Our challenge is to identify and preserve what is essential of public service while ensuring that our performance is competitive by the standards of the market.
REFERENCES


