Locked drains and open minds: multiple accountability relationships and improved service delivery performance in an Indian city

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Summary

How can public sector service providers deliver improved services to citizens within environments where inefficient and often corrupt service delivery is the norm? The following paper provides some answers to this question through examining the impact of a series of customer-focused service delivery reforms undertaken at the Hyderabad Metropolitan Water Supply and Sewerage Board (Metro Water) in Hyderabad City, Andhra Pradesh state, Southern India at the end of the 1990s. The Metro Water case is interesting, as it shows how a semi-autonomous service provider can undertake organisational change and realise sustained improvements in service delivery performance. If this process is deepened over time there is a greater opportunity to attract, and provide security for, larger state or private sector investments that can impact water supply and sewerage service delivery over the long-term. This is the scenario that emerges in the following case.

A key finding in this research is that multiple accountability relationships, operating between external actors and Metro Water staff, have collectively contributed to sustained organisational change and improved service delivery performance. The most critical of these relationships are those that triangulate between citizens, senior managers, and “front-line” workers. In the Metro Water case active citizen engagement through formal accountability mechanisms has been the key to the organisation’s overall success in delivering improved services to citizens (both middle class and urban poor) throughout Hyderabad City.
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1 Introduction

Every month in Hyderabad City, located in the southern Indian state of Andhra Pradesh (AP), more than 10,000 customers of the Hyderabad Metropolitan Water and Sewerage Board (Metro Water)\(^1\) call a specially designated number in order to lodge official complaints about water and sewerage services in the neighbourhoods where they live. In a society that has an unusually high tolerance of corrupt and inefficient public sector service delivery why are Metro Water citizens picking up the phone and calling to complain about poor service delivery? They are doing so, first, because someone answers and listens to what citizens have to say, and second, because someone else at Metro Water does something about their complaints, in what is, by Indian standards, a radically short period of time. Why are citizens now actively complaining about poor service delivery after years of indifference, and why are “front-line” staff, working in neighbourhoods throughout the city, leaving the comfort of their offices to go out and tackle an apparently unrelenting flow of citizen complaints? The answers to these questions may shed light on a question that has perplexed national governments, international development organisations, and academics around the world for a number of years; how can public sector service providers in less developed countries improve their performance and deliver better services to citizens?

This question has become increasingly important with regard to water and sanitation services, which is one of the ‘leading challenges facing sustainable development’ in the twenty-first century (OECD 2003: 1). The finding that ‘90 per cent of the world’s water is delivered by publicly owned bodies’ (The Economist 2003: 5) and that private sector companies are withdrawing from less developed countries (OECD 2003a: 5; The Economist 2003: 8) highlight the urgency in understanding how public sector organisations can deliver more responsive, equitable, and accountable water and sewerage services to citizens living in expanding urban areas.\(^2\) The Metro Water case provides insight as to how public sector service providers can undertake organisational change and sustain selective improvements in service delivery performance that can enable other key services, such as water supply, to be impacted over the long-term.

Metro Water aims to provide citizens living within the Municipal Corporation of Hyderabad (MCH)\(^3\) with potable drinking water\(^4\) and sewerage disposal services. However, since it was established the organisation has been challenged to address a growing demand/supply gap that threatens to undermine an already precarious level of water provision – 1 to 2 hours of running water per household every second day.\(^5\) At the same time there is a need to address frequent sewerage line failures in a network which was designed more than seventy years ago to serve a population of 500,000 people (Davis et al. 2001: 15). The

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\(^1\) This represents approximately 2.9 per cent of Metro Water’s current customer base of 350,000. For the first six months of 2003 the average number of customers calling Metro Water to lodge complaints was 10,172.

\(^2\) ‘Presently 48 per cent of the world’s population lives in towns and cities; by 2030 this will rise to about 60 per cent’ (UNESCO 2003: 15).

\(^3\) The MCH, constituted in 1960 through a merger of the cities of Hyderabad and Secunderabad, serves a population of around 4 million residents. Hyderabad is the capital city of AP state.

\(^4\) This is quantified in the Metro Water Citizen’s Charter (discussed later in this paper) as 250 litres per connection per day.

\(^5\) Saleth and Dinar (1997: 13) estimate that the water deficit for the MCH (demand/supply gap) will increase from 103 million cubic meters (mcm) in 1991 to 149 mcm in 2011.
paradox in addressing these two intractable services is that substantial long term investments in infrastructure (from either national or international sources) are more likely when there is demonstrated organisational capacity to not only maintain the new infrastructure but to also pay for it over the long term. This demands addressing politically sensitive tariff increases while also placing greater pressure on citizens to pay for services. Yet, without demonstrated improvements in service delivery citizens often see no reason as to why they should change their behaviour and start paying their monthly water and sewerage bills. This paper examines an innovative response to this paradox through analysis of three customer-focused reforms that were undertaken at Metro Water at the end of the 1990s.

In this paper I will argue that sustained improvements in service delivery performance were contingent upon the establishment of multiple formal accountability mechanisms that enabled “strong” accountability relationships to operate between external actors and Metro Water staff (senior managers and “front-line” workers). The most critical of these relationships, which deepened organisational change and sustained service delivery performance over the long term, were those that triangulated between citizens, “front-line” workers, and senior managers. This accountability dynamic has been the key to Metro Water’s overall “success”, which encompasses measurable improvements in service delivery performance, as well as strengthened viability as a semi-autonomous, financially independent organisation.

The following paper consists of nine sections. Section Two provides an overview of Metro Water since it was established in 1989 to the three service-focused reforms undertaken at the end of the 1990s. In Section Three performance data is presented which demonstrates changes in performance in two services – citizen complaints and new connection services. With clear evidence of improved performance, Sections Four to Seven discuss selected external, organisational, and individual explanatory factors that have influenced organisational change and contributed to improved service delivery performance. Section Eight examines public sector accountability and the multiple accountability relationships which operate within the organisation, as well as between Metro Water and external actors. In Section Nine the implications of the Metro Water case for public sector water and sewerage service providers in less developed countries is considered.
2 The case of Metro Water

2.1 Crisis and the establishment of a semi-autonomous organisation

Metro Water was established by the AP State Government at the end of the 1980s, in response to a crisis in water and sewerage services in the MCH which had lasted most of the decade. From 1983 to 1985 there was a prolonged drought in the region, which resulted in a dramatic decrease in daily household water supply throughout the city (from 5–6 hours per day to 2 hours every second day). In state elections in 1983 a new state-based political party, the Telugu Desam Party, led by a wealthy and very famous film star, Mr N.T. Rama Rao (NTR) won a landslide victory which ended 30 years of complacent Congress Party rule; during his first term in office NTR implemented a series of bold reforms which resulted in dramatic changes in the state government and bureaucracy. At the same time the population served by the MCH was increasing through rapid urbanisation, which placed pressure on an antiquated water supply and sewerage network suffering from persistent underinvestment. In these circumstances, the annual revenues at the Hyderabad Water Works Department were declining and operational costs increasing, leading to growing annual operating deficits. Yet, despite these conditions it was not until April 1989 that the state government was able to establish Metro Water in order to tap international finance from the World Bank (WB) and undertake much needed improvements in water supply and sewerage services.

2.2 Organisational reforms in the early 1990s

Eleven months after Metro Water was established the WB approved a US$89 million dollar loan to implement the Hyderabad Water Supply and Sanitation project. This project would run for a period of eight years and play an important role in supporting a range of organisational restructuring reforms in order to establish a financially viable service-based organisation. During this period there were some attempts to innovate and improve service delivery at the section level, however, these reforms were

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6 The data which is presented in this paper was collected over an 11 month period of field research in AP in 2001 and 2002. The research, which included a second case of public sector reform at the Department of Registration and Stamps, involved a range of qualitative and quantitative research methods. For a summary of the methods employed in the Metro Water case see Annex 1.

7 Metro Water is currently operating with around 5,800 staff working in offices at five administrative levels (Head Office; circle; division; sub-division; and, section). This paper focuses on service delivery at “front-line”, neighbourhood-based section offices through which water and sewerage services are delivered to citizens. Each section office is led by a section manager (engineer), who oversees the work of section staff (water meter readers, water meter inspectors, water and sewerage line maintenance staff).

8 In the 1960s and 70s many states in India managed domestic water supply and sewerage services for the entire state through highly centralised Public Health and Engineering Departments (PHED). During the 1980s there was a growing realisation that these large bureaucracies were ill-equipped to improve service delivery across cities, towns, and municipalities throughout each state and, as a result, a number of state governments established semi-autonomous water and sewerage boards (to serve state capitals) and placed them under the administration of elite Indian Administrative Service (IAS) officers (Franceys and Sansom 1999: 1). The WB encouraged this decentralisation of service delivery through attaching it as a pre-loan condition for Bank-funded water supply and sanitation infrastructure loans; the MCH was the first state capital in India to secure a multi million dollar loan under this new policy.

9 The project had six components covering: (1) increasing bulk water supply; (2) rehabilitation and strengthening of the existing water system; (3) rehabilitation and strengthening of the existing sewerage system plus treatment works; (4) household latrine programme; (5) resettlement and rehabilitation of people displaced by the Singur Dam and Reservoir; and, (6) institutional strengthening.
undermined through a combination of weak supervision from senior managers, poor information management, and resistance to change among complacent middle-level and “front-line” (section) managers. To overcome these barriers to reform new approaches were clearly needed which would force managers across the organisation to rethink how they perceived themselves as service providers.

The appointment of a new Managing Director (MD) to lead Metro Water at the end of 1997, combined with an unexpected turn of events in 1998, created a window of opportunity for senior managers to implement a series of bold service delivery reforms which would transform the organisation at the end of the 1990s. In 1998 the AP State Government and Metro Water were on the verge of securing a US$300 million dollar loan from the WB to undertake a second water and sanitation infrastructure and service delivery improvement project in Hyderabad City. However, the Indian Government’s decision to conduct a nuclear test in May 1998 placed this project on indefinite hold, as both the WB and the IMF suspended their ongoing programmes and withdrew from India and Pakistan. Yet, instead of stymieing reforms as one might have expected, these national and international events triggered a series of service delivery reforms at Metro Water which resulted in dramatic improvements in service delivery performance. The catalyst for these reforms was a bold initiative called the Customer Meets Campaign, undertaken by the recently appointed MD, Mr L.V. Subrahmanyam, over a two-week period at the beginning of November 1998.10

2.3 The Customer Meets Campaign

The aim of the Customer Meets Campaign, to ‘mould Board employees to dedicate themselves to customer care’,11 was to be achieved through face-to-face meetings between senior managers and citizens in order to learn about their service needs and concerns. However, in reality the campaign was not this benign, as it involved turning established public sector manager-citizen relations upside down, requiring senior managers to leave the comfort and “authority” of their offices and facilitate meetings with citizens in neighbourhoods throughout the city. In attending these meetings senior managers were completely unprepared for: the diversity and number of citizens who turned up (‘from ordinary citizens to VIP citizens, including ex-ministers and other retired senior people’);12 the directness of citizen grievances; and, most unexpectedly, the gratitude shown by citizens towards staff in undertaking the campaign. This appreciation resulted in a greater willingness among staff across Metro Water, but especially among senior and middle-level managers, to do something about the problems citizens faced on a daily basis.13 Hence, when decisions were made to undertake reforms there was far less opportunity for protest by those who would be losing out.

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10 The decision to undertake this initiative may have been influenced by a WB-funded discussion paper entitled, Approaches to Public Consultation, which was circulated among senior managers at Metro Water in December 1997 as part of the design process for the second Hyderabad Water and Sanitation project.
11 Memo sent by the MD to Metro Water staff informing them about the campaign.
12 Internal memo written by a division general manager on the Customer Meets Campaign.
13 The “shared understanding” with regard to the reform agenda would play an important role in the “success” of future efforts to change Metro Water’s organisational culture. See Ogbonna and Harris (1998: 285).
Following the campaign Metro Water was under considerable pressure from city residents (especially those who attended the community meetings); politicians (who had observed the Campaign from a distance); and media (which had covered the initiative in daily newspapers) to respond to citizen-articulated concerns and improve service delivery. These public expectations for change, combined with support for service delivery reform among managers, led to the implementation of three innovative service-focused reforms over an 18 month period which caused a profound shift in Metro Water’s organisational mission and culture. This in turn led to improved service delivery performance and enhanced financial viability as an autonomous public sector organisation.

The Customer Meets Campaign, which had never been undertaken before by a public sector organisation in AP, played a pivotal role in Metro Water’s transformation as it re-established relations between citizens and senior and middle level managers and built consensus around key service reform priorities. As a consequence, the reform agenda was not defined and imposed from above, as is often the case in public sector service reform, rather it was grounded in citizen consultation, while at the same time taking into consideration Metro Water’s existing human and financial resource capacities. The first of the three service reforms focused on improving the delivery of complaints services.

2.4 Service delivery reforms in the late 1990s

2.4.1 Metro Customer Care (MCC)

To address citizen concerns (articulated during the Customer Meets Campaign) regarding section-managed complaints services, such as those dealing with ineffective and often corrupt service delivery, MCC was launched in February 1999 as a dedicated office (open 24 hours) at the Metro Water head office in the city centre to receive and coordinate the response to water and sewerage complaints lodged by citizens using a specially designated telephone number (1916). After “officially” registering a customer’s complaint (and issuing a complaint token number through which they could track the redress of their complaint over time), MCC operators forwarded each complaint by telephone to section managers based in the neighbourhoods where the complaints originated. Once addressed section staff were required to call MCC operators in order to clear complaints from the MCC Complaints Database.

An important innovation with regard to the MCC reform was the establishment of an online computer-based programme, called the Complaints Redressal Efficiency (CRE), to monitor section staff performance. This programme calculated the percentage of complaints that were solved within the service norms outlined in Metro Water’s Citizen’s Charter (the third of the three reforms discussed in this paper). This tool transformed the supervisory role of senior managers as they now had accurate quantitative performance data with which they could hold section managers to account for poor complaints service delivery performance (low CRE per cent).
2.4.2 The Single Window Cell (SWC)
As in the case of MCC, the citizen complaints articulated during the Customer Meets Campaign –
regarding corruption, lack of transparency, weak accountability for service delivery, and long delays – were
the catalyst for reforming new connection services. The SWC was established in April 1999 as a dedicated
office based at the Metro Water head office to receive, process, and coordinate all new water and sewerage
connection applications. Prior to this reform citizen applications for permission to connect to the water
and sewerage network were submitted at section offices where they were processed and approved by
section managers before being sent higher up the administrative hierarchy to sub-division and division
managers for additional approval. Once approved, citizens then had to hire private sector plumbers, who
often had close ties with section staff, to physically make a new connection. 14 Four months after
establishing the SWC, the Green Brigade – a dedicated team of 26 Metro Water staff and private sector
contract labourers – was established to physically connect all approved new connection applications for
which payment had been received. 15

2.4.3 Metro Water’s Citizen’s Charter
The third customer-focused reform undertaken at Metro Water at the end of the 1990s involved the
launch (by the Chief Minister) of a Citizen’s Charter in January 2000 which outlined measurable service
delivery norms for a range of services. 16 The publication of the Charter was important as it publicly
acknowledged Metro Water’s commitment to improving the delivery of services for citizens throughout
the MCH.

3 Measuring performance
3.1 Has the MCC reform improved complaints service delivery?
In order to measure the impact of the MCC reform on service delivery performance a performance
measurement model was developed that covered a range of complaint service processes, outputs, and
outcomes. 17 A selection of these measures is discussed below.

Prior to the formation of MCC, complaint procedures were intentionally complicated by section staff
as this provided an opportunity to either defer responsibility to private sector plumbers or solicit bribes.
By contrast, MCC has standardised and simplified complaint procedures and this has played an important

14 It was common in many sections for citizens to pay private sector plumbers to help with all aspects of their
new connection application.
15 The Green Brigade was established in response to delays, and most likely corruption, in physically releasing
new connections to citizens. Private sector labourers were used as existing Metro staff lacked motivation to
work at the pace necessary to keep up with the new connections approved by the SWC.
16 Included in the Charter were the obligations of citizens, such as paying bills on time, reporting illegal activity,
and maintaining a working water meter.
17 These were complaint processes – information transparency; staff behaviour; and customer efforts to have a
complaint addressed; outputs – number of complaints registered and addressed; and time taken to have a
complaint addressed; and outcomes – complaint solved to satisfaction; response to complaint; opinion of service;
and overall level of satisfaction.
role in enabling citizens to access the new service – 96 per cent of MCC customers surveyed found MCC procedures easy to follow, while this was the case for only 21 per cent of a second group of citizens (direct customers) who, due to lack of access to a telephone, continued to make complaints at section offices where they followed the “old” complaint procedures.\(^{18}\)

Since MCC was established, citizens who engaged the new service have perceived significant changes in staff behaviour, as evident in Table 3.1 which compares MCC and direct customers.

**Table 3.1 Perceptions of staff behaviour change over three years**

<table>
<thead>
<tr>
<th></th>
<th>MCC customers</th>
<th>Direct customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessibility</td>
<td>57%</td>
<td>19%</td>
</tr>
<tr>
<td>Politeness</td>
<td>64%</td>
<td>44%</td>
</tr>
<tr>
<td>Respect</td>
<td>62%</td>
<td>44%</td>
</tr>
</tbody>
</table>

*Source: Survey of MCC and direct customers, 2001.*

In this research it has not been possible to make a direct comparison between the time taken to address specific citizen complaints prior to and following the MCC reform, however, an indication of change in this performance measure can be seen in Table 3.2, which compares an estimate made by section managers\(^ {19}\) with MCC customers and data from the MCC database\(^ {20}\).

**Table 3.2 Average time to have a complaint addressed**

<table>
<thead>
<tr>
<th></th>
<th>MCC customers</th>
<th>Direct customers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of days (average)</td>
<td>Number of days (average)</td>
</tr>
<tr>
<td>Prior to MCC (1998)</td>
<td>7–10</td>
<td>NA</td>
</tr>
<tr>
<td>MCC customer survey (2001)(^ {21})</td>
<td>4.8</td>
<td>6.8(^ {22})</td>
</tr>
<tr>
<td>MCC database (2001)(^ {23})</td>
<td>4</td>
<td>NA</td>
</tr>
</tbody>
</table>

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\(^{18}\) Direct customers are slum residents (urban poor) and the majority (98 per cent) do not have a telephone in their house to call MCC. 25 per cent of direct customers interviewed earn less than Rs. 2000 per month (£27 @ Rs. 74/£) while 73 per cent earn Rs. 2-5000 per month. By contrast, 62 per cent of MCC customers surveyed earn between Rs. 5-15000 per month.

\(^{19}\) The consensus opinion among section managers interviewed was that it took between seven to ten days for citizen complaints (across all complaint types) to be addressed by section staff prior to MCC. This finding is supported by data from a survey of 1,645 Metro Water customers undertaken in 1993, where 40 per cent of customer complaints regarding water quality took more than six days to solve.

\(^{20}\) The later two sources cover four complaint categories – irregular water supply; no water for “X” days and low pressure; drainage and sewerage problems; and contaminated water supply.

\(^{21}\) Based on the average figure from a survey of 80 MCC customers undertaken in six Metro water sections (within two divisions) in MCH in 2002.

\(^{22}\) For direct customers who rely on their local leader to lodge their complaint at the section office it takes on average 8.6 days to have their complaint addressed.

\(^{23}\) “Official” time listed on the MCC Complaints Database as reported by section staff to MCC.
Although it was not possible to accurately estimate how long it took for direct customers to have their complaints addressed prior to MCC service; outcomes (examined below) find higher levels of customer satisfaction among direct customers than among MCC customers and this may indicate that the time to have their complaint addressed has been significantly reduced since MCC was established. Lastly, it is important to highlight that since MCC was established all complaints are now being addressed, as opposed to past practice where it was common for complaints never to be addressed.24

In this research it was not possible to compare the volume of complaints addressed prior to and following the complaints service reform, however it is important to highlight changes in the ability of Section staff to address citizen complaints within the service norms outlined in the Citizen’s Charter. In Table 3.3 there is clear evidence of improved service performance (averaged across 120 Sections) over time despite large increases in the number of complaints.25

**Table 3.3 Changes in MCC performance over time**

<table>
<thead>
<tr>
<th>Complaint category</th>
<th>No of complaints registered at MCC</th>
<th>Complaints redressal efficiency (%)27</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewerage overflow on the road</td>
<td>1,110</td>
<td>12,616</td>
</tr>
<tr>
<td>Sewerage blockage at customer premises</td>
<td>1,188</td>
<td>9,824</td>
</tr>
<tr>
<td>Polluted water supply</td>
<td>349</td>
<td>941</td>
</tr>
<tr>
<td>Water leakage</td>
<td>263</td>
<td>1,667</td>
</tr>
</tbody>
</table>

*Source: MCC Database, 2002.*

What is interesting with regard to complaint service outcomes is that direct customers have higher levels of service satisfaction than do MCC customers.28 This provides convincing evidence that the MCC reform has improved complaint services for poor city residents living in slum communities, even though they

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24 In the 1993 survey, 62 per cent of water quality complaints were never solved.
25 During this period there have been no increases in the number of sections or staff within each section.
26 This table lists four of the top six complaints during the period 1999 through 2002.
27 Defined as the percentage of complaints that are addressed within the service norms outlined in the Citizen’s Charter.
28 47 per cent of direct and 29 per cent of MCC customers thought MCC was a good service. 47 per cent of direct and 45 per cent of MCC customers stated they had had a good response from MCC to their complaint.
have not directly engaged the MCC service. Based on the above performance measures, it is evident that
the MCC reform has improved complaints service delivery for citizens across all income groups
throughout the MCH.

3.2 Has the SWC reform improved new connection services?
In order to assess the impact of the SWC reform on service delivery performance a range of service
processes, outputs, and outcomes were measured.

Prior to the SWC, procedures varied widely across sections due to lack of standardised procedures,
weak supervision, and varying degrees of corruption. The SWC reform has improved information
transparency through the free distribution of a clear and detailed two-page brochure, explaining
application procedures and, critically, the fees to be paid for different types of new connection
applications. This has resulted in improved access to new connection services.

Since the SWC reform, citizens who have used the new service have experienced marked
improvements in staff behaviour, with 62 per cent of SWC customers surveyed finding staff more polite
and 65 per cent more respectful compared with three years ago.

The SWC reform has halved the average time to approve and issue a new connection application
from six to three months. There is also evidence of improvement in the volume of new connection
applications processed. Over two three-month periods (July to September 1999 and 2002) the number of
new connection applications submitted to the SWC increased by 43 per cent (from 4,636 to 6,612).
Although the capacity of the SWC to approve new connection applications within the one-month service
norm decreased slightly during this period (from 46 to 38 per cent) there has been a significant
improvement in the performance of the SWC (by 79 per cent) in making new connections within the
three-month period reviewed. This has been achieved without any changes in the staffing levels or
resources allocated to the SWC.

Regarding outcomes, the SWC has achieved high levels of satisfaction with 69 per cent of customers
surveyed stating that they were satisfied with the new service. Based on the above performance
measures, there is evidence of significant improvements in new connection service delivery performance
at Metro Water.

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29 63 per cent of direct customers were satisfied with Metro Water complaint services while this was the case for
only 46 per cent of MCC customers. This difference could be due to higher expectations of the reformed
service among educated and better-off MCC customers.

30 These were new connection processes – information transparency; staff behaviour; and customer effort to secure
a new connection; outputs – time taken to approve and issue a new connection; and volume of new connection
applications processed; and outcomes – opinion of service: opinion of service changes; and overall level of
satisfaction.

31 79 per cent of SWC customers surveyed found the SWC procedures easy/no problem to follow; 74 per cent of
customers wrote the application on their own; and, 81 per cent of customers submitted their completed
application forms themselves to the SWC.

32 74 per cent of customers found the new service better in terms of speed of service while 70 per cent said it was
better with regard to procedures. Another measure of overall service satisfaction is evident in the high number of
customers (74 per cent) who paid unsolicited tips to the Green Brigade staff for making their new
connection.
Diagram 4.1 Factors that explain organisational change and improved service delivery performance
4 Explaining organisational performance

When there is clear evidence of improved service delivery performance what is the best way to explain this change? To answer this question, an extensive body of literature on public sector organisational performance was reviewed in order to identify common “factors” that explained changes in organisational performance. Based on this literature, a selection of external, organisational, and individual factors were identified to explain organisational change and service delivery performance improvement in the Metro Water case. These factors (shown in Diagram 4.1 opposite) are further defined as: external factors – politicians; media; citizens; and professional networks; organisational factors – human resource management; organisational culture; and leadership; and, individual factors – work motivation; and public service motivation.

5 External factors – politicians, media, citizens, and professional networks

5.1 Checking politically-driven demands

In examining literature on politicians and service delivery performance the critical question that emerges is not whether or not politicians have influenced, and possibly compromised, decisions that affect service provision. Rather, it is the extent to which institutional mechanisms have been able to check, and ideally to dissipate, misinformed political demands. In the case of Metro Water two mechanisms – organisational autonomy and a Board of Directors (BoD) – have moderated political demands and enabled successive MDs to make better informed decisions and subsequently deliver more equitable service improvements throughout the city.

Metro Water’s legal status as a semi-autonomous organisation located outside the “traditional” government bureaucracy allowed MDs to bypass established rules and relationships, both within the PHED and externally between elite and local politicians, that had obstructed organisational change and service delivery performance improvement. Enhanced autonomy resulted in greater decision-making independence, leading to organisational changes that would not have been possible within the “traditional” government bureaucracy. The establishment of a BoD of senior government administrators (IAS officers) and elite politicians with diverse professional expertise to advise Metro Water management has played an important role in checking unilateral and often misinformed decisions being made by the

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33 Institutions are ‘complexes of norms and behaviors that persist over time by serving collectively valued purposes’ (Uphoff 1986: 9).
34 Metro Water was established under the Hyderabad Metropolitan Water Supply and Sewage Board Act passed by the State Legislature in April 1989.
35 The state bureaucracy under which it was previously located.
36 Elite politicians are senior politicians (Chief Minister, Ministers), while local politicians are elected Members of the Legislative Assembly (MLAs); there are 13 MLAs serving the MCH.
Chief Minister, who was the Chairman of the Board. Regular BoD meetings (mandated in the State Act) meant that important decisions concerning organisational change were brought before the Board on a regular basis which in turn enabled reforms to be undertaken with greater continuity.

In conclusion, “moderate” political engagement has contributed to improvements in service delivery performance through providing sufficient decision-making autonomy to allow consensus-based decisions to be made on the most effective path of reform, while at the same time placing constant pressure (through institutionalised engagement) on MDs to further improve performance.

5.2 Media and the "public face” of Metro Water

Almost every working day for the last 12 years MDs have used daily files of newspaper articles on water and sewerage issues published in local Telugu and English language newspapers to address highlighted service delivery problems. In May 1991 Metro Water established a public relations office to enhance its public image, however, soon after the office was established, another key role emerged – to provide the MD with files of published articles that had anything to do with Metro Water. This practice not only resulted in MDs being informed about “public” concerns across the city, it also led to a direct response from Metro Water to address the problems newspapers highlighted.

Although print media places daily pressure on Metro Water, it is surprising to find that this has not resulted in organisational resistance to media engagement. In fact the opposite appears to be the case. Since Metro Water was established it has countered “traditional” administrative secrecy by institutionalising information transparency and responding to public critique. The reasons for Metro Water’s embrace of media appear twofold; first, it is an important means of communicating information directly to citizens (this is especially important for announcements regarding service distributions due to

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37 A style of decision-making for which the Chief Minister was known in the AP State Government. The Chief Minister was reluctant to enforce his views on the BoD for two reasons. First, it would most likely mean overriding the consensus opinion of BoD members which included the MD and two senior Metro Water managers, and second, it would undermine his broader reform agenda to incorporate business practices within government (see Naidu and Ninan 2000).

38 Research undertaken by Tankersley (2000: 289) in the United States found that retail electricity distributors subject to moderate Public Service Commission (PSC) control performed above average, while those subject to either strong or weak PSC control performed well below average. See also Rainey and Steinbauer 1999: 14; and Wolf 1993: 173.

39 Based on a sample of daily media files over the last ten years, articles containing media criticism of Metro Water services (articles that highlight service delivery failures that citizens (especially those reading daily newspapers) are concerned about) emerge as some of the most common articles reviewed daily by MDs (50 articles/month) followed by government/court orders (14/month) and criticism by politicians (10/month).

40 Out of 991 media criticism articles reviewed over a ten-year period, 70 per cent were signed by the MD, while 31 per cent were forwarded to a senior manager for immediate action. MDs appear less responsive to criticism by politicians and government/court orders – 19 per cent and 13 per cent of these articles respectively were forwarded for action to be taken (64 per cent and 73 per cent respectively of these articles were signed by the MD).

41 Since 1990 all Metro Water MDs have made themselves available to media to discuss any aspect of the organisation’s performance. This willingness to meet with the media is exceptional among public sector organisations in AP.
operation and maintenance work), and second, media criticism strengthens the hand of the MD to undertake organisational reforms in order to improve service delivery performance.42

A second area of media influence involves television. In January 1999 a one-hour live broadcast programme called ‘Face to Face’ was started by a local cable company in Hyderabad, whereby a panel of senior city administrators43 answered questions asked by citizens who called in by telephone.44 This programme provided an opportunity for MDs to demonstrate to a large and diverse audience of government leaders, employees, and citizens, Metro Water’s commitment to responding to citizen complaints.45 A unique aspect of the programme is the placement of the MD in the public spotlight where he becomes the “public face” of the organisation. This ensures that he alone is held to account for service delivery failures, a situation that is quite different from more “traditional” public sector service delivery organisations, where senior leaders are protected by impenetrable layers of bureaucracy and hierarchy. Television has broken through this maze and placed direct pressure on Metro Water to improve service delivery performance.

5.3 Sustained citizen engagement

It was not until the end of 1998 during the Customer Meets Campaign, and subsequently through the implementation of the MCC and SWC reforms, that citizens were given an opportunity to place pressure on Metro Water to improve service delivery performance. For example, citizens have been increasingly active in engaging MCC, as evident in Table 5.1.

<table>
<thead>
<tr>
<th>Table 5.1 Citizen engagement with MCC since 1999</th>
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<tbody>
<tr>
<td>Monthly citizen complaints (average)</td>
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<td>Percentage increase over the year before</td>
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</table>

An initial assessment of this data could lead to the conclusion that services are getting worse. However, as there was no evidence of serious system failures or droughts occurring during 1999–2002 that could explain these large increases in complaints other contributing factors have to be considered. Based on interviews with senior managers and section managers, and an assessment of secondary data, the above annual increases in customer complaints can also be attributed to a combination of: increased awareness

42 For example, when a section is reported in the media as performing badly.
43 From the main service organisations, such as water and sewerage, electricity, telephone, transportation, parks, and police.
44 The majority of complaints made by citizens regarding water and sewerage services were addressed by Metro Water within a few days of the programme being aired. Exceptions were complaints that could not be solved immediately due to technical and/or funding constraints.
45 Each weekly ‘Face to Face’ programme starts with a short report on the status of complaints made the week before.
among citizens; consistency in referrals made by section managers and staff to engage the MCC service; and, most importantly satisfaction among citizens using the new service resulting in repeat engagement. Overall citizens have played a key role in deepening organisational change and sustaining improvements in service delivery performance through their active engagement with the formal mechanisms established as part of the complaints and new connection service reforms.

5.4 Professional networks and organisational change

In addition to critical engagement, which tends to predominate among politicians, media, and citizens, it is important to assess the extent to which supportive engagement from professional networks (international advisors; national trainers; colleagues from “sister” organisations; international sector specialists; researchers; and, state bureaucrats) has influenced organisational change and contributed to improved service delivery performance at Metro Water.

Over an eight-year period (1990–98) teams of WB advisors from a range of specialist areas made 18 visits to Hyderabad City to provide technical support (more than 30 months of “man day advice”) to Metro Water staff to assist with the implementation of the WB-funded Hyderabad Water Supply and Sanitation (HWSS) project. The frequency of these visits (evenly spread over eight years) and a shared interest in the HWSS project succeeding enabled the WB advisors to develop strong professional relationships with Metro Water senior managers. Yet, despite these good relationships, and evidence of change taking place, WB advisors placed constant pressure on both MDs and the state government to undertake more ambitious reforms to strengthen Metro Water’s institutional autonomy and improve service delivery performance. Under the HWSS project considerable investment was made in staff training, which was contracted to the Regional Centre for Urban and Environmental Studies (RCUES) based at Osmania University, Hyderabad. This seven-year training programme provided staff across Metro Water with exposure to new ideas from a diverse group of national experts, covering a range of technical, managerial, service delivery, and behavioural fields. Senior RCUES staff also developed close ties with senior Metro Water managers which enabled them to provide advice and support for ongoing organisational and service delivery reforms.

Contact with Water and Sewerage Boards in other states, such as Tamil Nadu, Kerala, Karnataka, and Maharashtra, provided opportunities for MDs to learn from and adapt service delivery reforms, which they had observed when visiting “sister” organisations. Interviews with MDs reveal a discreet rivalry between water utilities from other states, and it is possible that this informal competition encouraged

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46 In 2002 the average number of complaints made by citizens surveyed was eight. No data was available on the average number of citizen complaints made prior to the MCC reform.
47 For Metro Water staff “success” was important as it could lead to a second WB project, while for WB staff there were no doubt both career security and personal reasons for the project “succeeding”.
48 Examples of this pressure can be found in Aide Memoire submitted to Metro Water and the State Government at the end of each WB mission.
49 Based on an impact analysis undertaken at the completion of the HWSS training programme there is evidence of changed attitudes and behaviours among the staff involved.
further service delivery reforms at Metro Water. Over an 11-year period (1989–2001) 51 senior staff travelled overseas and participated in a wide range of study tours, conferences, workshops, and formal training courses (covering more than 54 man months). This international exposure provided opportunities for staff to acquire new skills and knowledge that could be applied upon returning to Metro Water.

Since Metro Water was established, research has been used to support organisational reforms and undertake service delivery improvements; reforms have triggered research interest, which in turn has resulted in further reforms, and subsequently additional research attention.

Lastly, on a regular basis, successive MDs have sought advice from their IAS colleagues working in the state government.

Based on the above discussion, it is evident that professional network engagement with Metro Water staff over a number of years has influenced organisational change and contributed to improved service delivery performance. The extent of professional network engagement at Metro Water can be seen in a comparison with a second case of public sector service delivery reform – the Department of Registration and Stamps (Department of R&S) – which was researched in AP at the same time as the Metro Water case. In contrast to the improvements in service delivery performance at Metro Water, the service reforms at the Department of R&S have largely been ineffective. Part of the explanation for this finding could be weak professional network engagement.

5.5 Conclusion: external actors, information reciprocity, and performance

There is convincing evidence that politicians, media, citizens, and professional networks have influenced organisational change and contributed to improved service delivery performance at Metro Water. This “success” can be attributed to the establishment of formal institutional mechanisms that have facilitated the exchange of “independent” information between each of these external actors and Metro Water

50 This informal competition concerns three of seven types of inter-organisational competition identified by Moore (2000: 94–101): competition for foreign aid, central government funds, and, private investment.

51 Performance research undertaken in 2001 found some improvement in the speed of registration services, however, regarding a more critical aspect (which had a clear priority over speed among citizens) there was only a marginal improvement in the level of institutional corruption endemic within the department.

52 To date there has been no engagement between international advisors and staff at the Department of R&S. National consultants have been engaged, however, their input has solely been technical and it has not involved any aspect of organisational change or service delivery improvement. Engagement with colleagues from parallel departments in neighbouring states has been one-way, with state officials coming to see how the reformed services work. To date only one person from the department has travelled overseas and there does not appear to be any link between these visits and the Department of R&S service reforms. Regarding research, one study has been conducted, however, the recommendations have not been widely disseminated within the department, neither have the findings been acted upon. Overall there has been minimal professional network engagement with the Department of R&S and this has undermined the service reforms through limiting opportunities for: external critical examination; application of “best practices” from other countries; and dialogue within and outside the department on reform directions, priorities, and impacts.

53 This conclusion is supported by similar research undertaken by Berman and West (1998: 211–14) which found that stakeholder engagement (advisory panels with museums; and citizen and client surveys, and community-based strategic planning with urban municipalities) was positively associated with productivity improvement efforts.

54 In contrast to information generated within an organisation, which is often corrupted through collusion between complacent middle-level managers and “front-line” staff.
managers. This information reciprocity enabled senior managers to place pressure on “front-line” staff to achieve new service norms and improve service delivery performance. For external actors these institutional mechanisms provided opportunities to channel collective demands for improved services. Over time this engagement strengthened “trust”55 between external actors and Metro Water staff, which further deepened organisational change and service delivery performance.56

6 Organisational factors – human resource management, organisational culture, and leadership

6.1 Human resource management (HRM) practices and performance

In explaining changes in organisational performance it is important to consider the role of selected HRM practices as there is growing evidence that they can lead to improved performance in both private and public sector organisations.57 Based on this literature and the work of Tendler (1997) and Gershberg (1998) four management practices have been identified as critical in the overall success of service delivery reform and performance improvement at Metro Water. These are recentralisation, decentralisation, teamwork, and information communication technologies (ICTs).

6.1.1 Recentralisation

Since the Customer Meets Campaign senior managers have made a concerted effort to change the way in which Metro Water engaged and responded to its citizens. The catalysts for this organisational transformation were two service reforms, MCC and the SWC, which caused a fundamental change in the way both services were delivered. The most critical aspect of these reforms was the recentralisation of selected aspects of “front-line” service delivery. Overnight, complaint and new connection services became the responsibility of head office staff and this placed immediate pressure on them to demonstrate improved performance in order to justify the upheaval these reforms had caused. Recentralisation also radically altered established hierarchical relations between section managers and their immediate supervisory middle-level managers, which had impeded and compromised the flow of performance information to senior managers prior to reform.58 These “traditional” relationships, which had condoned poor performance were no longer viable as there was simply too much at stake for managers at higher

55 Defined by Wade (1988: 489) as ‘the quality of confidence in a relationship which permits one party to act (e.g. invest resources) before knowing that the other will behave as promised’.
56 This has occurred through a growing awareness among external actors that Metro Water was committed to change. 57 per cent of SWC citizens surveyed felt that Metro Water was trying to improve services for all citizens, while 26 per cent felt improvements were being made to help only some citizens. The majority of those interviewed (55 per cent) also felt that Metro Water was trying to reduce the bribes paid by citizens to obtain access to water and sewerage services.
58 In the case of MCC section managers were now required to report information by telephone directly to MCC computer operators (clerical staff reassigned from within Metro Water) whom they had never met and, as a result, there was almost no opportunity for collusion to manipulate performance data.
levels. In both reforms citizen interface, one of the most difficult areas for senior managers to monitor with regard to “front-line” staff performance, was recentralised and this provided senior managers with much greater access to reliable information on staff performance and citizen concerns.

In recentralising aspects of complaint and new connection services both were placed at arms length from the existing administrative hierarchy. This gave seconded service managers much greater freedom to innovate and make independent decisions in order to overcome resistance to change and establish each new service. Interestingly the MCC and SWC service managers had much greater authority and status than their designated posts and this enabled them to demand improved performance from both their immediate support staff and “front line” Section staff. Access between service managers and senior managers was also significantly enhanced, and as a result senior managers (in particular the MD and the second in command Executive Director (ED)) had a much greater appreciation of the subtle ways in which staff at lower levels undermined attempts to improve service delivery performance. This hands-on experience enabled senior managers to initiate reforms on a regular basis to counter resistance to change. Recentralisation has played an important role in organisational change and improved service delivery performance.

6.1.2 Decentralisation

One of the consequences of the service delivery reforms undertaken at Metro Water at the end of the 1990s were new demands on section offices to address the substantial increase in citizen complaints. At the same time there was pressure from the state government to improve revenue collection, in order to achieve the long-term goal of organisational financial autonomy. In order to address these demands it quickly became apparent that either staff levels at section offices had to be increased or changes had to be made in how staff were deployed and managed. With the first of these two options out of the question, due to a hiring freeze that had been legislated by the state government in 1994, senior managers were forced to overhaul the way section offices functioned.

At the time section work involved a combination of horizontal and vertical decision-making and reporting. Section managers were responsible for the staff involved in water supply and sewerage maintenance, while revenue staff were managed by higher sub-division, division, and Head Office levels. The limitations of this fractured arrangement led to a decision to decentralise management authority by placing all section staff under the responsibility of section managers. This decision greatly enhanced the ability of section managers to manage section work and it made a significant contribution to improved service delivery performance.

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60 Defined as the ability of Metro Water to cover monthly operating costs through revenue collection.
61 With enhanced authority section managers were able to distribute section work pressures, such as unexpected surges in customer complaints or monthly revenue drives, with greater equity and response efficiency across a larger pool of staff. This no doubt reduced animosity between section staff that had occurred in the past when the burden for this work was placed on a smaller group of staff. There are interesting parallels between the impact of autonomy on section managers at Metro Water and Irrigation Association officials in Taiwan. See Lam (1996).
6.1.3 Teamwork

The introduction of teamwork at the section level, combined with the flexible deployment of workers, has enabled section managers to assign staff according to work demands, be they attending to citizen complaints, issuing bills, or collecting revenue. Critical to the success of these changes in work organisation was the support among section managers and staff – 92 per cent of section managers felt that greater emphasis by senior managers on teamwork at the section level was a good idea; while 88 per cent of section managers felt that the section staff they managed were willing to work as a team to complete all section work.62

In order to understand the implications of these changes it is useful to explain work practices prior to this reform. In the past section staff worked within extremely rigid task specialisations, and over time these became distorted to the extent that they resulted in considerable inefficiencies. A good example can be seen in the reading of water meters. Two staff were required to undertake this task, one to open the meter (which often involved removing a protective cover) and a second to record the meter reading. In contrast, new work organisation practices at the section level broadened the type of work that could be undertaken by staff within each section and this contributed to improved service delivery performance.

6.1.4 Information communication technologies (ICTs)

Senior managers at Metro Water have effectively deployed ICTs (computers, online databases, and mobile telephones) in order to make better informed decisions, to track performance of section staff, and to share information across the organisation. Improved access to reliable data sources combined with increasing confidence in the use of database programmes, has led to greater sophistication in the analysis and presentation of information on Metro Water’s performance. Constant engagement with online databases has led to improvements in existing programmes and the development of new staff performance indicators.63 This is clearly demonstrated in the case of the MCC reforms and, in particular, the CRE programme discussed earlier. Overall, ICTs have had a positive impact on organisational change and service delivery performance.

6.2 Cultural change at Metro Water

There is an extensive body of literature encompassing both public and private sector organisations, that has found a positive association between “strong” organisational cultures64 and improved organisational performance.65 In the Metro Water case there is convincing evidence of cultural change taking place and a

62 Tendler (1997: 37) also found broad support among “front-line” workers for greater diversity in work tasks.
63 Changes to database programmes were made by in-house private sector IT experts who were contracted by Metro Water to manage and maintain its management information systems.
64 Where values of the culture are widely shared across an organisation (Ogbonna and Harris 2000: 769). Saffold (1988: 546) points out that the strong culture hypothesis was first proposed by Dennison.
“strong” customer-focused organisational culture emerging during 1998–2000 as a consequence of the MCC, SWC, and Citizen Charter reforms.66

Cultural change started with the implementation of the MCC and SWC reforms which resulted in substantial changes in how work was undertaken.67 This change was reinforced with the launch of the Citizen’s Charter, which functioned as a de facto mission statement that defined Metro Water’s new customer-focused orientation. The announcement of new service norms through the high profile public launch of the Charter – an aspect of service transparency that was extremely rare among public service providers in AP – immediately enhanced public expectations, which in turn placed pressure on staff across Metro Water to change the way they delivered services.68

During 1998–2000 much greater prominence was given to Metro Water’s name and logo throughout the organisation, such as on application forms, staff uniforms, reports, and entrances to Metro Water offices, and this no doubt contributed to the emergence of a changed organisational culture. Starting in 1998, there was also a concerted effort by senior managers to build a shared organisational identity through a number of new events that demonstrated management concern for employees and their families (health camps); broke down “traditional” hierarchies (social events); and recognised individual commitment to improving service delivery (awards).69

In concluding this section, it is important to highlight that the above points are indicative examples of a range of decisions, reforms, and events that coalesced over a three-year period to change the organisational culture at Metro Water. This change can be described as a shift from a “traditional” state service provider, focused on the supply of services (water delivery and sewerage treatment),70 to a more ‘customer-oriented organisation, where customer satisfaction is the final measure of the Board’s success’.71

6.3 Leadership

Leadership is identified by researchers as one of the most common factors that contributes to improved organisational performance within both public and private sector organisations.72 In the case of Metro Water leadership has also played a key role.

The catalyst for cultural change and improved service delivery performance at Metro Water was the appointment of two young, professionally competent, and pro-change IAS officers (as MD in 1997, and ED in 1998). Prior to starting at Metro Water, both officers had been strongly influenced by the socio-

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66 Organisational culture is defined as the ‘basic assumptions and beliefs that are shared by members of an organisation, that operate unconsciously, and that define in a basic “taken for granted” fashion an organisation’s view of itself and its environment’ (Schein 1985: 6).

67 See the earlier discussion of recentralisation and decentralisation.

68 To motivate employees to achieve the new service delivery norms, senior managers organised special training courses for staff across the organisation focused on both the Charter and customer service.

69 The latter event was not continued by the MD who replaced Mr Subrahmanyam in 2001, which explains the findings presented later in this paper with regard to section staff dissatisfaction with the lack of recognition for working harder than in the past to improve service delivery.

70 Nickson (1999: 778) found this organisational culture prevalent in his review of the urban water supply sector across four less developed countries.


72 See Brewer and Selden (2000: 693); and Rainey and Steinbauer (1999: 18).
political changes that were taking place in the state at the time, in particular the actions of the Chief Minister to encourage state government employees to improve the delivery of basic services. As a consequence both the MD and ED felt that the Chief Minister’s public behaviour not only set a precedent for change but also created an expectation that senior IAS officers would undertake reforms in order to improve service delivery.

In analysing the role of leadership in contributing to improved performance in the Metro Water case three alternate “styles” of leadership were considered: participative leadership (how open a leader is to influence (ideas/suggestions) from subordinate staff); supportive leadership (the degree to which a leader is supportive of subordinate staff); and, directive leadership (the extent to which a leader clarifies expectations and assigns responsibilities) (Ogbonna and Harris 2000: 776). Evidence of participative leadership can be found in the opportunities given to section managers to make suggestions on work improvements. In contrast, supportive leadership does not appear to be common practice among senior managers. Evidence of directive leadership is apparent in the frequency of meetings between section managers and their immediate superior managers and the consistency of articulated section work priorities – complaints redress and revenue collection. These meetings played an important role in reducing the distance between staff and contributing to improved performance. Based on the data presented in this section, it is clear that a combination of directive and participative leadership “styles” have contributed to improved performance at Metro Water.

6.4 Conclusion: HRM, organisational culture, and leadership

The first and rather obvious point to highlight with regard to these three organisational factors is that they all have involved change, that is, doing things differently than had been done in the past. Second, all were enabled and sustained over time, due to the fact that they were grounded in two concrete service delivery reforms that were able to deliver immediate and visible improvements to citizens.

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73 ‘The Chief Minister was talking a great deal about change, he was talking about SMART government and a more responsive and transparent government’ (Interview, Mr Subrahmanyam, former Metro Water MD, 23 May 2001). “SMART” was developed by the state government to encourage organisational change in the public sector, it stood for simple, moral, accountable, responsive, and transparent government.

74 Ogbonna and Harris (2000: 767) point out that this method was proposed by Stodgill.

75 65 per cent of section managers stated that the recommendations they had made in management meetings were acted upon by senior managers. Assuming that these suggestions were made with improved organisational performance in mind, leads to the conclusion that performance improved when senior managers implemented these recommendations.

76 76 per cent of section managers stated that their extra efforts in undertaking regular section work were not recognised by senior managers.

77 90 per cent of section managers met with their sub-division managers daily, and 59 per cent met with their division managers twice weekly. 72 per cent of section staff met with their sub-division manager daily.

78 In 92 per cent of meetings between section managers and sub-division managers and 76 per cent of meetings with division managers the main topics discussed were citizen complaints and revenue collection.

79 Compared with three years ago section managers (61 per cent) are attending more meetings with senior managers and for the majority (57 per cent) these meetings have improved their work performance.

80 Dakolas and Said (1999: 6) identified strong and involved leadership as a key factor that contributed to the success of the judicial reform projects they researched.
Regarding the four HRM practices, both recentralisation and decentralisation played a key role in enabling substantial changes to be made in the way work was undertaken and supervised across Metro Water. This upheaval changed deeply rooted practices, behaviours, and relationships allowing innovation to occur with the introduction of such practices as teamwork and the flexible deployment of workers. Somewhat surprising in this discussion is the minor role compensation strategies have played in facilitating the transformation of work practices across Metro Water.

In leading Metro Water through a period of significant cultural change, the MD Mr Subrahmanyam had a consistent message for staff across the organisation, to improve the delivery of services. Yet at the same time he paid astute attention to the needs of staff, who were clearly under more pressure to work harder and respond to the needs of citizens. These two behaviours played an important role in the adoption and predominance of Metro’s Waters customer-focused organisational culture.

In reviewing this section one question remains unresolved – why are both section managers and their staff working harder and longer hours compared with three years ago? Does management pressure account for such dramatic changes in Section level performance? In the next section these questions will be answered through discussion of two individual factors which have influenced organisational change and contributed to improved service delivery performance at Metro Water.

7 Individual factors – work motivation and public service motivation

7.1 Work motivation

At the start of this paper, a scenario was described of section managers and their staff working harder than they had in the past to respond to citizen complaints. Why is this the case? Based on a review of literature on work motivation, the high performance cycle developed by Locke and Latham (1990: 3) emerges as a useful model to answer this question. In this section five elements of this model – demands, self-efficacy, commitment, feedback, and rewards – are examined in order to explain the high levels of work motivation among section managers and their staff that have contributed to improved service delivery performance at Metro Water.

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81 A series of training courses for section managers strengthened their capacity to undertake these changes and subsequently deliver the anticipated improvement in service delivery performance. This training had a direct impact on service delivery performance, with 75 per cent of section managers stating that the training had helped them work more efficiently.

82 92 per cent of section managers and 85 per cent of section staff felt that they were not being fairly compensated for working harder and longer hours compared with three years ago.

83 Thompson (1996: 189) concludes that an equal emphasis on employees and customers will optimise organisational performance. In applying the latest management terminology, Kim and Mauborgne (2003: 62) would classify the achievements of Mr Subrahmanyam as tipping point leadership.

84 90 per cent of section managers were working more hours and 92 per cent harder compared with three years ago. 89 per cent of section staff are working harder and longer hours compared with three years ago.

85 Rainey (1993: 201) defines work motivation as a ‘person’s desire to work hard and work well – to the arousal, direction, and persistence of effort in work settings’.

86 Selden and Brewer (2000: 533) describe the high performance cycle as a promising metatheory of work motivation which accommodates past research; incorporates practical concepts developed from theoretical and empirical research; and, addresses adaptability issues regarding public and private sectors.
Demands made on employees by either internal actors (supervisors and managers) or external actors (unions, citizens, competitors) (Locke and Latham 1990: 5) ‘have a strong and significant impact on individual performance, indicating that individuals with more challenging and demanding jobs record higher performance levels’ (Selden and Brewer 2000: 542). In the case of Metro Water, senior managers have placed greater demands on Section staff to improve their performance with regard to two areas which they perceive are critical to Metro Water’s long-term viability – citizen complaints and revenue collection. The clarity of these two demands has contributed to high levels of work motivation among section staff, which in turn has led to improved service delivery performance.

Self-efficacy is the belief that a goal or target articulated by senior managers can be achieved. Employees with high self-efficacy will have high performance (Locke and Latham 1990: 10; Selden and Brewer 2000: 543). Among section managers there is evidence of high levels of self-efficacy, with 65 per cent stating that their monthly revenue target was achievable.

Employees will only attempt to achieve demanding goals when they are committed, which is determined by the extent to which goals are understood, pressure is felt to achieve them, there is belief that they can be attained, and that their efforts will be recognised (Selden and Brewer 2000: 535). Clear and achievable goals and targets, combined with pressure from senior managers, have led to high levels of commitment among section staff, which has contributed to improved service delivery performance.

Feedback is critical as it enables employees to assess whether or not they were able to achieve the goals they have been set. A combination of regular meetings with senior managers and access to the “online” MCC and SWC databases has resulted in high levels of feedback among section managers and this has contributed to high levels of work motivation.

Rewards cover internal rewards – ‘sense of achievement, pride and feelings of success and efficacy’, and, external rewards – pay, promotion, and recognition (Locke and Latham 1990: 14). At Metro Water monetary rewards have not played an important role in motivating staff to achieve their set goals and targets. However, based on the high levels of commitment among section staff discussed earlier, it is likely that non-financial rewards, such as sense of achievement and pride in goal/target attainment have contributed to high levels of work motivation.

In concluding this section, high levels of work motivation (working harder and longer hours without compensation) among section managers and their staff can be attributed to a combination of achievable yet challenging demands, strong self-efficacy and commitment, consistent and transparent feedback, and internal rewards. This has had a direct impact on service delivery performance. Yet, one aspect of this

87 88 per cent of section managers and 75 per cent of section staff felt they were under more pressure from senior managers to produce results compared to three years ago.
88 It is important to highlight with regard to these demands that both are quantified “online” through the MCC and revenue databases. On a daily basis senior managers are able to track section performance with regard to complaints service norms (CRE per cent) or monthly revenue targets.
89 92 per cent of section managers and 100 per cent of section staff stated that they were committed to achieving their monthly revenue target.
90 92 per cent of section managers and 85 per cent of section staff felt that they were not being fairly compensated for working harder and longer hours.
analysis remains unresolved; explanations of staff self-efficacy and commitment that have contributed to high levels of work motivation. To explore this issue further public service motivation will be examined.

### 7.2 Public service motivation (PSM)

This factor has been selected based on a growing body of literature (going back to the 1960s (Crewson 1997: 500)), which concludes that some public sector employees have ‘strong norms and emotions about performing public service’ (Brewer, Selden and Facer 2000: 254). Does PSM contribute to improved organisational performance? To answer this question both Section Managers and their staff were asked why they worked so hard to achieve their monthly revenue targets – 69 per cent of Section Managers and 85 per cent of section staff stated that it was because they wanted to help the organisation, while a further 23 per cent of section managers stated that their efforts were out of a sense of duty to the organisation. Based on these findings, I conclude that PSM is strong among section managers and their staff and that this has contributed to high levels of individual performance, which explains the significant improvements in service delivery that have been achieved in the Metro Water case.

### 7.3 Conclusion: work motivation and public service motivation

In this section I sought to explain why section managers and their staff were working harder and longer hours compared with three years ago. Based on the data presented, I conclude that this exceptional individual effort can be attributed to high levels of work motivation and strong PSM. Interestingly in this analysis is that the high levels of work motivation have been achieved without external rewards (pay, promotion, and recognition) playing a prominent role. I attribute this to PSM. To further explain, existing and most likely latent PSM (wanting to help the organisation/a sense of duty) has been tapped by senior managers in order to motivate section staff to achieve set goals and targets (attain high levels of work motivation). It is important to highlight in this analysis the mutually supportive cycle operating between PSM and work motivation, which has resulted in improved individual and, more broadly, overall service delivery performance. Interestingly, this has occurred through demands from senior managers, who implored staff to fulfil their obligations to both citizens (delivering improved services) and the organisation (collecting revenue). This begs the question as to what is driving senior managers to instil a sense of shared responsibility among Metro Water staff. To fully understand these demands requires a more comprehensive analysis of the accountability relationships operating both within Metro Water and between external actors. These accountability relationships are discussed in the next section.

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91 PSM is the motivational force, prevalent in the public sector, that induces individuals to perform meaningful public service (Brewer and Selden 1998: 417).
92 See also Dilulio (1994).
93 Tendler (1997: 136) reaches a similar conclusion in her research in Brazil, identifying employee dedication as a key factor in explaining improved public sector performance.
94 This was also a conclusion reached by research undertaken by Dilulio (1994: 281).
95 I use this term, as there is no evidence that PSM was directly tapped prior to this point.
8 Public sector accountability, accountability relationships, and performance

So far in this paper I have presented evidence and discussed how external, organisational, and individual factors have contributed to organisational change and improved service delivery. What has yet to be explained are the three bidirectional arrows which operate between these factors and service delivery performance (see Diagram 4.1). In the following section this interplay will be discussed, starting with a revised definition of public sector service delivery accountability.

8.1 Public sector accountability

One of the limitations of current debates on public sector accountability has been an over-emphasis on state-based networks of “horizontal” accountability agencies (O'Donnell 1999: 39) and “traditional” accountability relationships (hierarchical, professional, legal, political) (Romzek 2000: 23) at the expense of civil society actors (Goetz and Gaventa 2001: 8; Schedler 1999: 341; Smulovitz and Peruzzotti 2000: 148). To address this gap, there is a growing body of literature that argues for a rethinking of “traditional” public sector accountability mechanisms and relationships through the inclusion of societal demands (Aucoin and Heintzman 2000: 47; Day and Klein 1987: 248; Smulovitz and Peruzzotti 2000: 148) ‘directly in the workings of horizontal accountability institutions’ (Goetz and Gaventa 2001: 8). Alternatively new institutions can be established that strengthen state-society relations, while at the same time improving both state accountability and service delivery (Avritzer 2002: 135–70).

A second issue of contention concerns the definition of public sector accountability, in particular the relationship between accountability and responsiveness. Some have argued that ‘public sector actors have a duty to be responsive to the members of the public with whom they interact, but to account for their actions to their seniors, who account to the legislature and the executive, to financial auditors, and to higher court judges’ (Goetz and Jenkins 2002: 8, italics in original). Others suggest that ‘people should be considered accountable when there is a high probability that they will be responsive to legitimate authority or influence’ (Lipsky 1980: 160). Strengthening the case for a definition of accountability that includes a responsiveness dimension are civil society-based initiatives that have challenged “traditional” elected representative-public sector official accountability relationships due to their failure to deliver responsive public services (Goetz and Gaventa 2001: 7).96 These concerns highlight the need for a more comprehensive definition of accountability.

In this research, public sector service delivery accountability involves two aspects: engagement – a reciprocal relationship (not necessarily constant or equal) operating between two actors whereby demands for improved service delivery performance are articulated through formal, accessible and transparent accountability mechanisms;97 and responsiveness – the extent to which the party upon whom demands

96 Also relevant is research undertaken by Day and Klein (1987: 229) which found that public sector service providers defined accountability as their responsibility to the citizens they served as opposed to “traditional” hierarchical accountability mechanisms.

97 Defined as institutionalised engagement between actors that is focused on service delivery.
are made takes one or more of three actions, namely *answerability* (the provision of information and/or a decision); *enforcement* (strengthening the achievement of service norms); and *organisational change* (changing the way services are delivered).98

Based on this definition, accountability does not operate when there is no engagement or when there is engagement but no responsiveness. This definition allows for multiple and diverse accountability relationships to operate simultaneously with varying degrees of responsiveness. Also important is the ability to measure service delivery accountability through an assessment of the extent of engagement and the subsequent impact on service provision (responsiveness). With this definition clarified, it is possible to assess changes in accountability relationships operating prior to and following the reforms undertaken at Metro Water in the late 1990s.

**Diagram 8.1 Accountability relationships prior to reform**

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98 Based on the definition proposed by Lipsky (1980: 160).
8.2 Accountability prior to reform

In applying the above definition to the case of Metro Water I start with an assessment of the various accountability relationships operating within Metro Water and between key actors prior to the MCC, SWC, and Citizen Charter reforms. These are shown in Diagram 8.1. In this diagram various accountability relationships are depicted by: arrows which represent contrasting degrees of engagement, either active unidirectional (single arrow) or active bidirectional (double arrow) demand for accountability;\textsuperscript{99} and lines which indicate two levels of responsiveness, ranging from strong (solid line) responsiveness that contributes to performance improvement (through a combination of answerability, and/or enforcement, and/or organisational change), or weak (broken line) responsiveness (involving answerability only) that maintains the status quo. The implications of the above accountability relationships for sustained organisational change and improved performance are discussed below.

8.2.1 Accountability relationships prior to reform

(1) Elite politicians and senior managers – bidirectional and strong. Prior to Metro Water being established in 1989, it is likely that this “traditional” accountability relationship would have almost certainly been unidirectional (senior managers to elite politicians) and weak due to Metro Water’s dependency on politicians to grant state funding to cover annual operating deficits, combined with a general disinterest among elite politicians with regard to service delivery performance. Since 1989 this accountability relationship has been transformed through the establishment of two institutional mechanisms – organisational autonomy and a BoD – which have changed both the level of demand for accountability (from uni- to bidirectional) and the extent of responsiveness (from weak to strong).\textsuperscript{100}

(2) Media and senior managers – bidirectional and weak. Although demand is active and bidirectional this has not translated to strong responsiveness, which remained weak during the 1990s (answerability only).

(3) Senior managers and “front-line” workers (section staff) – unidirectional and weak. During the 1990s senior managers placed demands on section managers and their staff to improve service delivery performance; however, this was unsuccessful due to a combination of barriers to reform.\textsuperscript{101}

\textsuperscript{99} Relationships without a reciprocal arrow indicate no directional demand.

\textsuperscript{100} The establishment of the BoD placed immediate pressure on elite politicians to take greater responsibility for water and sewerage services in the MCH. They subsequently placed greater demands on Metro Water managers which were responded to with changes across the organisation. However, it is important to point out that the BoD has effectively “moderated” elite political demands so that they do not undermine consensus-based advice from BoD members. As a consequence, responsiveness to demands made by the Chief Minister often involved the provision of information (answerability) and commitment to achieve the Citizen’s Charter service norms (enforcement), as opposed to the more detrimental scenario which would result in changes in the way services were delivered (organisational change).

\textsuperscript{101} Such as collusion between middle-level managers and Section Managers that manipulated performance information provided to higher level senior managers and collective lack of interest in supporting section-based service reforms.
(4) Citizens and “front-line” workers – unidirectional and weak. Poor section-level performance and lack of accountability among section staff did not result in citizens redirecting their demands as they had few options. Relations between citizens and senior managers did not exist thanks to the hierarchical and impenetrable Indian administrative system,\(^{102}\) nor were local politicians useful due to the fact that service delivery was not on the political agenda. Exit\(^ {103}\) was not an option as Metro Water held a monopoly on water supply and sewerage services, although thousands of citizens undertook a partial exit in refusing to pay their monthly bills which only exacerbated their service delivery problems. Despite active citizen demand for accountability\(^ {104}\) (which eventually led to a decision by section managers to assign staff to address a complaint or approve a new connection application (answerability)) citizens were unable to effect changes in the extent of responsiveness among section staff.\(^ {105}\)

(5) Senior managers and professional networks – bidirectional and strong. Although this relationship is active and strong, due to a combination of information exchange (answerability) and joint support for organisational restructuring reforms (organisational change), it was unable to make a significant contribution to improved service delivery performance. This highlights one of the limitations of professional network engagement: disproportionate engagement with senior managers and the inability to establish accountability relationships with “front-line” workers which can influence service delivery performance.

8.2.2 Conclusion: the paradox of “front-line” worker accountability

What is revealing in the accountability dynamic operating at Metro Water in the 1990s is that active and strong accountability relationships between elite politicians, professional networks, and senior managers were insufficient to sustain organisational changes at the section level and achieve measurable improvements in service delivery performance. Top-down reform was unable to trigger changes in either service norms (enforcement) or the ways services were delivered (organisational change) and, as a result, service delivery performance deteriorated despite increasing demand from citizens for change.

Evident in this analysis is the fact that improved service delivery performance is contingent upon bidirectional and strong accountability relationships operating between “front-line” workers and senior managers. Yet, in order for senior managers to be able to demand accountability from section staff (and establish a strong accountability relationship), it is essential they have access to accurate performance data so that they can either enforce the achievement of service norms (through pressure, sanction, or

\(^{102}\) This fracture in relations between service providers and citizens is not unique to India, see McKevitt et al. (2000).

\(^{103}\) See Hirschman (1970).

\(^{104}\) Which often meant numerous visits to section offices and most likely the payment of bribes.

\(^{105}\) This weak responsiveness built up considerable resentment among citizens, which was compounded by the changes occurring in service delivery in other sectors in the 1990s, as a result of a series of bold economic reforms undertaken by the national government starting in 1991. For example, private sector competition in the telecommunications sector meant that fixed telephone lines could now be provided to citizens within days, as opposed to past service norms which had meant months.
incentives), or undertake further organisational changes. However, efforts by senior managers to collect more accurate complaints and new connection data in the 1990s were a complete failure, due to the close ties between “front-line” and middle-level managers, which compromised information provision at higher levels of management. How can this paradox of performance information be resolved? As will be evident in the following section, citizens have a critical role to play in changing the above accountability relationships and achieving long-term improvement in service delivery performance.

8.3 Accountability following reform
The implementation of three service delivery reforms in the late 1990s had a dramatic impact on the accountability dynamic operating at Metro Water, as is evident in Diagram 8.2. The accountability relationships operating following reform are discussed below.

Diagram 8.2 Accountability relationships following service delivery reforms

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106 Such as reassigning poor performing section managers and staff, or bifurcating a section in order to address service delivery pressures.
8.3.1 Accountability relationships following reform

(1) Citizens and senior managers – bidirectional and strong. This new accountability relationship has been enabled by the MCC and SWC reforms that established formal and accessible institutional accountability mechanisms at the Metro Water Head Office whereby citizens could engage service managers, and if necessary higher level supervising senior managers, and demand fulfilment of new service norms (answerability and enforcement). MCC and SWC staff and senior managers have reciprocated demands placed by citizens through requiring them to fulfil their obligations outlined in the Citizen’s Charter.

(2) Citizens and “front line” workers – bidirectional and strong. The fact that citizens now have alternate means of articulating their demands (senior managers and local politicians) has resulted in dramatic changes in Section staff behaviour and subsequent performance. In reciprocating demand section managers have pressured citizens to pay their bills on time and to stop illegal activities, such as using portable pumps to increase household water pressure.

(3) Local politicians, “front-line” workers, and senior managers – unidirectional and strong. The Chief Minister’s high profile focus on improved service delivery has encouraged local politicians to place demands on both “front-line” workers and senior managers to improve service delivery performance and this has resulted in special works (engineering-related) being undertaken in the neighbourhoods they represent (answerability and enforcement). What is less clear in these accountability relationships are the reciprocal demands placed on MLAs by senior managers and “front-line” workers.

(4) Senior managers and “front-line” workers – bidirectional and strong. Access to performance data, as a result of the MCC and SWC reforms, has resolved the principal-agent paradox mentioned earlier (Section 8.2.2) and empowered senior managers to place demands for accountability on section managers (answerability and enforcement). This has led to improved performance. Section managers have demanded funding to carry out special works to appease local politicians and this has been provided by senior managers (leading to answerability and enforcement). One dysfunctional aspect of this accountability relationship is the demand from section managers and their staff for recognition (external rewards) of their extra efforts to

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107 The Citizen’s Charter states that if a customer experiences a delay in the approval of her/his new connection application they will be given an explanation by either the MD or the Director of the Technical Section.

108 For citizens who have not paid their bills in months (and in many cases years) these demands have been aggressive involving the disconnection of household water lines and, as a last resort, the disconnection of household sewerage lines.

109 See Sections 3.1 and 3.2 regarding changes in section staff behaviour.

110 41 per cent of section managers are often “put under pressure” by local politicians (MLAs) to address citizen complaints, while 57 per cent were sometimes “put under pressure”. For 47 per cent of section managers this often led to special works being undertaken to respond to these demands, while for other section managers this only occurred sometimes (47 per cent).

111 Although as pointed out earlier, these accountability relationships are not contingent upon equal reciprocal demands.
deliver improved performance. As a consequence, senior managers are missing opportunities for further improvements in section level performance.

(5) Media and senior managers – bidirectional and strong. Change in this accountability relationship can be attributed to changes in reporting strategies among local newspapers who are now paying much greater attention to critical reporting of service delivery failures. This can be attributed to the actions of the Chief Minister, who has gone out of his way to publicly pressure bureaucrats to improve service delivery performance, combined with an interest among readers in seeing government failures exposed. MDs have reciprocated demands on the local media to publish press releases, which have been used more aggressively as a management tool than in the past.

(6) Citizens and local politicians – bidirectional and strong. A decision by the Chief Minister to allow municipal elections for the MCH has played an important role in putting service delivery on the local political agenda. At the same time, citizens have become increasingly sophisticated in asserting their political “voice” with regard to local service provision.

8.3.2 Conclusion: multiple accountability relationships and performance
An important finding of this research is that improved service delivery performance is contingent upon active and strong accountability relationships between citizens, senior managers, and “front-line” workers. In the Metro Water case this external-internal tripartite accountability dynamic is the axis around which all other accountability relationships collectively contribute to service delivery improvement. Institutionalised citizen engagement through formal accountability mechanisms has been the key to Metro Water’s overall success.

Citizen demand for accountability has enabled senior managers to hold Section staff to account for the achievement of service norms (enforcement) or for further changes in service delivery processes (organisational change). Citizen engagement has triggered new accountability relationships between local politicians, who are now more active in either re-articulating citizen demands or, in some cases, pre-empting citizens through identifying and demanding attention to neighbourhood-based service delivery failures. With more active engagement from citizens and local politicians, media have strengthened their accountability relationship with senior managers, which has triangulated pressure upon both senior managers and Section staff to improve service delivery performance.

112 Also demand for greater decentralisation of decision-making authority; 80 per cent of section managers felt that they should be given more decision-making freedom and that this would lead to improved performance.
113 The Times of India, Hyderabad edition has been one of the most aggressive newspapers in this regard publishing ‘Citizen’s Watch’ captioned photographs (roads in disrepair or garbage bins overflowing) daily, until MCH addresses the problem in the photograph.
115 This pressure is also relevant for elite politicians who are members of Metro Water’s BoD.
116 In terms of changed organisational culture, improved service delivery, and strengthened financial autonomy.
In addition to the above-described direct accountability relationships, there are also a number of indirect influences operating that have contributed to organisational change and performance improvement. Daily exposure to service delivery failures in the local media has contributed to changed social norms with regard to complaint practice.\textsuperscript{117} Local and elite politicians are under indirect pressure to support citizen and media demands as their actions/inaction may influence decisions made in future elections.\textsuperscript{118}

What is apparent from this analysis is that the nine bidirectional and strong accountability relationships currently operating in the Metro Water case have jointly contributed (both indirectly and directly) to sustained organisational change and long-term improvements in service delivery performance. This finding expands upon the \textit{Framework for Service Provision} (World Bank 2003: Chapter 3) developed by the WB, which proposes a three-actor dynamic – the state, citizens/clients, and service providers – through including additional external actors, media and professional networks, and disaggregating the accountability relationships operating within a service provider (between senior managers and “front-line” workers). This provides an opportunity to “map” the range of accountability relationships operating at different levels and assess the extent to which they are able to positively influence organisational change and service delivery performance.

\section*{9 Implications for public sector water and sewerage service providers in less developed countries}

After reaching this point in the paper, sceptics may argue that, despite convincing evidence of improved performance in two services, water supply and sewerage disposal services remain as precarious as before the reforms were undertaken. However, closer examination finds that this conclusion is not entirely correct. As highlighted earlier in this paper, the three service reforms have played a central role in transforming Metro Water’s organisational culture, which in turn has strengthened the organisation’s ability to collect revenue from citizens.\textsuperscript{119} Increased monthly revenue has enabled Metro Water to expand its investment in network repairs, which has no doubt improved water supply and sewerage disposal services, albeit on a small scale. Without the Customer Meets Campaign and the subsequent improvements in complaints and new connection services, it is hard to imagine that Section staff would have had much success in encouraging customers to pay their monthly water and sewerage bills. The important point to highlight in this scenario is the resolution of the paradox of “status quo service delivery”, described at the start of this paper; Metro Water’s response to customer-articulated priorities has contributed to greater customer willingness to pay for core services, which in turn has strengthened

\begin{footnote}{117}{Although the Chief Minister must be given credit for opening the Pandora’s box of citizen dissatisfaction with many aspects of government service delivery.}\end{footnote}

\begin{footnote}{118}{See Tendler (1997: 26) for similar findings with regard to the important role played by media in contributing to improved performance among “front-line” workers as well as in strengthening accountability relationships between local politicians, “front-line” workers, and state elites.}\end{footnote}

\begin{footnote}{119}{Using the end of 1999 as a baseline, annual revenue collection at Metro Water increased by 24 per cent in 2000, by a further 18 per cent in 2001, and by an additional 38 per cent in 2002.}\end{footnote}
the organisation’s financial viability and autonomy. Lastly, Metro Water’s improved overall performance has factored in a decision by the AP State Government to approve, secure finance for, and start an ambitious engineering project to pipe water from the distant Krishna river, in order to improve water supply for citizens in the MCH by 2004–05. The Metro Water case provides a useful example of the interplay between customer-responsive service delivery reform, medium-term organisational change and performance improvement, and long-term impact on core services. This is a useful point to discuss the relevant lessons from this case for public water and sewerage service providers in less developed countries.

9.1 Donor support for service delivery reform

The Metro Water case provides insight into ways in which donors can support politically viable service delivery reform through the disaggregation of government services into more responsive units. Smaller service-based organisations make it easier to re-establish links with citizens; undertake organisational change; improve service performance; and respond to new accountability relationships. One of the lessons from the Metro Water case is that a combination of phased donor support and staggered conditionality can lead to sustained improvement in service delivery performance. First, it is important to highlight the fact that Metro Water’s transformation occurred without a large injection of international finance. Rather, the emphasis was on doing more with less, through making more effective use of existing human and financial resources. As highlighted earlier in this paper, professional network engagement contributed to Metro Water’s customer-focused reorientation at the end of the 1990s. However, its most important contribution was much earlier through conditionality set by the WB, which led to the establishment of Metro Water in 1989, and later in mid-1997 through a WB-funded organisational change initiative which aimed to build consensus among managers for radical changes in the way work was undertaken throughout the organisation. There is evidence that the latter organisational “re-engineering” exercise influenced the recently appointed MD, Mr Subrahmanyam, and led to the launch (one year later) of his own change initiative (the Customer Meets Campaign) when the second WB loan was put on hold.

120 The primary reason for undertaking this project was political; there was growing resentment among citizens with the increasingly erratic water supply, due to a combination of factors, such as growing demand and poor monsoon rains over a number of years. However, in order to secure a large loan from the Hyderabad Urban Development Authority (a state government department that can access national funds for urban development), Metro Water had to undergo a rigorous review in order to demonstrate sound management and the financial capacity to repay the loan over the long term.

121 This finding is supported by the work of Grindle (2000: 214), who found that ‘principal-agent problems for citizens decreased as policy decisions that affected their lives came increasingly under the responsibility of levels of government much closer and more visible to them’. Also see Schneider (2003).

122 Legislated autonomy was a condition set by the WB for the approval of a WB infrastructure improvement loan in 1990. Superficial attempts to establish a semi-autonomous organisation were made by the State Government in 1982; however, these were deemed inadequate by the WB and therefore it waited seven years for the AP State Government to provide a suitable legislative framework under which a more effective service provider could emerge.

123 This was part of the design of the second WB project.
Based on the lessons from the Metro Water case, phased donor support could involve: assisting governments to disaggregate large state departments into more responsive service-based units (including a strong legal mandate); support to undertake organisational restructuring to establish a viable semi-autonomous service provider, and; assistance to improve service delivery performance through maximising the use of existing resources. This phased approach could ensure that a foundation of organisational change and improved service delivery performance was achieved prior to a large commitment of finance to address core services, such as water supply and sewerage disposal. This would significantly increase the chances of investments having a measurable and equitable impact on service users over the long term.

9.2 “Contemporary” management practices

As we have seen in this paper, Metro Water’s “success” can be attributed to the adoption of “contemporary” management methods from a wide range of “doctrines”, “models”, and “best practices”. This case confirms what has been widely known for a number of years: the adoption of rigid “models” based on public sector reform in other countries are inappropriate for less developed country contexts. Rather, public sector managers can benefit from exposure to a range of applied contemporary management practices that have directly contributed to improved service delivery performance in public sector reform initiatives undertaken in both developed and less developed countries.

However, there is one management practice – recentralisation – that has been neglected in both the public management and broader development literature, despite convincing research undertaken by Tendler (1997) in Brazil. Furthermore, less attention has been paid to the interplay between recentralisation and decentralisation in achieving “successful” public sector reform.

Without substantial changes in the way senior managers at Metro Water’s Head Office engaged with lower-level managers and citizens (achieved through recentralisation), the transformation of work practices at the section level (as a result of decentralisation) would not have been possible. Recentralisation in the Metro Water case made a clear statement that organisation-wide change would affect all employees, as opposed to upheaval at lower levels orchestrated by complacent higher level officers. As a consequence, individual vulnerability, which is an immediate result of any change process, was widely shared across the organisation (through a combination of recentralisation and decentralisation) leading to

124 Such as: New Public Management (NPM) (Hood 1991); reinventing/transfomring government (Ingraham et al. 1998); Total Quality Management (TQM), downsizing, and reengineering (Druckman et al. 1997); and, high-performance government organisations (Popovich 1998).

125 The adoption of “modern” management techniques contributed to the “success” of judicial reform initiatives in Eastern Europe and the Americas (Dakolias and Said 1999: 6).

126 It is important to point out the intentional use of the term “recentralisation”, as opposed to “centralisation”, that has been identified as important in recent research on decentralisation in less developed countries (see Schneider 2003). A concern with the use of the latter term in the debate on public sector service delivery reform is that by definition it does not demand a change in the roles and responsibilities of senior managers at “the centre”; rather it advocates doing more of the same, despite the fact that past practices may have contributed to poor service delivery performance. In contrast, recentralisation, regardless of whether or not there is a concrete transfer of duties from “front-line” offices to a central office, demands changes in the roles and responsibilities of staff across an entire organisation.
greater collective responsibility (from senior managers down to the lowest level employee) for improved delivery of services. An important lesson that emerges from the Metro Water case is that recentralisation is a fundamental aspect of any decentralisation initiative.

9.3 Institutional accountability mechanisms

The Metro Water case demonstrates the critical role diverse and multiple institutional accountability mechanisms can play in sustaining a cycle of demand for accountability (engagement) and organisational response (answerability, enforcement, and organisational change) that can deepen improvements in service delivery performance over time. Rather than rely on “traditional” accountability mechanisms, the Metro Water case demonstrates the efficacy of establishing new and innovative mechanisms through which various actors can place demands on service providers for improved performance.

The media has often been neglected in past debates on public sector accountability due to the historical dominance of state-controlled media networks. However, the explosive growth of private sector media in many less developed countries in the last five to ten years has greatly enhanced opportunities for a more active role of media in the delivery of basic services. In the Metro Water case, media functions as an important intermediary between various actors, while at the same time providing a useful mechanism through which the organisation can quickly and efficiently communicate with citizens.

Metro Water's BoD was innovative on a number of levels and it has clearly contributed to the “success” of the service delivery reforms and broader organisation-wide transformation. However, it is important to highlight the way in which the BoD operated as an internal regulatory mechanism, whereby elite administrators and politicians could negotiate the reform agenda and make politically informed decisions with regard to proposals made by senior Metro Water managers for successive organisational reforms. This led to better reform outputs and outcomes.

9.4 Bringing citizens back in

In recent years a number of authors have argued for greater attention to the role of citizens in key aspects of service delivery provision; however, despite convincing arguments supported by empirical data, public management literature has been reluctant to acknowledge their central role. The Metro Water case contributes to research undertaken to date that demonstrates the critical role citizens can play in organisational transformation and improved service delivery performance.

127 See World Bank (2002).
128 One aspect of the Metro Water BoD that was lacking was the inclusion of citizen representatives.
129 In making this statement I refer to the book by Peters and Waterman (1982), which has triggered much of the public/private sector management literature in the last 20 years. However, many of these authors have neglected one of the central arguments which Peters and Waterman made; that is: ‘focus[ing] on the outside, the external perspective, the attention to the customer, is one of the tightest properties of all’ (1982: 320).
130 See Ayeni (2001); Denhardt and Denhardt (2000); Gaster and Rutqvist (2000); Goetz and Gaventa (2001); John (2000); Kettl (2000); Mackintosh (1998); Manning (2001); McKeivitt et al. (2000); McKeivitt (1998); Ostrom (1996); and White and Robinson (1998).
132 See Barzelay (2001); Bately (1999); Minogue (1998); Peters (1998); and Pollitt and Bouckaert (2000).
The catalyst for service delivery reform in the Metro Water case was the ‘Customer Meets Campaign’ as it: re-established ties between senior managers and citizens; grounded the reform agenda in the needs of citizens, and; established a transparent baseline upon which future improvements could be measured. Citizen consultation is clearly an ideal mechanism upon which to launch focused service delivery reforms which can realise immediate changes in service performance.\textsuperscript{133} Transparent, cost-effective, and accessible citizen-based accountability mechanisms can lead to long-term organisational transformation and performance improvement across a range of services.

\textsuperscript{133} Another example of citizen consultation can be seen in the recent pension reforms undertaken in France where the government took the innovative step of consulting every household in the country through a formal letter which explained the need for pension reform (\textit{The Economist} 2003a: 50). It appears that this nation-wide consultation played a key role in establishing broad public support for reform.
### Annex 1: Summary of research methods employed at Metro Water

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<th>Target group</th>
<th>Research Methods</th>
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<td>Semi-structured in-depth interviews</td>
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<tr>
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<td>81</td>
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<tr>
<td>Section managers</td>
<td>8</td>
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<tr>
<td>Section staff</td>
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<td>SWC customers</td>
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<td>MCC customers</td>
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<td>Direct customers</td>
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Secondary data sources involved: independent research studies; Metro Water reports and memos; and printouts from the MCC and SWC databases.
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