

**Using Public Value Theory to Assist in  
Understanding How and Why  
Executives Integrate Results-based  
Management**

**Exploratory Case Studies of the  
Canadian Federal Public Sector**

**by**

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A thesis submitted in partial fulfilment of the  
requirements of the degree of Doctor of Philosophy in  
Warwick Business School

Warwick Business School, Operations Management  
University of Warwick,

June 2006

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## Acknowledgements

Although there is one ‘writer’ of a thesis, there are many individuals who contributed to its success to whom I am very grateful:

Foremost, I wish to thank my thesis supervisors, Dr. Zoe Radnor, and Prof. Robert Johnston, for their guidance and assistance over the course of the research. Their helpful criticism and careful and constructive reading of this document in its various incarnations was deeply appreciated.

Undertaking a PhD later in life, involves the support of friends and family. I was blessed by the presence of three remarkable women who greatly aided and supported me. Gislèle who challenged me to have the courage to live out my dream and kept insisting I try. Marlene who encouraged me through the initial craziness of attempting an impossibly hard task in my late 40s instead of helping me plan out a graceful retirement. Sue who put up with my intense mood swings as I wrote the thesis and encouraged me not to quit when it seemed the most sensible thing to do! Without each of these three women, I doubt this document would exist.

I also had many friends cheering me on, especially Chantal who was kind enough to read and offer highly useful comments on the thesis and Paul, who was my travelling companion literally, as we traversed the ocean repeatedly, and figuratively as a fellow traveller on the PhD road himself.

Even with thirty two years of federal government experience, I was grateful and impressed by the kindness busy public servants showed in taking the time to help me through interviews, comments, and discussion. I was humbled by the passion of these men and women as they strive to make a difference for Canadians through public service.

Finally, I offer this work in memory of my father, who passed away just as I was completing the PhD. He was a gifted, kind and generous man, with many friends, acquaintances, and people whose lives he touched – what greater legacy can one leave? He encouraged me to pursue my goals and ambitions, but stressed the importance of making time to help those in need in my community. I miss him and his sage advice.

## **Declaration**

I declare that this thesis research and findings are my own work and that this material has not been submitted for a degree at another university.

## Research Abstract

Over the last two decades, the philosophy of public management in governments worldwide, including Canada's, have embraced the principle of Results-based Management, has under the banner of New Public Management. It was believed that such private sector techniques would eventually lead to a fundamental cultural shift in the public sector – a leaner, more flexible, more responsive bureaucracy.

This theme, Results-based Management, has been a consistent focus of Canadian 'central agencies' for over ten years, traditionally the time required to achieve significant organizational or cultural change. It is argued that to be meaningful, to go beyond political rhetoric, Results-based Management must introduce changes in executive focus and activities, as well as organizational accountability and reporting. However, the Auditor General of Canada and other commentators report, at best, limited progress.

Through the perspectives of executive public servants themselves, this research examines and assesses how Canadian federal public sector executives have responded to changes in management and accountability introduced by Results-based Management. In seeking greater understanding of the underlying drivers of Results-based Management adaptation, this thesis investigates the theoretical contribution of Public Value theory in assessing executive behaviour.

The primary research method consisted of two major case studies within the Canadian federal public sector, the first exploring regional perspectives in Saskatchewan, and the second, revealing perceptions of executives employed in a national health branch. In addition, the research also incorporated a series of interviews with senior executives to capture their perspective and validate the research findings from the two case studies.

**KEYWORDS:** New Public Management, Results-based Management, Public Value Theory, Exploratory Case Study

## Abbreviations and Brief Definitions

For readability, please treat all references to government departments, for example the Treasury Board Secretariat, Office of the Auditor General, Corrections, etc. as referring to departments within the Canadian federal government, unless otherwise specified.

Similarly, within this thesis, the term executive will refer to employees of the Canadian federal public service classified within the Executive (EX) or Deputy Minister (DM) classifications. Senior executives are those employed within the latter two categories, EX4-5 or DM levels. Positions titles and levels are typically:

EX - 1 or 2	Director
EX - 3	Director General
EX - 4 or 5	Assistant Deputy Minister
DM	Deputy Minister

Two Other definitions follow.

**Central Agencies** - Within the Canadian federal government, ‘Central Agencies’ refer to those departments with intra-departmental management responsibilities for administration and governance. Central Agencies include the Privy Council Office, Treasury Board Secretariat, Public Service Commission and, depending on the context, may also include Justice Canada.

**‘Grants and Contributions Programmes (G&Cs)’** - This broad group of programmes provide funding to third parties who in turn deliver programmes or/and public financial support for their activities. For clarity, alternatives to G&Cs include the delivery of programmes by public servants, direct service contracts with third parties, and grants to other levels of government (typically provincial governments).

ASD	Alternative Service Delivery a form of government programme delivery where the service delivery aspect is typically under contract, rather than by employees, also known internally as outsourcing
CAC	Consulting and Audit Canada is a Special Operating Agency which provides internal consulting services only within the federal government of Canada
CCAF-FCVI	Canadian Comprehensive Audit Foundation – La Fondation canadienne pour la vérification intégrée is a leading advocate for meaningful public reporting, including reporting of results
CSPS	Canadian School of Public Service, formally Canadian Centre for Management Development (CCMD). Including in its mandate is the responsibility for research on public sector management
FNIHB	First Nations and Inuit Health Branch, Health Canada – the organization examined in one of the two major case studies
MAF	Management Accountability Framework – the core of the revised executive performance appraisal process
NGO	Non-Government Organizations – the ‘third’ or non-profit sector, often includes international aid organizations

NPM	New Public Management
OAG	Office of the Auditor General of Canada
OECD	Organization for Economic Co-operation and Development
RBM	Results-based Management
RMAF	Results-based Management Accountability Framework – a management tool used by the Treasury Board of Canada in assessing new and revised programmes
SASK	Saskatchewan is one of ten Canadian provinces – departments with regional offices in Saskatchewan were examined in one of the two major case studies
SOA	Special Operating Agencies
TBS	Treasury Board Secretariat of Canada

The terms ‘Outcomes’ and ‘Results’, and ‘Results-based Management’ and ‘Managing for Results’ are synonymous.

# 1 Introduction

“Science is a journey, not a destination” (Gummesson, 1993:79).

Results-based Management has a wonderful simplicity to it; ‘motherhood and apple pie’ in American folklore. Who could possibly argue that a nation’s public servants should not be actively and fully engaged in managing towards results? But this apparent simplicity masks the complexity of most modern-day public sector programmes with potentially conflicting programme and inter-programme objectives, multiple stakeholders including a political context, limited, finite resources coupled with unlimited demand, and programmes delivered within the boundaries of a myriad of internal rules and regulations.

As a long-term public servant, my initial interest in this research topic was stimulated by three failed attempts to implement performance management systems in government; failures which could not be traced to waning enthusiasm by senior management. Making the argument that managing for results requires information to manage with, and faced with the daunting task of identifying a PhD thesis topic which the literature suggested should be a subject of personal interest (Phillips and Pugh, 2000), the initial research goal was to identify and understand what academia could contribute to understanding and improving the implementation of Results-based Management.

The author’s professional work-experience greatly assisted in identifying the preliminary research questions, which were subsequently refined by the literature review and Key Informant interviews, and matured into the research question found in

Section 1.1.2 below. During the interviews, the author's employment experience, including positions with all Central Agencies directly supporting Deputy Minister and Assistant Deputy Minister communities, greatly assisted in gaining access to risk-adverse, busy executives and provided credibility to interviewees regarding the research agenda. In addition, my linguistic skills permitted conducting interviews in both English and French, as required in French speaking regions of Canada.

The foregoing acknowledges that the author brings a practitioner's perspective to this research project. However, strict attention was paid to ground the thesis in academic, not practitioner, literature and research practices.

## ***1.1 Introducing the Research Question***

### **1.1.1 Brief Statement of the Research Topic**

Over the last two decades, the philosophy of public management in governments worldwide, including Canada's, has incorporated private sector management techniques under the general label of New Public Management (NPM) (Pollitt and Bouckaert, 2000; OECD, 2002). It was believed that private sector techniques would eventually lead to a fundamental cultural shift in the public sector – a leaner, more flexible bureaucracy (Pollitt, 1995). Underlying drivers of NPM reforms included fiscal restraint, growing citizen dissatisfaction with government, as well as broad societal changes including globalization and advances in technology.

While Canada was not generally considered a leader in public sector reform during the 1990s (Pollitt and Bouckaert, 2000), most would argue that Canada made significant progress with public sector reform since 2000 (Gow, 2004). This included

embracing the principles of Results-based Management. A variety of policies, especially the *Management Accountability Framework*, sets out renewed responsibilities and accountabilities of Deputy Ministers, and all other executives, and included a major focus on results (Treasury Board of Canada, 2003c).

The development of theoretical frameworks incorporating theories and models from the literature, helped focus and bind the research (Barnes, 2001:1082; Huberman and Miles, 2002). While in the context of exploratory case studies, theoretical frameworks may be less important (Hussey and Hussey, 1997:123), or less clear in structure, they do provide structure for data collection, while permitting exploration of a wide range of topics (Barnes, 2001). Findings from the Key Informant interviews, a series of initial interviews conducted to confirm and refine the research topic, enabled the discarding of the alternative theory – that Results-based Management is not new. This thesis will investigate the utility of the theoretical contribution from Public Value Theory (Moore, 1995) in understanding executive behaviour in responding to changes introduced by Results-based Management (RBM) within Canadian public sector management.

Thus, the overall goals of this research are two-fold, one to explore the applicability of the Public Value Model in understanding Results-based Management implementation within the Canadian Public Sector, and second to identify additional factors which influence Results-based Management adoption from the perspective of executive public servants.



### **1.1.2 The Research Question**

The overall research objective is to increase the body of knowledge on RBM, through exploratory research. As noted, the primary research question will explore the utility of Public Value theory in increasing understanding of executives' perceptions and actions as follows:

**How does Public Value theory help to explain the limited progress in implementing Results-based Management within programmes in the Canadian federal public sector?**

The research design specifically selected executives as the primary data source. Within organizations, including public sector organizations, executives are the leaders capable of instituting the organizational changes required to adopt RBM. It is acknowledged that other perspectives may be equally valid. For example, programme stakeholders and beneficiaries, politicians, and programme managers can, and probably do, have divergent opinions or perspectives of RBM. However, the limitations of a PhD thesis precluded interviewing all stakeholders. Furthermore, it is argued that executive support is, and remains, key in advancing Results-based Management within the Canadian public sector.

## ***1.2 Why is this Topic Worthy of Study?***

### **1.2.1 Substantial Effort, but Questionable Progress**

Results-based Management has been a consistent focus of Canadian central agencies for over ten years, traditionally the time required to achieve major organizational cultural change (Senge, 1990). As the research findings will support, one would be

hard-pressed to find an executive unaware of RBM, reflecting the government's effort to encourage, integrate and sometimes simply require RBM. Similarly, one can readily locate extensive RBM literature<sup>1</sup>, both from a practitioner and academic perspectives, and quickly find a wealth of advice on implementing a RBM framework. Within the public sector, one discovers an increasingly strong mandate to demonstrate the results achieved to Parliamentarians, programme stakeholders, and central funding agencies.

Nevertheless, the Auditor General of Canada and other commentators report, at best, limited progress (Savoie, 2004; Auditor General of Canada, 2005). Why would this be?

Answers might include that the theory of Results-based Management within the public sector is faulty, or that implementation has failed to take into account some critical aspect or address some systematic impediment, or perhaps that another undiscovered, unidentified issue remains unresolved; in order to understand and explain the limited progress to date. Public Sector RBM theory must also address the diversity of literally thousands of federal government programmes with widely differing suitability for Results-based Management.

From the perspective of individual executives, whether RBM makes sense for 'their' programme(s), whether it is based on a rational, logical theory, or whether results can be attributed to programme efforts is effectively irrelevant. RBM is simply a requirement. A requirement dictated by 'central agencies' for sustainability of

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<sup>1</sup> For example, an internet search generated 750,000 hits for the terms "public sector performance management" on March 12, 2005.

programme funding, mandatory reporting and executive accountability. This thesis will boldly attempt to engage executives in examining these very statements. The resulting research will examine RBM from the perception of executives, an under-researched, if not untouched, topic within Canada.

It is further argued that to be meaningful – to move beyond political rhetoric – Results-based Management must introduce changes in executive focus and activities. Perhaps an adoption of the saying; ‘If nothing changes, nothing changes’ would be appropriate.

Noting that Results-based Management may be undertaken at three distinct levels; the organization as an entity, the programme level, and an individual basis (Rummler and Brache, 1990; Dewar, 2000; Propper and Wilson, 2003), the focus of this research is at the programme level.

In order to provide context, the next two sections will offer initial definitions for Results-based Management and Public Value Theory. These definitions will be subsequently expanded on in the Literature Chapter.

### ***1.3 A few Key Definitions***

#### **1.3.1 Results-based Management**

Historically, executives have been accountable for:

- economic and efficient use of resources - people, money and capital
- activities – how programmes operated

- outputs – direct programme production

(Hood, 1995; Pollitt, 1995; Lenihan, 2001:8; Mayne, 2001).

Results-based Management increases public sector accountability to include accountability for programme results or outcomes - the impact or longer term results of government activity (OECD, 1994; Aucoin, 2000; Lenihan, 2001:8).

The Treasury Board of Canada<sup>2</sup> (2003b:3) defines RBM as:

“a comprehensive, life cycle approach to management that integrates business strategy, people, processes and measurements to improve decision-making and drive change.... a process by which an institution ensures, through the monitoring of a set of indicators and the reporting of performance data to its managers, that its processes, products and services are aligned with and contribute to the attainment of its objectives”,

which requires managers to:

"... focus on results in every aspect of management. Organizations that perform successfully have a clear vision of why they exist, what they want to achieve and how well they are achieving it. They plan their work keeping in mind a clear set of objectives, activities, outputs, outcomes and measures. To take stock of their progress, they measure and evaluate.....issue public reports on their results, making them more accountable to Parliament and Canadians.” (Treasury Board of Canada, 2003a:1)

### **1.3.2 Public Value Theory**

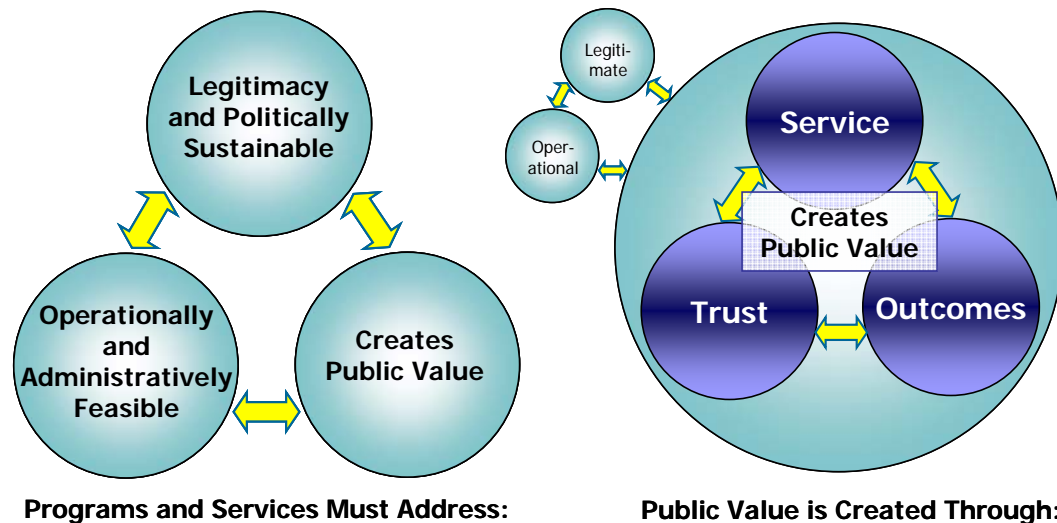
The goal of all sectors of the economy, public and private, is to create or increase the value created by their contribution. Within a private sector, this goal is fairly clear - to generate private value by generating a profit. Within a public sector environment, the term ‘public value’ can be defined as ‘what the public values – what they are willing to make sacrifices of money and freedom to achieve’ (Kelly et al., 2002), and describes the contribution made by the public sector to the economic, social and environmental well-being of a society or nation. Thus, as Moore (1995:28) states, “The aim of managerial work in the public sector is to create Public Value, just as the

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<sup>2</sup> This use of the Canadian bureaucratic definition is argued to be appropriate given that the two case studies were located within the Canadian public sector.

aim of private sector management is the creation of private value.” Figure 1 below, is a visual depiction of Moore’s models which will be discussed in the following sections.

**Figure 1: Moore’s Public Sector Strategic Triangle and Public Value Model**



Source: (Moore, 1995; 2000:197)

### 1.3.2.1 Moore’s Strategic Triangle

Just as conventional views of strategy development in the corporate world begin with the goal of enhancing shareholder wealth, so the creation of public value in the public sector begins with defining and understanding the mission of the department or branch (Drucker, 1974:158-159; Moore, 1995; Mintzberg et al., 1998). Figure 1, left-side, sets out a model of what public sector programmes must address to become or remain viable. This model suggests that executives must consider and demonstrate:

- Legitimacy and political sustainability
- Operational and administrative feasibility
- Creation of Public Value.

This framework serves to focus executive attention in three directions; upward to the political level that authorizes and funds programmes, outward to the desired impact and values to be created for society, and downward to address internal management issues (Moore, 2000).

### *1.3.2.2 Moore's Public Value Model*

On the right side of the diagram, Moore (1995) argues that the creation of *Public Value* is the ultimate goal of public sector programmes and activities - the value proposition that should guide public organizations. Moore's model suggests that to create public value, executives must address three key areas:

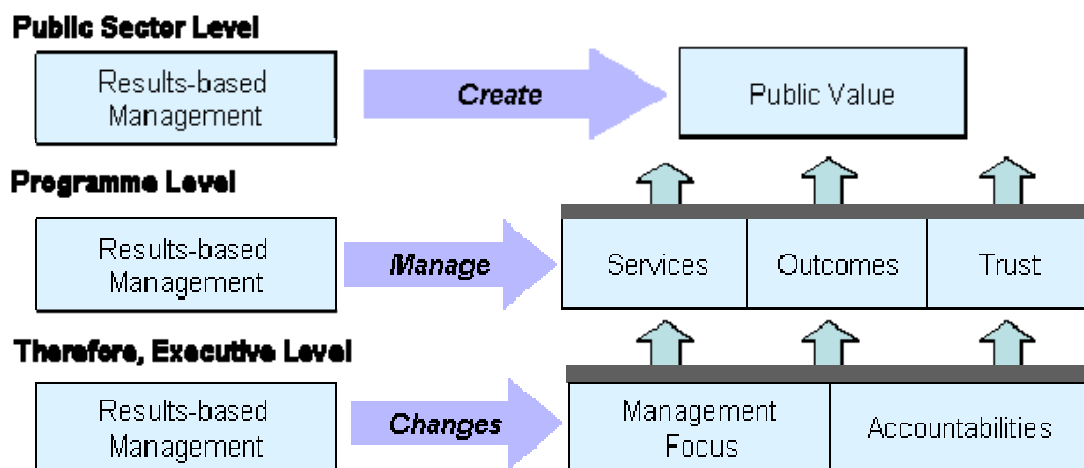
- Services - cost effective provision of high quality services
- Outcomes - achievement of desirable end results
- Trust - support a high level of trust between citizens and government.

While Kelly et al. (2002) note that the categories overlap, they suggest that the categories do provide a useful way of thinking about the dimensions of public value. The Public Value model has gained acceptance in both academic (Bozeman, 2002; Kearns, 2004), as well as public sector practitioner literature (Kelly et al., 2002).

In responding to the research question, this thesis will first examine whether executives have made discernable changes in their activities and information sources in order to manage for results or to meet changing accountabilities. This will be followed by an assessment of the validity of the Public Value Theory in understanding executive programme management. This section of the analysis will consider the existence of systematic impediments to greater progress. Finally, the thesis will draw conclusions on whether Results-based Management/Public Value Theory has the potential of increasing the value of public sector programmes.

Figure 2, below provides an overview of the links between Public Value theory, and executive response to RBM and notes that Results-based Management is not a singular concept, but rather is applicable at multiple levels. It shows the ‘cascading’ of RBM and Public Value within an organization discussed in the Literature Review.

**Figure 2: A Theoretical Research Model incorporating Public Value Theory**



#### **1.4 Organization of the Thesis**

This chapter sets the context and describes the rationale and purpose for the research study. The remainder of the thesis is organized as follows: Chapter Two reviews and assesses the literature from academic sources, and including relevant government policies and documents; Chapter 3 provides an overview of the methodology and methods used in conducting this research; Chapters 4, 5 and 6 present the analysis and findings from the Health and Saskatchewan Case Studies, and the Senior Executive interviews respectively; Chapter 7 discusses the results of these studies, examining the contribution from components of Public Value and Strategic Triangle theories, as well as considering other emergent findings. It also includes the cross-case analysis; Chapter 8 concludes this thesis by responding to the primary research

question and presenting the overall research conclusions, as well as research limitations and suggesting future potential research. Table 1, below, summarizes the thesis chapters.

**Table 1: Thesis Outline**

Chapter		Purpose	Approach
1	Introduction	Set the stage, introduction research topic and questions	Topic introduction and initial research definitions
2	Literature Review	Literature review of academic and government document review (policies, reports etc)	Review of relevant academic and practitioner literature
3	Methodology	Presentation and discussion of Research Methodology and Methods	Research Gap, Methodological - Exploratory Case Study method, contribution of Key Informant interviews, Field procedures, interview questionnaire, etc.
4	Health Case study	Analysis of the Health case study	Presentation of findings from Health Case study
5	Saskatchewan Case study	Analysis of the Saskatchewan case study	Presentation of findings from Saskatchewan Case study
6	Senior Executive interviews	Analysis of the Senior Executive interviews	Presentation of findings from Senior Executive interviews
7	Discussion	Determination of Findings, presentation of research questions and research objectives	Analysis and triangulation of findings, cross-case comparisons,
8	Conclusion	Conclusions and implications of the research	Responding to Research Question, implications of research, limitations, final conclusions
9	Bibliography and Appendixes		

## **1.5 Summary**

In summary, the proposed research will explore, through the application of sound research methodologies, organizational and executive perceptions on the application of Results-Based Management within the Canadian public sector. This research will apply Public Value theory to this topic and consider whether the theory improves the



understanding and suggests practical applications, addressing the Academic – Practitioner gap (Swamidass, 1991).

From the perspective of public sector executives themselves, this research will explore and analyze public sector executives' changing perceptions and responses to RBM. It will examine the role of management information in addressing changing requirements for effective management under RBM (Aucoin, 2000; Mayne, 2003a; Treasury Board of Canada, 2003c), providing fresh insights into Canadian public sector reforms.

Chapter 2 provides a critical overview of the relevant academic literature, as well as examining Canadian government RBM policy(s) and incorporating, where useful, a limited amount of practitioner literature.

## 2 Literature Review Chapter

### 2.1 Introduction to the Literature Review

Having conducted a thorough literature review, there appear to be six key areas applicable to this research that have emerged from the literature. These issues are described in Table 2, below. Each section will provide an in-depth summary of current knowledge supporting the research agenda presented in Chapter 1. The literature review will focus on the relevant Canadian public sector administration and accountability literature, but also incorporate key international findings.

**Table 2: An Overview of the Literature Review**

The Art of Management	This section considers the literature on the functions of management, focusing on the key activities of executive management and the central role of information in carrying out this function. A subsection examines the literature on performance pay.
Comparing Public and Private Sectors	As NPM integrates a number of private sector management techniques into the public sector, this section discusses the literature comparing and contrasting the private and public sectors, including key differences in management between the two sectors.
New Public Management (NPM)	Introduces, examines and critiques the literature on public sector management reforms introduced under the broad title of New Public Management. Includes sections on Public Value and Client Satisfaction information.
Results-based Management (RBM)	This section addresses the literature on private and public sector outcome management, and focuses on public sector Results-based Management as a key component of NPM
Assessing Performance under RBM	Given the role of information for RBM, this section considers the extensive literature on performance measurement and management, including its unintended side-effects.
Accountability	Addresses the literature on public sector accountability, executive accountability, and public reporting with a focus on accountability for results.
Summary	Summarizes the literature

## **2.2 The Art of Management**

### **2.2.1 Introduction to Management**

“Rarely in human history has any institution emerged as fast as management or had as great an impact as quickly. In less than 150 years, management has transformed the social and economic fabric of the world’s developed countries.” (Drucker, 1988:157).

Management is a very young science. Drucker (1998) indicates that a 1943 search for corporate management texts turned up virtually nothing – “It was amazing, not because I was so ignorant, but because nobody knew anything.” (Beatty, 1998).

Today, management is acknowledged worldwide as a field of expertise and taught at most universities and colleges. This chapter begins with a brief review of the history of management, responding to the question - what do managers do? This literature provides the context in understanding changes in managerial activity introduced by RBM.

### **2.2.2 A Brief History of Management**

Only in the last century, have almost all necessities and luxuries of life been produced by organizations, private and public, controlled by managers (Kotter, 1982). During most of human history, individuals have depended on themselves as hunters, farmers, craftsmen, traders, and landlords for the goods, services, and employment they required. The arrival of the Industrial Revolution began to see the joining together of workers into collectives, permitting the increased specialization of work tasks. This division of labour in manufacturing led, as described in Adam Smith’s *The Wealth of Nations*, to significant improvements in worker productivity. The function of management began to expand as efficiencies associated with division of labour accrued with job-specialization and the increased need for coordination.

Chandler (1977) defines this emergence of professional management in the 1920s as a key element in American business competitiveness. Previously, most firms were owned by individuals who managed almost as an ancillary function of their success. With the articulation of the general management perspective and the development and refinement of general management practices, by the 1920s, American had developed the function and occupation of management.

It is not easy to state what management is. Some identify it as a doctrine (Hood, 1991), while others position management as an ideology (Pollitt, 1990). Historical writers focused on the functions of management. For example, Henri Fayol (1916) categorized business activities into six functions: technical, commercial, financial, security, accounting or administration and identified the five classic managerial functions as: planning, organizing, coordinating, commanding, and controlling. Mintzberg provides evidence that Fayol built on similar works of economists dating back as far as 1770 (George, 1968:65). Fayol (1916) also suggested that certain basic principles, including unity of command and proper division of work, underlay successful organizations, “with scientific forecasting and proper methods of management, satisfactory results are inevitable.” (as quoted in (Mintzberg, 1973:59)).

Gulick (1937), refining Fayol’s work in the 1930s, expanded the classification of executive tasks into: Planning, Organising, Staffing, Directing, Coordinating, Reporting and Budgeting (POSDCORB). Gulick argued that organizational structure should follow these functional lines, thus supporting the division of labour along these themes. Interestingly, this original work targeted government organization, and was

later adapted for the private sector<sup>3</sup>. “Work division is the foundation of organization; indeed, the reason for organization” (Gulick and Urwick, 1937:3). POSDCORB was popularised by many management theorists, for example (Drucker, 1954:343-344).

For workers, Frederick Taylor’s *Scientific Management* (1911) was the first research to systematically study work itself. Taylor discovered as early as 1875 that work tasks themselves could be managed, resulting in increased efficiency. Prior to this the only way to increase output was to work harder or longer (Drucker, 1980). Scientific Management, radical in its day, called for executives or experts to plan out in great detail, the exact tasks that workers were to perform - substituting scientific investigation for intuition and opinion.

Peter Drucker was the first academic to systematically study management as a specialist function (Flaherty, 1999). His seminal work *The Practice of Management* (Drucker, 1954), considered management to be a core business activity. Drucker, and others, soon acknowledged that effective management was even more important in non-profit groups and government organizations precisely because of the absence of the discipline of a financial bottom line (Drucker, 1993).

### **2.2.3 Studying Executives’ Activities**

As the importance of management has grown in human economic activity, management theorists began to consider its major elements (Fayol, 1916; Barnard, 1942; Drucker, 1974) and to study the functions of executive management.

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<sup>3</sup> POSDCORB originated in a memorandum for the US President’s Committee on Administrative Management (Pollitt, 1993a:4).

In 1951, Carlson published *Executive Behaviour*, the first study to systematically examine what executives actually did each day, at the activity level. Carlson empirically studied six of the most influential business leaders in Sweden at that time (Carlson, 1951). In his research, Carlson discovered that executives spent an unexpectedly large amount of time communicating, generally face-to-face, with employees, colleagues and external contacts, and a relatively limited amount of time in what had traditionally been assumed to be the functions of executives.

*Executive Behaviour* inspired a stream of further research studies, especially in Britain and North America (Thomason, 1966). Subsequent studies, which conducted empirical studies on managers at various levels, confirmed Carlson's findings of strong reliance on verbal communication (Carlson, 1952). Horne and Lupton (1965:25) stated that "... much of manager's time was spent in talking with one other person, mostly face-to-face; or in a small group informally.... [Managers] spent little time dealing with paper." Other researchers reached similar findings including Burns (1957) and Brewer & Tomlinson (1964).

Similarly in North America, researchers adopted Carlson's approach in studying managerial activities (Sayles, 1964; Mintzberg, 1973; Kotter, 1982; Luthans et al., 1988). Mintzberg (1973) discussed the fragmented nature of managerial work, with executives spending an average of 7 minutes on any one task. He argued that management scientists could help break this vicious cycle of inefficient time use. Kotter (1982), on the other hand, argued that this fragmentation was in fact highly efficient, it maximized the executives' knowledge for effective decision making, given the scope and breadth of the CEO's job.

Kotter (1982) also focused on the networks that executives build to enhance informal communication opportunities in 'agenda setting'. Similarly, Luthans et al. (1988) reported that managers spent a total of 48% of their time on routine communication and networking. Stewart (Stewart, 1988:50), whose study of 160 managers from all levels, acknowledged that "It is by talking and listening that managers get most of their work done" and reported that managers in her study spend fully two-thirds of their time in conversations.

While there appears to be limited recent follow-up of this research theme, one empirical study of public manager activities was noted. Mintzberg and Bourgault's (2000) research confirmed that Canadian public sector executives are engaged in very similar activities to their private sector counterparts: fragmented work, a high focus on bi-direction information sharing, and a major role in human resource management. While activities are similar to those of private sector executives, they noted that inherent differences in the public sector lead to different goals and objectives.

#### **2.2.4 The Executive and Information**

Information, and its use, is at the very centre of management activity (Fayol, 1916; Drucker, 1954; 1995). Thus, understanding how executives acquire and use information is key to understanding the function of management (Kotter, 1982; Stewart, 1988; Mintzberg, 1994b; Mayne and Zapico-Goni, 1997:11).

As confirmed by numerous studies, the gaining and sharing of information is the principal activity of executives (Mintzberg, 1994a). Studies have found that executives continuously scan their environment and exchange information with subordinates, senior executives and colleagues, inside and outside of their unit. The

information flows are bidirectional, as executives disseminate to others 'their' information. Fifty per cent of executives' time is devoted almost exclusively to the act of communicating (Stewart, 1967; Mintzberg, 1973; Kotter, 1982). In assessing this research, it is important to note that communications, like most aspects of the executive's job, does not occur as a separate isolated and discrete function, but rather is an integral component of all management tasks which has been separated out for the purposes of analysis and focus (Allison, 1997:30).

Formal, routine information - that is, information capable of being processed in a computer - plays a minor role. Rather oral information, much of it too early or too soft to formalize, and even nonverbal information, form key components of the information gathering (Mintzberg, 1994b; Drucker, 1995). Mintzberg (1990) suggested that the greatest threat of the information age and desktop computing is that executives will take it seriously and come to believe that they can manage through data alone.

Examining the executives' information sources, Mintzberg (1973:69) argues that "The manager's advantage lies, not in the documented information that is widely available, and which takes much time to process, but in the current non-documented information transmitted largely by work of mouth..." Executives seem to indicate strong preference for current information, much of which is necessarily unsubstantiated (gossip). Other researchers have consistently confirmed these findings (Stewart, 1988:114). This indirectly led to a number of studies which examined the executive's management of intangibles (Drucker, 1974), including organizational culture in both private (Peters and Waterman, 1982) and public sectors (Metcalf, 1993). Subsequent



research has confirmed these findings in both sectors (Mintzberg, 1973; Kotter, 1982; Stewart, 1988; Mintzberg and Bourgoignie, 2000).

The foregoing is relevant when considering the changes to information implicitly required by Results-based Management.

### **2.2.5 Performance pay and incentives**

This research will consider whether one possible link between Results-based Management and executive motivation might be the use of financial incentives tied to results. This section examines the literature on performance-based incentives, in the private and public sectors.

The evidence from the literature review shows that performance incentives such as performance pay, bonuses, incentives and rewards have long been used in the private sector to motivate employees to achieve firm objectives (Prendergast, 1999). Their use as a motivational force for employees is generally based on the work of Maslow (1943), as adapted for the workplace by Herzberg (1966)<sup>4</sup>, based on a behaviourist model that employees respond or respond best to extrinsic motivators – ‘Theory X – Y’ (McGregor, 1960; Ouchi, 1981).

Empirical studies have consistently suggested that the hidden negative costs of contingent reward may be much greater than commonly understood (Lepper and Greene, 1978; Kohn, 1993; Ittner et al., 1997). Research has revealed five principle ways that incentives impede performance: the perception of rewards as positive

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<sup>4</sup> A fuller discussion of this issue may be found in Wholey who formulated a rewards framework for improved performance (Wholey, 1983:Table 9.1 p. 184).

punishments, effect on work relationships, the failure to uncover and deal with underlying issues and problems limiting performance, the tendency to discourage risk-taking and their long term negative effect on intrinsic motivation (Kohn, 1993). Kohn (1993) expands on this work to identify potential workplace consequences including, reductions of teamwork, risk-taking, and the general failure to understand the key role of the workplace environment in the results achieved by managers. Collectively, these workplace studies suggest that performance incentives are “not only ineffective but often positively counterproductive.”, especially in creative tasks (Kohn, 1993:119). It can be argued that their use is most effective, or least damaging, for simple, repetitive tasks – obviously not typical executive work. The research findings are clear, extrinsic incentives that use rewards to modify behaviour are simply ineffective over the long run, and actually lower existing intrinsic motivation.

Administering incentive plans is also problematic. For example, incentive plans must be based on measured criteria, yet there are a lot of difficulties associated with objectively measuring performance (Hall and Lim, 2002). Penderguast (1999:30) also reports that supervisors fail to sufficiently differentiate good from bad performance in rating through ‘centrality bias’ and ‘leniency bias.’

The Canadian federal public sector has experimented with executive performance pay since the late 1960s (Strong, 1998), with the current approach introduced in 1999 (Treasury Board of Canada, 2004a). The awarding of executive performance pay to over 99 per cent of public sector executives in the early 2000s reduced programme credibility and validity and led to the introduction of distribution guidelines for 2004.

For brevity, the Canadian literature, academic and practitioner, on performance pay is summarized in Table 3.

**Table 3: Issues and Limitations of Performance Pay Within the Canadian Public Sector**

Issue	Description
Size of incentive	The literature suggests that significant financial incentives are estimated to be 15 to 25 per cent of <u>total</u> compensation (Manas, 1999). Canadian public sector incentives are typically 5-7 per cent of gross income (2003 data), logically suggesting that few would be motivated to act for economic reasons. Additionally, high Canadian marginal taxation rates applicable at executive salary levels, reduce net pay to less than 50 per cent of the award
Limited no. of beneficiaries	Within the Canadian public sector only executives, comprising approximately 1 per cent of employees, are eligible for performance pay
Individual / Team rewards	Rewards, with a few exceptions, are targeted at individuals, while team work, participation and cooperation are typically ignored
Mandatory Distribution of ratings	Beginning in 2003-04, mandatory distribution of bonuses was introduced - 5 per cent will not receive no bonus, and a limit of 20 per cent can receive the maximum rating (TBS policy, 2003)
Horizontal programme requirements	With increasingly complex programmes, horizontal cooperation both intra and inter department horizontal cooperation is imperative (Treasury Board of Canada, 2002a; Savoie, 2003). This aspect of the work is not generally acknowledged in assessing performance rewards.
Limited number of 'rewardable' elements	The literature suggests it is impossible to devise a managerial reward scheme that satisfactorily reflects achievements in more than three or four dimensions (Hopwood, 1974). Within the Canadian public sector, executives are frequently required to meet multiple (5 plus) performance targets (Treasury Board of Canada, 2003c).

International experiences reported in the literature are similar (OECD, 2003). Within the public sector, performance pay has been widely implemented either for all managerial levels, for example: Denmark, Netherlands, and New Zealand; or confined to executives, for example: Australian, Canada, and Ireland (OECD, 1995; 2003). Despite the broad implementation, international research consistently demonstrates that performance pay is consistently rated low by public sector executives (Jabes and Zussman, 1988; Wood, 1995; OECD, 1997). Boyle (2001:8) suggests that effective motivation must build on the different types of rewards valued by public sector executives. The Literature Review was unable to locate any material assessing or evaluating executive performance pay in the Canadian public sector.

Performance pay remains intuitively attractive. Nevertheless, the role of performance pay appears limited at best. As Kohn (1993:16) states, “Rewards, like punishments, are very effective at producing compliance”, but also may in turn lead to gaming and other dysfunctional and unintended behaviour in order to achieve greater personal or organizational benefits (Smith, 1995). It could be argued that the complex goals and operating principles inherent to public sector executive management reduce the suitability of performance incentives in comparison with the private sector where individuals may have to perform fewer, better defined, tasks (Propper and Wilson, 2003:2).

Within the Canadian public sector, the increased demand for outcomes or results coincided with the latest version of and focus on executive performance pay (Strong, 1998), potentially motivating executives in implementing Results-based Management. The research interviews will explore the role of performance pay as a motivating force in implementation of Results-based Management for executives.

### **2.2.6 Summary - The Art of Management**

In summary, in order to understand the links between RBM and management, this section has presented a review of the literature on the history of management, executive activities, and information sources, to provide a basis for the subsequent analysis of the impact of RBM on executives. The literature on performance pay was also reviewed.

**Table 4: Summary of Section 2.2**

<b>Topic</b>	<b>Contribution to the Research</b>
History of Management	- Introduce the subject of the research – the executive (Drucker, 1954) - historical summary of the functions of Management (Taylor, 1911; Gulick and Urwick, 1937) - Basis for assessing impact of NPM & RBM
Executive Activities	- what are the principle activities of executive management (Carlson, 1951; Mintzberg, 1973)
Executive information requirements	- limited role of ‘structured’ information (Kotter, 1982) - importance of casual, informal information (Taylor and Farrell, 1995; Mintzberg and Bourgault, 2000)
Performance Pay	- the potential and problems of performance pay (Kohn, 1993)

Many of the public sector changes introduced by New Public Management, especially RBM (discussed in Section 2.5), were adopted from the private sector. The following section will examine the literature on key similarities and differences between the public and private sectors, including differences in management.

### **2.3 Comparing Public and Private Sectors**

New Public Management (NPM) (discussed in Section 2.4) draws broadly on the private sector for innovative management techniques to improve public sector management. This section will examine similarities and differences between the public and private sectors, including executive activities, in support of the theoretical model presented in Chapter 1.

#### **2.3.1 Public versus Private Goods**

In North America, the accepted role of the private sector is to engage in commercial enterprise for profit<sup>5</sup>. Firms are generally free to engage or not engage, purchase inputs at the market price and abandon activities at will. Principally accountable to

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<sup>5</sup> While beyond the scope of this thesis, a third Not-for-Profit sector exists. Universities are one example.

their owners, business is held accountable by the market against several 'hard' indicators, especially profitability (Steward and Walsh, 1994). Although profit is considered a key financial test of performance (Drucker, 1968:236), even a cursory examination of profit data reveals the possibility for manipulation (Parker, 1979).

Drucker (1993) argues that one of the key purposes of government is to undertake activities in the areas where profit cannot be made, but the interests of society demand that the activities occur. National defence and safe street-lighting are common examples (Box, 1999). Bozeman (2002) suggests that public policy has frequently been framed in the language, theory, and tools of economics and economic theory. A purely economic approach calls for public sector activity when the private sector fails to provide desired or desirable public goods. Such failures, economic theory suggests, can be traced to non-rival goods (where one person's consumption does not diminish its availability to others), steep transaction costs, information deficits and monopolies, and other competitive market gaps.

Similarly, English and Lindquist (1998) argued that certain activities are in the public or non-profit sector largely because of the complexity of assessing them. As Weisbrod (1988:12) notes, "Because these activities are not easily monitored and therefore rewarded (the strength of the private sector), society turns to other sectors to carry them out." Even examining areas where substantial overlaps with private value exists, most public sector enterprises have multiple objectives with no single 'bottom-line' (Kelly et al., 2002). The public sector's lack of a financial focus or profitability reflects this reality (English and Lindquist, 1998).

Unlike the private sector which is free to disengage or cease to offer goods or services, the moment government undertakes any activity, it becomes entrenched and permanent (Drucker, 1968:226). Public sector programmes must typically continue to operate however difficult the local environment, and regardless of the client's ability to pay, while typically requiring national consistency in programme delivery, not just regionally (Smith, 1995). Economic arguments suggest that beneficiaries of government programmes, including suppliers, programme clients and even bureaucrats tasked with organizing the programme will resist any attempts to abandon them, including arguments and appeals to the political level (Savoie, 2003).

Financial indicators and ratios are widely used in the private sector. These ratios allow most financial indicators to collapse to a simple denominator, permitting comparisons between choices and market accountability. Within the public sector, profit is an oxymoron (Johnson and Broms, 2000). In Canada, with the exception of the Special Operating Agencies (SOA) created during the 1990s, public sector executives perceive programme finances as a relatively stable input, rather than the key programme outcome (Kroeger and Heynen, 2003).

Two other key financial differences between the sectors are:

- Assessing the value that the public sector produces must include the achievement of social purposes for which no revenue stream applies
- Public sector revenue is received from multiple sources in addition to client user fees for products and services (Bozeman, 2002; Smith, 2004).

This being the case, financial indicators and ratios have limited application and receive effectively no executive attention within the federal government. A few exceptions were noted, principally programmes considering large capital investments, supported by the arrival of accrual accounting in Canada. In SOAs and other revenue generating programmes, cost recovery/user fees could be considered proxies for market accountability. However, the costs recovered rarely represent more than a portion of total costs and rarely incorporate capital depreciation costs.

Table 5 summarizes the key differences between the private and public sectors, based on a through review of key historic contributions from the literature, as well as selected current literature and personal discussions.

Table 5: Key Differences between the Private and Public Sectors

<b>Issue</b>	<b>Private Sector</b>	<b>Public Sector</b>
Overall Direction	<ul style="list-style-type: none"> <li>▪ Profit</li> <li>▪ Some attention on future profit</li> </ul>	<ul style="list-style-type: none"> <li>▪ Government/Minister establish directions</li> <li>▪ Long term frequently limited to next election</li> <li>▪ Subject to contradictory pressures</li> <li>▪ Highly adversarial relations between political parties</li> <li>▪ Direction typically at policy not administrative level</li> </ul>
Legislative and judicial	<ul style="list-style-type: none"> <li>▪ Minimum set of law constraining all business (tax, environmental, employment, etc)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Citizen ‘rights’</li> <li>▪ Government managers must conform to legislation regardless of costs</li> <li>▪ Generally subject to scrutiny by legislative oversight groups or even judicial orders</li> </ul>
Authority	<ul style="list-style-type: none"> <li>▪ Authority is generally invested in one CEO</li> <li>▪ Can operate in any sector or market</li> </ul>	<ul style="list-style-type: none"> <li>▪ Authority is shared between senior mandarins and political party in power</li> <li>▪ No authority to expand/contract “sphere of operations” – mandate explicit and limited</li> </ul>
Overall Goal	<ul style="list-style-type: none"> <li>▪ Profit</li> <li>▪ Standardized indicators Returns on Capital Invested (ROIC) and Shareholder / Economic Value Added (EVA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Create and sustain citizen satisfaction</li> <li>▪ Overall infrastructure, economic and physical</li> <li>▪ Value for Money</li> <li>▪ Measured as the level of benefits net of costs</li> <li>▪ Must incorporate public sector values and ethics</li> <li>▪ Equity, Probity</li> <li>▪ “Red tape” greatly reduces reaction time for emerging opportunities/events</li> </ul>
General Culture	<ul style="list-style-type: none"> <li>▪ Profit based</li> <li>▪ Entrepreneurial</li> <li>▪ Managerial style</li> </ul>	<ul style="list-style-type: none"> <li>▪ Values based</li> <li>▪ Bureaucratic, although attempting to move from ‘Command and Control’ to a Managerial style</li> </ul>



Issue	Private Sector	Public Sector
	<ul style="list-style-type: none"> <li>matches business needs</li> <li>▪ Innovative</li> <li>▪ Quicker decision making</li> </ul>	<ul style="list-style-type: none"> <li>▪ Risk adverse</li> <li>▪ Citizen expectations can greatly exceed private sector</li> </ul>
Account-Ability	<ul style="list-style-type: none"> <li>▪ Objectives much clearer</li> <li>▪ Owners, shareholders</li> <li>▪ Legal reporting requirement only</li> <li>▪ Few horizontal considerations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Central Agencies, Parliament/ politicians, citizen</li> <li>▪ Information generally 'acquirable' (public sector – Access to Information laws)</li> <li>▪ Role of media</li> <li>▪ Horizontal (inter and intra-departmental) considerations</li> </ul>
Equity and Efficient	<ul style="list-style-type: none"> <li>▪ Greatest stress on efficiency and competitive performance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Greatest stress on equity, probity</li> <li>▪ General failure to disengage from activities which are not meeting current goals</li> </ul>
Primary stakeholder	<ul style="list-style-type: none"> <li>▪ Shareholder is dominant stakeholder</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conflicting stakeholder interests</li> <li>▪ Shifting stakeholder dominance</li> <li>▪ Potential to conflict on overall govt policy</li> <li>▪ One critical aspect is horizontal coordination between departments in achieving societal goals</li> <li>▪ Public media opinions influence decision making</li> </ul>
Role of information	<ul style="list-style-type: none"> <li>▪ Most held internally and remains confidential</li> </ul>	<ul style="list-style-type: none"> <li>▪ Exposure to intense public scrutiny – “managing in a fishbowl”</li> <li>▪ <i>Access to Information Act</i> - managers must, and do, consider every memo, letter, briefing note, presentation and e-mail a public document.</li> <li>▪ Public perception and the potential for political embarrassment always considered, even for logical and sensible decisions</li> </ul>
Budgets	<ul style="list-style-type: none"> <li>▪ Flexible, expected Profit, ROI, EVA</li> <li>▪ Budgets subject to significant changes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Relatively fixed, stable budgets</li> <li>▪ Frequently budget based on previous year plus inflationary adjustment</li> </ul>
Investment	<ul style="list-style-type: none"> <li>▪ Decision driven by appropriate measures (projected) ROI / EVA and other financial ratios</li> </ul>	<ul style="list-style-type: none"> <li>▪ Driven by politics, legislation and policies, generally funds not raised in capital market</li> <li>▪ No dividends are payable</li> <li>▪ Public sector managers only rarely accountable for ROI, or outcomes from capital expenditures</li> </ul>

Source: various including (Rainey et al., 1976; Dunlop, 1979; Allison, 1997; Box, 1999; Larson, 2002; Kroeger and Heynen, 2003)

Kelly et al. (2002) argue that public sector activity is also distinguished by other key non-financial differences, including:

- Citizens placing a strong value on 'public' issues such as distributional equity and due process. Interestingly, the fact that Canadian public sector

programmes are available and support all (eligible) Canadians in a fair and impartial manner is itself valued by Canadians

- Lacking the direct communication methods such as price mechanisms, and noting the limited frequency of electoral feedback, it is often difficult for citizens, individually or collectively, to register preferences on a particular public issue
- Public sector outcomes are frequently the result of a collaboration between citizens and state (for example, public health, education, and community safety)
- The existence of a broad range of different perspectives on the optimum level of public sector involvement and the corresponding public value created. Private sector shareholders may have differences on some issues (e.g. on the time horizon for returns) but these generally do not extend into ethical disagreements (e.g. the nature of social justice)
- Government's stewardship role to protect future generations far exceeds private firms' obligations to future shareholders. Firm's legal responsibility is limited to their current shareholders only (while acknowledging the requirement to protect the future value of their equity) (Kelly et al., 2002:8).

One final difference between the sectors lies in the power of government to compel citizens to act, or not act, in certain ways, through the state's unique ability to create law. The use of legislative power rests in a different process, collective decision-making as expressed in democratic procedure and institutions (Chapman, 2003).

Having examined the evidence, it could be concluded that significant differences between the public and private sectors do exist. This research now considers the literature that discusses the impact of these inherent differences on public and private sector executive functions.

### **2.3.2 Public versus Private Sector Management**

There is broad discussion and diversity of opinion on whether fundamental differences exist in private versus public management functions. Many of the private sector practices and methods adopted for the public sector make an implicit assumption that such differences are minimal (Kaplan and Norton, 1996). Other academics disagree, for example, Allicon (1997:525) states that “public and private management are at least as different as they are similar, and that the differences are more important than the similarities” and “business and government administration are alike only in all unimportant respects” according to Wallace Sayre (Clark, 2001:75).

Private and public sector management models each have advantages and disadvantages. Osborne and Gaebler (1993:45-6) suggest that government is superior in “policy management, regulations, ensuring equity, preventing discrimination or exploitation, ensuring continuity and stability of services and ensuring social cohesion (ex. integration of races),” while the private sector is better at “performing economic tasks, innovating, replicating successful experiments, adapting to rapid change, abandoning unsuccessful or obsolete activities, and performing complex or technical tasks.”

As all public service activity (at the Canadian federal level) is undertaken on behalf of Parliament, Parliament is both the provider of legitimacy and direction (policy, law, etc), resources, and the recipient of accountability. The literature comparing private and public sector management note the presence of politicians and politics as a key difference between the two sectors (Keeling, 1972).

Parliamentary Ministers remain highly risk adverse, driven by the highly adversarial nature of Canadian politics (Aucoin et al., 2004). Ministers continued insistence on error-free government has predictable results (Auditor General of Canada, 2002b; Good, 2004b). Central agencies attempt to minimise risk through imposing administrative requirements, which simply have no counterpart in the private sector (Bozeman and Kingsley, 1998). Such actions, however, directly impact on managerial flexibility. Even where recent Canadian scandals have focused on either administrative errors or criminally fraudulent activities, rather than a failure to achieve programme outcomes (Savoie, 2003; Good, 2004b), the tendency has been to re-impose controls from the centre (Thomas, 2004a; Ehrenworth, 2005). Table 6 summarizes the literature comparing management in these two sectors.

**Table 6: A Comparison of Private and Public Sector Management**

Aspect	Private Sector	Public Sector
Adminis- tration	<ul style="list-style-type: none"> <li>▪ Systems are generally designed to support business processes and strategic goals</li> <li>▪ Legal &amp; union constraints only</li> </ul>	<ul style="list-style-type: none"> <li>▪ More constraints on procedures</li> <li>▪ Tendency to proliferate formal specifications and controls</li> </ul>
Financial Aspects	<ul style="list-style-type: none"> <li>▪ Revenues by products and service</li> <li>▪ Bankruptcy possible</li> <li>▪ Decisions generally based on data/information</li> <li>▪ Processes are means to end</li> </ul>	<ul style="list-style-type: none"> <li>▪ Costs relatively unimportant or given</li> <li>▪ Revenues insignificant</li> <li>▪ No bankruptcy threat, although over-spending can generate sanctions</li> <li>▪ Decisions generally driven with little data</li> <li>▪ Process is an end in itself</li> <li>▪ Highly rules-based</li> </ul>
HR Aspects	<ul style="list-style-type: none"> <li>▪ HR supports business needs</li> <li>▪ Staffing levels are investment decisions</li> <li>▪ Greater management latitude, even in union environments</li> <li>▪ Much greater flexibility (hiring, firing, absence of diversity and language 'rules')</li> </ul>	<ul style="list-style-type: none"> <li>▪ Highly bureaucratic – 'red tape'</li> <li>▪ Highly unionised</li> <li>▪ High level of internal promotion – 'closed shop'</li> <li>▪ HR investment decisions are not directly tied to output level/desired outcomes</li> </ul>
Perform- ance Pay	<ul style="list-style-type: none"> <li>▪ Managerial incentives congruent with results and meaningful</li> <li>▪ Potential for job loss</li> <li>▪ Successful risk-taking is rewarded</li> </ul>	<ul style="list-style-type: none"> <li>▪ Incentives non-existent for employees</li> <li>▪ Incentives relatively low (max 10-15% of salary)</li> <li>▪ Strong employment security</li> <li>▪ Greater difficulty in devising incentives for effect</li> </ul>
The "E"s	<ul style="list-style-type: none"> <li>▪ Economic</li> <li>▪ Efficient</li> <li>▪ Effective</li> </ul>	<ul style="list-style-type: none"> <li>▪ Same as Private but <u>add</u>:</li> <li>▪ Equity</li> <li>▪ Probity</li> </ul>
Perform- ance Measures	<ul style="list-style-type: none"> <li>▪ Profit</li> <li>▪ Trend towards holistic performance management systems such as Balanced Scorecard</li> </ul>	<ul style="list-style-type: none"> <li>▪ Little if any agreement on the standards and measurements of performance – including lack of financial bottom line</li> <li>▪ Frequent lack of external 'Best practice' comparisons available</li> </ul>

Sources: various, including (Allison, 1997; Jog, 2001) and personal communication

Comparing the two sectors, managing 'from the bottom up' demonstrates that at a basic level, managerial requirements are similar between the two sectors – e.g. management of human resources, budget, project management, service delivery, etc. However, from a 'top-down' perspective, democratic values, ministerial/politics, laws and rights, etc. shape a very different picture of managerial requirements (Savoie, 2003; Good, 2004b). A management model for the public sector must balance and integrate both views (Tait, 1996), while managing government from a business model,

with a financial focus, can lead to the potential subversion of values of openness, fairness, and public propriety (Box, 1999).

Empirical research reporting on interviews with executives with both private and public sector experience concludes that the public sector is considered the more difficult to manage. This is attributed to a public sector environment of greater conformity, transparency and accountability (Bourgault and Ethier, 2000; Kroeger and Heynen, 2003). Within Canada, a rare empirical comparison between private and public sector executives concluded that the heads of organizations, CEO versus Deputy Minister, have significant and inherent differences generally attributable to the introduction of Minister/political elements. Zussman and Jabes (1989) conclude that while many functions of management are relatively similar, the environment does create considerably different managerial pressures.

In summary, while public and private sectors require similar basic management functions, the different environment, context and constraints do affect managerial roles and the way they are performed (Mintzberg and Bourgault, 2000). Public sector management is more complex, addressing key issues of equity, transparency and probity, within a political context (Wilson, 1989; Osborne and Gaebler, 1993; Pollitt, 2003). Therefore, it can be argued that considering private management practices, including Results-based Management, for public management may require adaptation not adoption. It also suggests that the potential for significant unintended consequences should not be overlooked (Rainey et al., 1976; Savoie, 1994; Aucoin, 1995; Mintzberg, 1996; Allison, 1997).

### **2.3.3 Theories of Public Management**

This section briefly considers four theories that the literature suggests impact on New Public Management (Kaboolian, 1998). These theories support the analysis and understanding of executive responses to the introduction of RBM by suggesting alternative classifications as well as motivators inherent in the research topic.

#### *2.3.3.1 Bureaucracy*

Weber's classical work *The Theory of Social and Economic Organizations* (1947) identified and discussed innovative concepts, for the time, of separation of position from person, hierarchical-based organizations, reliance on written records and files and neutral administration. This was argued to be the most efficient way to coordinate and control the work of a large number of people pursuing stated goals; the Bureaucratic Model (Weber, 1947:329; Etzioni, 1964; Dunleavy and Hood, 1994; Savoie, 1994). Down (1967) suggests that many government services, monopolies and those with 'non-market' components, are optimally delivered in a bureaucratic manner to ensure consistency and equity for citizens.

Bureaucracy has a long history within the public sector (Beetham, 1996) where it is designed to effectively and consistently administer laws, regulations, policies and programmes and calls for procedural rules designed to prevent favouritism and corruption at both the political and public servant levels (Hood, 1995; Weber, 1997). Bureaucracy remains a highly effective and efficient form of management when applied appropriately and in suitable circumstances, whether public or private (Aucoin, 1997). Nevertheless, bureaucracy in modern discourse, has come to represent an inefficient, unresponsive and monolithic organization limited in its

responses to compliance with existing rules and regulations (Ouchi, 1981; Bozeman, 2000). However, Aucoin (1997:292) suggests that the bureaucratic model is receiving blame for what is really poor design and bad management.

### 2.3.3.2 *Politics – Administration Dichotomy*

Over a century ago, Woodrow Wilson first suggested that a key element of efficient government was an apolitical public administration. This politics-administrative dichotomy calls for the separation of policy development by elected politicians from the impartial, objective programme delivery by public servants (Wilson, 1885). In the early part of the 20<sup>th</sup> century, academics argued that this separation was both possible and desirable (Wilson, 1885; Goodnow, 1900; Gulick and Urwick, 1937; Waldo, 1940), reflecting the need to protect administration from excessive political influence, common at that time (Savoie, 2003).

The dichotomy began to fall out of favour by the mid-20<sup>th</sup> century as academics and practitioners began to argue that administration of public programmes had inherent policy development aspects by creating and interpreting regulations, decisions on delivery mechanisms and defining eligibility for programme benefits (McCurdy, 1977). As Denhardt (1984:50) argued,

“As a theory, the politic-administration dichotomy was soon dead, although it is perhaps more accurate to say that it had never been alive. As a practical matter, however, because writers wished to direct their works to the practical problems of a specific audience of administrative personnel the politics- administration dichotomy lived on in an institutional definition of public and administration reform. And, to the extent that public administration is still defined in institutional terms, the dichotomy survives.”

Similarly, modern writers (Pollitt, 2003; Savoie, 2003) argue that it is not possible to separate programme administration from politics and policy setting. Within Canada,



it is generally acknowledged that effective policy development requires the interaction of both public servant and politicians (Privy Council of Canada, 2001; Good, 2004b), supported by a politically neutral and professional public service. These are key cornerstones of Canadian public sector values (Tait, 1996; Treasury Board of Canada, 2001b; Good, 2004b).

Other arguments against this separation in Canada include the role of career, politically neutral public servants in protecting the long term interests of the state from short(er) term political interests. Politicians, many of whom serve for relatively short durations, often find it difficult to fully understand complex policy issues. At the same time, they must also function as representatives for their constituents in minor programme administration decisions.

The presence of politicians, with their desire to avoid negative media attention, results in a highly risk-adverse environment (Savoie, 1999). Good (2003) comments that while the literature contains numerous studies on aspects of New Public Management, it virtually ignores changes to the working relationships between politicians and career officials. Similarly, others argue that significant public management reform will not succeed until the role of politics is also redefined and repositioned (Savoie, 1995).

Deferring discussion of Ministerial Accountability until Section 2.7, at this stage it will suffice to state that elected politicians continue to call for ‘error-free’ administration of government programmes with ‘no surprises.’ There is an obvious contradiction between NPM’s call for greater innovation, including risk taking

leading to possibly improved results, with error-free programme delivery. Central Agencies have demonstrated reluctance to relax controls, with a tendency to reinstate rules even when reasonable mistakes have been made and corrected, or in response to outright corrupt behaviour<sup>6</sup> (Good, 2004b). In short, Thomas (2004b) argues that Ministers have followed a strategy of blame avoidance, failing to accept uncertainty inherent in giving up a degree of control under NPM.

### *2.3.3.3 Public Choice Theory*

In its simplest form, Public Choice theory applies economic models to the production of 'public goods.' At the heart of all public choice theories then is the notion that an official at any level, be they in the public or private sector, "acts at least partly in his own self-interest, and some officials are motivated solely by their own self-interest" (Downs, 1967:78). For Downs, other motivators such as pride in performance, loyalty to a programme, department or government, and a wish to best serve their fellow citizens will also affect a bureaucrat's behaviour, and the level to which self-interest plays a role in decisions.

Denhardt and Denhardt (2000) argue that New Public Management is founded, at least in part, on Public Choice Theory. They quote Kaboolian's arguments that New Public Management's reliance on 'Market-like' arrangements (Kaboolian, 1998) and Hood's stance that NPM moves away from traditional modes of legitimizing the public bureaucracy in favour of "trust in the market and private business methods... ideas.... couched in the language of economic rationalism" (Hood, 1995:94).

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<sup>6</sup> It could be argued that even the best audit and accountability regime is limited to identifying instances of potential corruption; human nature is such that no system can prevent it.

Public Choice Theory, as applied to government bureaucracy<sup>7</sup>, assumes that individual decision makers are rational, self-interested and thus seek to maximize their 'utility' – the greatest benefit or least cost. It suggests that individuals making rational choice are selecting based on collective values. However, lacking a profit goal to guide behaviour, bureaucrats relying on Parliament for their budgets may be captured by stakeholders or interest groups who potentially benefit from political decisions.

It is not surprising then, as Hood (1991) suggests, that as NPM emphasizes efficiency and productivity (what he calls 'sigma values') Results-based Management may be achieved at the expense of honesty, fair dealing, the avoidance of bias, or the pursuit of transparency and accountability (theta values), or security, resilience, and the capacity to adapt (lambda values).

A related sub-theory, the Budget-Maximizing Bureaucrat theory, was first advanced in the mid-1960s, in response to the observed rapid growth of government budgets (Downs, 1967; Niskanen, 1991). This theory suggests that bureaucrats are self-interestedly rational, not simple obedient implementers of public law, who seek to increase or maximize budgets in order to increase their power, prestige and potential for promotion (Blais and Dion, 1991:59; Denhardt and Denhardt, 2000:92).

However, Blais and Dion (1991) in the UK, and Dolan (2002) in the USA, found little supporting evidence for this theory.

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<sup>7</sup> While outside the scope of this thesis, Public Choice theory is widely applied at the political level, where elected officials' primary goal of re-election can be expected to cause them to deviate from the interests of their constituents (Aucoin, 1995:31).

#### 2.3.3.4 *Agent – Principal Theory*

Agent - Principal theory argues that the goals and objectives of agents may be different than those of principals, and that left unchallenged or monitored, agents will shirk or fail to act in the direction or manner that the principals desire. Therefore, one central concern of the Agent - Principal theory is how principals can monitor and control the behaviour of their agents (Behn, 2003). In order to control agents, principals incur monitoring costs in obtaining and processing information about the performance of agents and the extent of their conformity with the principals' objectives (Box, 1999:23). This can be expensive in terms of principals' time and funds.

Within the public sphere, the bureaucracy has a long and distinguished history of control, supporting at least two sets of principal-agents: citizen-politician and politician-public servant. Focusing on the latter, politicians enter into agent - principal relationships with professional public servants. Tasks requiring a high degree of expert knowledge and professional judgement are very difficult for those at the political level to master<sup>8</sup>. As noted by the theory, principals must monitor agents. However, this monitoring must be balanced with its effects on organizations' ethics, values (transparency, politically neutral) and the intrinsic motivation of public servants.

Interestingly, as Behn (2003) notes, one of the rarely stated but very real purposes behind Results-based Management and associated performance measurement systems

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<sup>8</sup> Aucoin and Jarvis note that, in Canada, this degree of difficulty is increased due to the relatively high turnover of elected Parliamentarians, especially in comparison with the career nature of executive public servants (Aucoin and Jarvis, 2004).

is to enhance monitoring by principals of compliance against goals and objectives. However, at the political level, certain writers have suggested that politicians have a disincentive to provide clear objectives what would enable clear accountability for progress. Faced with such vague signals, public servants, by virtue of their greater time pressures in expending budgetary funds within the fiscal year, will attempt to set goals, which may be in conflict with the political 'principles' (Mayston, 1993).

Within the Public Sector, a risk adverse culture can be argued as one reason for a high degree of monitoring. However, in addition to the direct costs incurred, such controls may themselves be imperfect forms of controlling agents, leading to further loss of efficiency via reduced agent trust and motivation (Mayston, 1993). It should be noted that other key motivators such as leadership and accountability, may also play a significant role (Denhardt and Denhardt, 2003). Indeed, one criticism of NPM notes the risk of erosion of traditional public service ethics through the focus on efficiency and production, and a tendency to redesign public sector organizations on principal-agent lines (Dunleavy and Hood, 1994:12).

As monitoring can be time-consuming and costly, alternatively, principals may seek to find a balance between incentives, punishment and monitoring (Mayston, 1993). Agents may take reciprocal actions which may serve to frustrate the wishes of the principal, including many forms of rational, but organizationally dysfunctional behaviour (Smith, 1995:280; Propper and Wilson, 2003).

In summary, these four theories provide a theoretical basis for analysing and interpreting the executive behaviours which will emerge from the research data, and

could support the subsequent development of a model of executive reaction to the advent of RBM.

### **2.3.4 Summary - Comparing Public and Private Sectors**

This section has compared and contrasted the private and public sectors, including the impacts on respective managerial activities, information usage, incentives and motivation(s). The literature suggests that there are inherent differences between the two sectors, which this research will argue must be reflected in the respective managerial activities and accountability.

**Table 7: Summary of Section 2.3**

<b>Topic</b>	<b>Contribution to the Research</b>
Public versus Private Goods	Understand key similarities and differences between the two sectors (Drucker, 1974; Mintzberg and Bourgault, 2000)
Public versus Private Management	Leading to an assessment of different managerial requirements (Box, 1999; Savoie, 2003)
Theories of public management	Discussion of four public management theories from the literature

Having concluded that key differences are present, the following section will introduce the literature on New Public Management, including a renewed focus on outcomes and changing accountability structures – Results-based Management. It will be shown that many aspects of NPM, including RBM, can be traced to private sector sources. This review will discuss the potential impact of these changes on public sector management.

## **2.4 New Public Management (NPM)**

### **2.4.1 A Brief History of Canadian Government Reform Efforts**

There is little doubt that public administration and management in Canada, as elsewhere, has undergone a fundamental shift. This shift moves public sector

management from a traditional ‘Administrative Model’ to a new ‘Managerial Model,’ under the general title of New Public Management (NPM). The pace of these changes or reforms have accelerated through the 1990s, touching nearly every aspect of public management: policy and values, programmes and expenditures, consultation and collaboration, organization and delivery, HR, administration, IT, and accountability, audit and evaluation (Peters, 1999; Good, 2004b).

During Canada’s first century (i.e. up to 1967), the Canadian public sector remained small, bureaucratic and highly clerical in nature (Statistics Canada, 1980). Public servants implemented policies developed at the political level and delivered programmes for Canadians. The greater role of government in society and in the economy beginning during WW II led to a rapid increase in the Canadian public service. By the 1970s, growing dissent with the bureaucracy, rapid growth of the public service, and increased complexity of programmes, set the stage for a number of attempts at public sector management reform in Canada (Savoie, 2003; Statistics Canada, 2004).

It could be argued that modern public sector management reform in Canada began with the 1962 *Royal Commission on Government Organizations* [Glassco Commission] (Royal Commission of Government Organizations, 1962; Plumptre, 1988). Glassco reported that administrative regulations and procedures were excessive and issued a famous call to ‘let the manager manage.’ Over the next decade, other proposed reforms were advanced by the *Royal Commission on Financial Management and Accountability* [Lambert Commission] (Royal Commission on Financial Management and Accountability, 1979), the *Report of the*

*Special Committee on the review of Personnel Management and the Merit Principle* [D'Avignon Committee], and the *Report of the Special Committee on Reform of the House of Commons* [McGrath Report] (House of Commons, 1985).

In response to the above-noted Commissions and other internal and environmental shifts, the government began to undertake a number of management changes. Higher profiled actions included the establishment of the Office of the Controller General, and the creation and strengthening of the evaluation function (Johnson, 1992). The introduction of the Planning, Programming and Budgeting System (PPBS) in the late 1960s was an early attempt, adopted from the private sector, to tie planned results to programme budgets (Aucoin, 2001). Numerous other changes, policies and initiatives were also undertaken (Johnson, 1992). Yet, by the late 1980s, a review by the Auditor General's office concluded that the essentials of the management regime then in place seemed not to have changed (Johnson, 1992:14) and stated that in the absence of accountability instruments, central agencies have tended to issue increasingly detailed directives on all aspect of management (Auditor General of Canada, 1987).

Drucker (1974) suggested that public sector management would benefit from management systems and methodologies similar to those that had emerged in the private sector. Even within the private sector, management information, which had historically been linked to standardized financial indicators developed in the 1920s, remained largely unchallenged prior to the late 1980s (Neely, 1998). Increasing managerial complexity demanded the inclusion of information from a broad spectrum of sources and the examination of both financial and non-financial indicators. Given



the non-profit nature of the public sector, the analysis of non-financial indicators contributed to improved managerial capacity (Kaplan and Norton, 2001).

Another key change was the expansion of the Auditor General of Canada's role to include 'Value for Money' audits in 1977, giving the Auditor General a lead role in encouraging and commenting on management reform, a role that would show up repetitively in his/her official reports to Parliament (Auditor General of Canada, 1997a).

The 1990s saw three additional rounds of government-wide managerial reforms, with one key change, these reforms were launched by the public service itself. *PS 2000* was launched in the early 1990s to remove or reduce management constraints and improve performance (Treasury Board of Canada, 1990; Edwards, 2001; Good, 2004b). *La Réleve* was principally focused on government human resource management and succession planning (Privy Council of Canada, 1996). These two reform initiatives were internally, as opposed to politically, led and largely unsuccessful due to changing priorities (Dewar, 2000), especially the effects of major downsizing and reorganizations in the mid-1990s (Thomas, 2004a).

The third reform was more procedural, but led to significant changes in management accountability. The Expenditure Management System (EMS), introduced in 1996 embraced strategic planning concepts adopted from the private sector. These included requirements for departmental business plans outlining strategic challenges and priorities, and provided a base from which to assess the subsequent reporting of departmental performance. These reports are tabled in Parliament annually by

departmental *Report on Plans and Priorities* each Spring and *Departmental Performance Report* each Fall (Treasury Board of Canada, 1995). However, a 2002 review by the Auditor General of Canada found limited quality in results reporting (Auditor General of Canada, 2002a).

For some executives, the frequency of Canadian reform efforts over the last three decades suggests that the Canada public sector has moved from “periods of routine punctuated by periods of reform.... [to] becoming a seemingly endless stream of reform and change, occasioned by momentary interludes of routine and stability.” (Good, 2004b:9). It can be argued that many executives adopt a ‘wait and see’ attitude, with the more cynical referring to management reforms as the ‘flavour of the month’ (Johnson, 1992).

#### **2.4.2 Declining Confidence in Governments**

It is suggested that one of the principle drivers of NPM reform was declining citizen confidence in government (Pollitt and Bouckaert, 2000; Blais, 2003). By the 1990s, the public sector was accused of being bloated, cumbersome, uncreative, lethargic and insensitive (Savoie, 1994:3). This trend, well supported by international empirical evidence, showed that Canadian citizens had become less deferential to and more sceptical of government. Citizen expressed concerns over the role government plays in their lives, the clarity and coherence of programme objectives, programme efficiency and effectiveness, and both tax levels and expenditures (Adams, 1997:168; CCMD, 1998; Dalton, 1999; Norris, 1999; Peters, 2003), and included Canadian studies (Centre for Research and Information on Canada, 2005). Ensuring confidence and trust in democratic governments is crucial, since it guarantees the institutions’ legitimacy (Fortier, 2003).

A number of theories are advanced in the literature for this decline in public confidence include changes in socio-economic well being (Inglehart, 1997), higher taxation coupled with a reduction in programme budgets to address government debt load, reduced respect for authority, increased reporting of public sector scandals<sup>9</sup> (Peters, 2003), and survey evidence that citizens believe politicians are self-interested (Blais, 2003)<sup>10</sup>. The Canadian experience is noted as similar to international findings (Nevitte, 1996:Chapter 3; CCMD, 1998; Savoie, 2003).

There is a complex debate on what determines levels of trust and legitimacy. For example, EKOS (1997) concluded that declining trust and confidence can be attributed to aging population, rapid social and technological change, and lower public programme expenditures. One of the reasons often cited for declining trust in government is that it is symptomatic of a general decline in the trust in authority and institutions. However, empirical data from the UK, examining changes in trust in a wide range of authority groups from 1983-2002 revealed no consistent pattern of a changing attitudes to authority (MORI, 2003).

MORI (2003) also advances arguments explaining this decline in trust: views towards government are shaped by the perceived effectiveness with which it manages the economy and delivers services and by the behaviour of politicians and political institutions behaviour<sup>11</sup>. There is mixed evidence for the strength of all these effects, with some evidence indicating that factors outside government control may have a strong impact on measures of trust. It should be noted that empirical evidence does

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<sup>9</sup> There is no evidence that politicians and / or public servants are more dishonest than they were in the 1960s or 1970s (Blais, 2003:109).

<sup>10</sup> A full discussion of drivers of reduced confidence in government can be found in (Sims, 2001:5-7).

<sup>11</sup> This could be expanded to include several high level public servant scandals which were widely reported in the Canadian media.

demonstrate that public trust varies considerably across government departments and services.

Unfortunately, understanding of the causes of these declining patterns of trust is imperfect. Factors such as social change, quality of public services and the behaviour of politicians and senior public servants all appear to play a role in determining the level of trust between citizens and the government (Kelly et al., 2002). Interestingly, although trust in government had clearly fallen, the 1997 *Rethinking Government* survey in Canada found that trust and legitimacy in government have been on the rise during the 1990s (Ekos, 1997). Nevertheless, it is argued that the overall level of public confidence, together with other areas of public dissatisfaction, supported the implementation of New Public Management within the Canadian government. New Public Management is discussed next.

### **2.4.3 New Public Management (NPM) – An International Phenomenon**

Internationally, governments have engaged in numerous reforms and initiatives designed to improve cost effectiveness and efficiency, to increase quality of public services, to become results-oriented and citizen focused, and to emphasize strategic and business planning (OECD, 1995; Pollitt and Bouckaert, 2000). This global paradigm shift in public sector management integrates concepts, tools and management techniques adopted from private sector management and calls for a new relationship between governments and citizens (Metcalf and Richards, 1987; OECD, 1990; Metcalfe, 1993; Dunleavy and Hood, 1994; Pollitt and Bouckaert, 2000). These reforms, expanding through the 1980s (Savoie, 1994), became collectively known as New Public Management (Pollitt, 1990; Hood, 1991; Pollitt and Bouckaert, 2000), and have been responsible for a number of highly positive changes in the

public sectors (Osbourne and Gaebler, 1993; Denhardt and Denhardt, 2000; Kettl, 2000; Pollitt and Bouckaert, 2000).

Precise definitions of NPM are difficult. Although this term is a relatively recent addition to the public sector lexicon, NPM is based on concepts and ideas found in public administration since its earliest beginnings (Pollitt, 1990; Savoie, 1994; Hood, 1995:95; Kettl, 2000). As such, it could be argued that NPM is simply “new wine in old bottles” or a convenient myth (Kettl, 2000; Pollitt, 2001).

Pollitt and Bouckaert (2000:8-11) define NPM as: “... public management reform consists of deliberate changes to the structure and processes of public sector organizations with the objective of getting them (in some sense) to run better.”

However, Pollitt and Bouckaert, also note that the concept of public management embraces many streams, ranging from the purely ‘managerial’ aspects identified by Perry (1984) to examining public administration as a social system (Koning, 1996). Given the wide range of NPM definitions and perspectives, it could be argued that assessing NPM’s contribution within the public sector is difficult.

It is widely believed that these reforms represent an ideological shift to a ‘Managerialism Model’ from the previous public sector ‘Administrative Model’, representing a major change from previous public sector traditions (Pollitt, 1993b:11), although limited empirical evidence can be found to support this claim (Carroll and Garkut, 1996). Administration can be defined as “the review, in an area of public life, of law, its enforcement and revision, and decision-making on cases in that area submitted to the public service” (Denhardt, 1993:8). In contrast, Managerialism is

“essentially the application of market principles and business practices to the management of government” (Denhardt, 1993:8). The focus on Managerialism reflects an underlying philosophy that success, in both private and public sectors, depends on the quality and professionalism of managers, although this must be matched to relevant authorities who make and execute decisions; the “freedom to manage” (Pollitt, 1993b:1-3; Denhardt and Denhardt, 2000).

Table 8 summarizes the key differences between traditional and New Public Management, incorporating key historic contributions, as well as selections of current literature. In addition to being grounded in the literature, this table also draws on personal discussions and correspondence with practitioners and academics. Understanding these key differences is critical to understanding the overall management culture as executives engage in Results-based Management.

**Table 8: Comparison of New Public Management and Traditional Public Administration**

	<b>‘Traditional’ public administration (legal rationality)</b>	<b>New Public Management (managerial rationality)</b>
Focus	<ul style="list-style-type: none"> <li>▪ Citizens and communities</li> <li>▪ Collective relationships</li> <li>▪ Organization-Focus</li> </ul>	<ul style="list-style-type: none"> <li>▪ Clients (individuals and groups)</li> <li>▪ Micro-relationships</li> <li>▪ Citizen/Client Focus</li> </ul>
Preferred means of development	<ul style="list-style-type: none"> <li>▪ Public policy and design</li> <li>▪ Social equity</li> <li>▪ Procedural compliance</li> <li>▪ Career orientation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Programme management and evaluation</li> <li>▪ Quality</li> <li>▪ Privatization</li> <li>▪ Employability</li> </ul>
Socio-professional characteristics	<ul style="list-style-type: none"> <li>▪ Rule-centred</li> <li>▪ Analytical (reflective)</li> <li>▪ Probity</li> <li>▪ Continuity and consistency</li> <li>▪ Control</li> </ul>	<ul style="list-style-type: none"> <li>▪ Empowerment of employees</li> <li>▪ Intrapreneur (action-oriented)</li> <li>▪ Creativity</li> </ul>
Organizational cultures	<ul style="list-style-type: none"> <li>▪ Administrative, prudence, bureaucracy (hierarchy)</li> <li>▪ Secretive</li> <li>▪ Public interest</li> <li>Political/administrative continuum</li> </ul>	<ul style="list-style-type: none"> <li>▪ Managerial freedom</li> <li>▪ Flexibility</li> <li>▪ Risk-taking, innovation</li> <li>▪ Customer/client responsiveness</li> <li>▪ Political/administrative dichotomy</li> </ul>
Management Style	<ul style="list-style-type: none"> <li>▪ Hierarchical structure, bureaucratic</li> <li>▪ Anonymous (to public)</li> <li>▪ Focus on values, life-long employment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Apply proven private sector management techniques including RBM, performance pay, contracts, etc.</li> <li>▪ ‘Bold’ leadership</li> </ul>
Politico-administrative structures	<ul style="list-style-type: none"> <li>▪ Public service as a large institution</li> <li>▪ Most programmes delivered by departments</li> <li>▪ Centralization and hierarchy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public service as organizational units</li> <li>▪ Programme delivered by wide variety of mechanisms</li> <li>▪ Decentralization and autonomy</li> </ul>
Accountability	<ul style="list-style-type: none"> <li>▪ Procedure and process</li> <li>▪ Control by collaboration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Expand accountability to include results and outcomes</li> <li>▪ Clearly defined objectives with performance targets</li> </ul>

Source: various - (Hood, 1995:96; Charh and Rouillard, 1997:31; Kernaghan et al., 2000; Thomas, 2004a)

#### **2.4.4 Limitations and Criticisms of NPM**

New Public Management is not without its critiques. In the late 1980s and early 1990s NPM was presented as ‘a public management for all seasons’ (Hood, 1991) or the ‘one-best way’ (Gendron et al., 2000). However, by the early 1990s, there was a suspicious similarity to the stories of governments that had adopted NPM (Hood,

1991), especially regarding potential conflicts between elements of democratic government and NPM reform (Sutherland, 2003:198).

It has been suggested that the complaints surrounding bureaucracy that NPM is intended to solve, i.e. lethargy, unresponsiveness, belatedness, etc., have more to do with the Westminster-style parliament, politicians and citizens model than with public servants, and thus solutions must address limitations in Canada's current political institutions (Savoie, 1995). Similarly, Thomas (2004b:22) suggests that the "prevailing political culture of cabinet-parliamentary government conflicts with the espoused values of the new public service culture of risk taking and learning." Borins (1995b), earlier argued that NPM cannot itself resolve all issues, but remains an important re-conceptualization of public administration, in response to environmental challenges facing governments.

At the centre of counter-arguments to NPM are inherent differences between public and private sectors. It is argued that many NPM reforms are fundamentally flawed because private sector management practices rarely apply to public sector and are "... focused on efficiency and market based reforms that ...threatens to eliminate democracy as the guiding principle of public administration" (Savoie, 1995:114). Contrary viewpoints argue that subscribing to NPM principles such as privatization and contracting out creates "... innovative bureaucracies that provide better service, produced at lower cost by public servants whose morale has improved" (Borins, 1995a:124).



Another criticism of NPM is a requirement to cope with rapid changes introduced by NPM, while living within tight resource constraints (Metcalf and Richards, 1987:24; Aucoin, 2001). In fact, during the mid-1990s, Canadian reformers were forced to reconcile NPM renewal themes with reductions in operating budgets (Clark, 1994). Noting that change initiatives in the private sector are generally supported by internal investment, it can be argued that NPM adaptation in the public sector has been impeded by a lack of similar investments.

Other weaknesses of NPM that Kelly et al. (2002) suggest can be traced to its narrow perspective are:

- a focus on improving functionally defined services rather than meeting the overall service needs of different client groups
- a pre-disposition towards piecemeal improvement rather than larger scale innovation
- a tendency for micro-management and reduced discretion for front-line workers, with high costs created by detailed monitoring by headquarters and central agencies
- an inability to extend NPM to engage with citizens and stakeholder groups despite noting an increased client focus.

It can be argued that when NPM, emerging from the private sector, fails to adequately incorporate public values, there is a cost to society<sup>12</sup> (Bozeman, 2000; Chapman, 2003). As Bozeman (2000:6) suggests, “Too often, contemporary (public policy) discourse is dominated not by public values, but by market intervention, technical

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<sup>12</sup> For example, the tobacco product market may be highly efficient, leading to strong profits, but it can be argued, fails to address social values of public health (Bozeman, 2000:157).

efficiency, and the private value of public things.” The concept of Public Value, discussed in the next section, emerged partly in an attempt to understand these limitations (Moore, 1995).

One final criticism rests on NPM’s failure to differentiate between the various programmes offered by a national government. There appears to be an unstated NPM assumption that all programmes can be managed similarly. However, programme function does matter (Pollitt, 2003:225). As Edwards (2001:31) suggests, the failure of previous ‘alphabet soup’ of results-based initiatives: PPBS, ZBB, MBO and OPMS; can be at least partially attributed to the limitations of applying grand templates to the diversity of the public service.

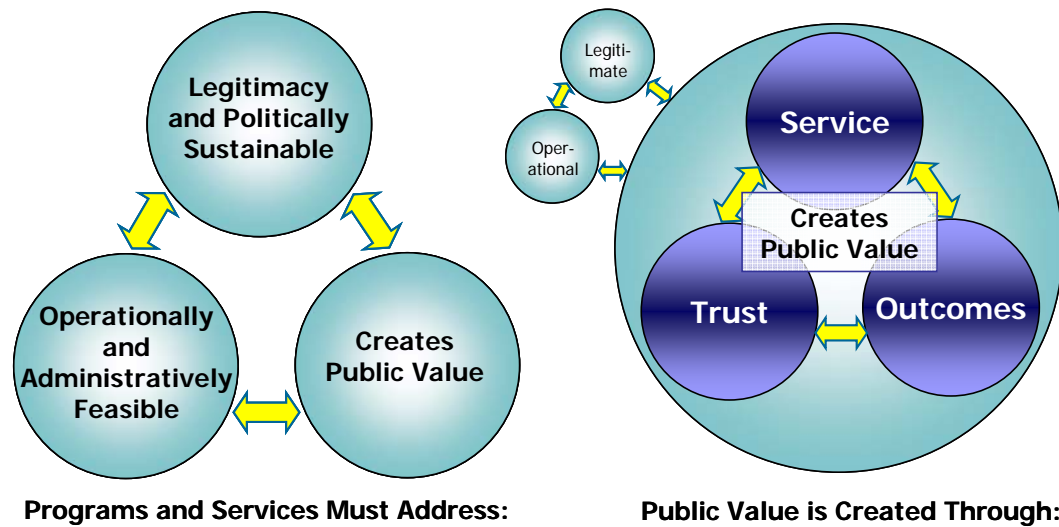
#### **2.4.5 Public Value – Broadening Public Sector Theory**

Just as the goal of the private sector is to create private value, the goal of the public sector is to create public or social value. The term ‘public value’ can be defined as what the public values – what they are willing to make sacrifices of money and freedom to achieve (Kelly et al., 2002), and describes the contribution made by the public sector to economic, social and environmental well-being of a society or nation.

The following sections will situate Moore’s (1995) Public Value Theory within the large context of his Strategic Triangle (Moore, 1995), shown in Figure 3, below.

Each element will be discussed in turn.

**Figure 3: Moore’s Public Sector Strategic Triangle and Public Value Model**



*2.4.5.1 Moore’s Strategic Triangle*

As noted, on the left side of Figure 3, Moore’s Strategic Triangle (1995) positions Public Value as one of three critical elements which programmes must address to become or remain viable. The other two are Legitimacy and politically sustainable, and Operationally and Administratively Feasibility.

The model suggests that the legitimacy of public sector activities must be grounded in legislative mandates, departmental mission and vision statements, and political and public will. Without strong mandates backed by consistent and enthusiastic public support, public sector executives will be unlikely to sustain resources, stakeholder cooperation and employee motivation to accomplish objectives (Heymann, 1987; Roberts, 1995; Moore, 2000; Chapman, 2003). This is especially true given the competition for resources from other programmes (Aucoin et al., 2004; Moore, 2004), and for politicians to fund new programmes (Canada National Budget, 2005).

Similarly, no individual declaration that something is publicly valuable will cause tax dollars or public authority to flow to a government organization. It is only when citizens and their representatives agree that some purpose is publicly valuable, the ‘authorizing environment’ of the organization, that these key public resources can be committed to productive action (Heymann, 1987; Moore, 1995; 2000). Ongoing proactive management is required to ensure continued programme legitimacy and resource allocations.

Considering ‘Operational and Administrative Feasibility’, a key element of executive management is assessing and maintaining the overall capacity of the organization (Drucker, 2004). This second concept incorporates all issues associated with employees (competency, recruitment and retention, training, etc.) budget and resource levels, and the overall capacity or limits of organizational processes, systems, infrastructure and corporate structure and responsibilities. At the macro level, Operational Feasibility would also address the limits of humankind’s knowledge and capacity limits – some issues simply cannot be resolved (Moore, 1995).

This Strategic Triangle framework serves to focus executive attention in three directions: upward to the political level that authorizes and funds programmes, outward to the desired impact and values to be created for society, and downward addressing internal management issues (Moore, 2000).

#### *2.4.5.2 Moore’s Drivers of Public Value*

Moore (1995) argues that the creation of *Public Value*, the right side of Figure 3, is the ultimate goal of public sector programmes, suggesting that to create public value, executives must address three key areas:

- Services - cost effective provision of high quality services
- Outcomes - achievement of desirable end results
- Trust - support a high level of trust between citizens and government

This model has gained acceptance in both in academic (Bozeman, 2002; Kearns, 2004) and public sector practitioner literature (Kelly et al., 2002).

The first element – *Services* – is similar to the private sector. Under Public Value theory, successful service delivery supports all elements of public value creation outcomes, services, and trust. Public Value outcomes incorporate the concept of citizens as a co-producers of public benefits (health, education, etc), as well as heightens the role and importance of overall social benefit within public programmes<sup>13</sup>. In each of these roles, outcomes, services and trust, the aspects of service delivery that lead to public value is different, and it is these multiple dimensions and richness of values that contribute to the dialogue on public services.

Clients and consumers of public sector programmes derive direct benefits that are similar to those benefits accrued through purchases in the private sector. However, key differences are noted in the indirect benefits citizens receive through the equitable and fair distribution of services received by others. In other words, fair distribution in itself is a desirable public value (Kelly et al., 2002). Other aspects of Service are linked to frameworks of client satisfaction and accountability.

*Service* also incorporates the public value generated through economic, efficient and effective programme delivery (Moore, 1995).

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<sup>13</sup> An example would be comparing the importance of one's child receiving a sound education with the importance to society of all children receiving sound education.

The second element – *Outcomes* – focuses on the overall benefit to society (beyond the individual) and has long been a core element of the ‘citizen/government contract.’ Historically, the most important functions or outcomes of overall national government were peace and security. Notably, public value criteria changes over time; public health emerged in the 19<sup>th</sup> century as a key outcome objective, while poverty reduction and environment emerged in the late 20<sup>th</sup> century.

While a central tenet of modern public sector reform is an increased focus on outcomes, this raises a number of issues, both theoretical and practical. For example, that public value is generally produced as a joint effort between citizens and government is particularly relevant for outcomes. The public sector alone cannot deliver lower crime or better health; social norms of behaviour are critical in achieving these outcomes. Changing social norms can be one of the most powerful tools for a government seeking to create value through outcomes. Although there have been some notable successes (e.g. reduction in drinking and driving, fewer smokers), understanding of how governments can effectively change behaviour remains underdeveloped, and in many cases the public still overestimates what government can and cannot do (Kelly et al., 2002).

The third driver in creating public value is *Trust*. Trust does not appear to conform to any one universal definition, but rather is a multi-faceted concept that can mean several things, depending on the context (Bhattacharya et al., 1998; MORI, 2003). The large and increasing volume of literature on trust crosses multiple social science fields, and is widely acknowledged to be crucial for the smooth and efficient functioning of society, public and private sectors (Rousseau et al., 1998; O'Hara, 2004; Thomas, 2004a). Within the public sector, public trust is at the centre of the

citizen-state relationship, giving legitimacy to government programmes and actions (Moore, 1995). Even when outcome and service targets are achieved, a decline or collapse in trust levels may limit or even destroy the creation of public value<sup>14</sup>.

Trust is an especially important aspect of public value given the recent decline in the general level of trust reported for government and public institutions. As discussed in Section 2.4.2, there is considerable debate over what drives levels of trust in public institutions (Ekos, 1997; MORI, 2003; Treasury Board of Canada, 2003d).

Arguments include the connection between general levels of social trust and trust in institutions, the behaviour of politicians and politics, and that trust in government is shaped primarily by government competence in the management of the economy and the delivery of services. Unfortunately understanding the causes of these changing patterns of trust is imperfect. However, factors such as social change, quality of public services, and the behaviour of politicians and political institutions all play a role in determining the level of trust between citizens and the government (Kearns, 2004).

Accountability and trust are closely linked, as discussed more fully in Section 2.7.2. Accountability increases public trust through a variety of methods. Reporting, ranging from simple resource accounting to more complex and subjective ‘Value for Money’ audits, impacts on public trust. A second factor generally absent in the literature, is that the presence of suitable accountability instruments increases public trust (Auditor General of Canada, 2002b; Smith, 2004:69). Accountability also

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<sup>14</sup> As Chapman (2003:127) notes, committing to improve services / service levels to meet a specific target and then not meeting the target may lead to a reduction in trust and correspondingly public value, even though service levels may have improved.

reassures citizens that errors and mistakes are caught, rectified, and avoided wherever possible in the future.

Trust extends to finding sustainable solutions to public sector issues and programmes, and to avoid adopting short-term fixes with significant downstream consequences.

Moore and others argue that while each individual element - Service, Outcome, and Trust – is important in and of itself; it is the complex interplay between these elements that contributes most to Public Value (Moore, 1995; 2003; Bend, 2004; Kearns, 2004).

#### *2.4.5.3 Contrasting Traditional, NPM and Public Value*

As noted earlier, it has been suggested that Public Value is the next iteration of public sector reform, responding to perceived weaknesses and unexpected results in adaptation of NPM (Kelly et al., 2002; Smith, 2004). In order to present a summary of differences under these reform initiatives, Table 9, below, summarizes key differences between these three paradigms of public management: traditional public management, NPM and Public Value theories.



**Table 9: Contrasting Traditional Public Management, NPM, and Public Value**

	<b>Traditional Public Management</b>	<b>New Public Management (NPM)</b>	<b>Public Value</b>
Key objectives /public interest	<ul style="list-style-type: none"> <li>▪ Defined by politicians/experts</li> <li>▪ Managed by bureaucrats</li> </ul>	<ul style="list-style-type: none"> <li>▪ Managed economies and efficiencies, respond to aggregate individual preferences demonstrated by customer choice</li> </ul>	<ul style="list-style-type: none"> <li>▪ Achieve public value, effective in addressing individual &amp; public preferences</li> </ul>
Performance objective	<ul style="list-style-type: none"> <li>▪ Managing inputs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Managing inputs and outputs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Multiple:</li> <li>▪ Outputs and outcomes</li> <li>▪ Satisfaction</li> <li>▪ Maintaining trust / legitimacy</li> </ul>
Dominant model of accountability	<ul style="list-style-type: none"> <li>▪ Hierarchical – Ministerial and Parliament</li> </ul>	<ul style="list-style-type: none"> <li>▪ Addition of performance and service contracts, sometimes through market mechanisms to customers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Multiple:</li> <li>▪ Citizens as overseers of govt</li> <li>▪ Customers/clients as users</li> <li>▪ Taxpayer as funder</li> </ul>
Preferred delivery system	<ul style="list-style-type: none"> <li>▪ Hierarchical department of self-regulating profession</li> </ul>	<ul style="list-style-type: none"> <li>▪ Addition of Private sector or tightly defined arms-length public agency</li> </ul>	<ul style="list-style-type: none"> <li>▪ Joint Ventures</li> <li>▪ Privatization</li> <li>▪ Community interest groups</li> </ul>
Approach to public service ethos	<ul style="list-style-type: none"> <li>▪ Public sector has monopoly on service ethos</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sceptical of PS ethos (leads to inefficiency and empire building), favours customer service</li> </ul>	<ul style="list-style-type: none"> <li>▪ No one sector has a monopoly on ethos, and no one ethos always appropriate</li> </ul>
Role for public participation	<ul style="list-style-type: none"> <li>▪ Voting in elections</li> <li>▪ Political pressure</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased, but limited role in Policy development</li> <li>▪ Client satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>▪ Crucial and multi-faceted (customers, citizens, key stakeholders)</li> </ul>
Role of managers	<ul style="list-style-type: none"> <li>▪ Respond to political direction and comply with rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased client focus and meet agreed performance targets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Respond to citizen/user preferences, renew mandate and trust through guaranteeing quality services</li> </ul>

Source: Adopted from (Keeling, 1972:10; Kelly et al., 2002; Stoker, 2003)

#### 2.4.5.4 Public Value and the Citizen/Client

One of the key distinctions between Public Choice’s purely economic approach (Section 2.3.3.3) and the Public Value approach is the way in which individual

members of society are viewed. Within traditional public service, individual citizens were regarded simply as recipients of public services and products, with limited recourse as to service levels. The arrival of NPM leads to a consumer/client model, where efforts to create the best possible products and maintain satisfaction are seen as key to an effective public sector. Public Value extends this model to increasing citizen/client input into programme design and delivery (Chapman, 2003).

Moore (1995) argues that public sector managers must not limit themselves to passively responding to public preferences, but rather must actively seek out ways in which public value can be achieved through increased dialogue with citizens and clients. This suggests that executives must engage politicians, the public and stakeholders in meaningful dialogue about their preferences, choices and alternatives to increase public value (Stoker, 2003). Notably, the consultation process also increases public value (Smith, 2004).

Stoker suggests that the search for public value encourages the consideration of new and innovative ways of governing. The Public Value Management (PVM) paradigm pursued through a network governance model holds out the possibility of a partnership between democracy and efficiency (Stoker, 2003; Smith, 2004).

#### *2.4.5.5 Summary of Public Value*

In summary, the Public Value model identifies conditions which support the creation of value between public sector programmes and citizens (Moore, 1995). As Smith (2004) argues, achieving public value is at the core of public sector executive functions. For Moore (1995:55), public value is fluid and changing, and attaining it requires proactive, not reactive, management. As he states,

“Like private sector managers, managers in the public sector must work hard at the task of defining publicly valuable enterprises as well as producing that value. Moreover they must be prepared to adapt and reposition their organizations in their political and task environments in addition to simply ensuring their continuity. “

Moving upwards from Public Value theory to the Strategic Triangle level, Moore emphasizes the importance of understanding and verifying the value propositions that underpin operations. The Strategic Triangle implicitly requires that executives understand and challenge their overall goals and objectives, and insists that they have the necessary means to achieving the desired results. This suggests a logical model connecting resources, processes and activities to valued social results (Moore, 1995:33-36).

#### **2.4.6 Service for Whom? The Client/Customer/Citizen dilemma**

“We are not merely customers of government, we are also subjects who have obligations, citizens who have rights; and clients who have complex needs.” (Mintzberg, 1996:76).

A centrepiece of NPM reforms is a renewed focus on government’s role as service provider (Kernaghan and Langford, 1990). New Public Management’s emphasize on public choice (consumers capable of expressing their individual preferences through various mechanisms, many adopted from the private sector) moves public sector service delivery from an administrative service provision model to a client satisfaction model (Pollitt and Bouckaert, 2000; Treasury Board of Canada, 2000). Individuals have a number of different roles they play with respect to public services, including consumer, citizen and overseer (Bend, 2004). This section discusses these roles in the literature.

It can be argued that the relationship between state and the public as consumers of public goods is complex. NPM increased the focus on each of the roles of client versus citizen (Pollitt and Bouckaert, 2000; Treasury Board of Canada, 2000).

Defining these terms:

- *Citizens* are members of a community (nationally, regionally, or locally), who possess certain rights and entitlements and are also bound by certain duties and obligations (Tait, 1996; Treasury Board of Canada, 1996)
- *Clients* are defined as the direct recipients of products or services, and who engage in transactions with service providers to gain access to those services. The term *Customer* has also been applied to programmes or services where payments, such as user fees were required. However, modern discourse has broadened the term ‘client’ to include a philosophy of client interaction and engagement by public servants (Dinsdale and Marson, 1999)

These two terms do have parallels in the public and private sectors (Lenihan, 2001).

The following table summarizes key differences between the citizen and client (also noted as customer) models.

**Table 10: A Comparison of Citizen and Client Driven Models**

<b>Dimension</b>	<b>Citizen</b>	<b>Client</b>
Source of individual resources	Legal rights	Purchasing power
Types of entitlements	Universal	Selective
Type of Responsibilities	Civic, political	None
Base for social membership	Collective	Individual
State-individual relationship	Inclusive	Exclusive
Individual – State communication	Verbal (‘voice’)	Non-verbal (‘purchase’ or ‘exit’)
Policy objective	Social welfare	Individual empowerment
Public administration management objectives	Legal security, efficiency	Customer satisfaction, market-like resource allocation

Source: (Pierre, 1995:65)

The public value perspective sees individuals have a number of different roles with respect to public services, roles that an individual will switch between depending on the context (Chapman, 2003)<sup>15</sup>. Recipients of public goods are simultaneously clients, stakeholders and citizens, with entitlements, rather than economic ability, typically the key to receiving programme benefits (Cooper, 1993:190). Unlike the private sector market model where individuals pursue their own welfare through exchanges with others whenever trades are mutually beneficial, a democratic public sector must incorporate the collective or ‘public interest’ (Stone, 1988). Tait (1996:39) suggests, “...the true role of public servants is not only to serve ‘customers’ but also to *balance* the interests and preserve the rights of ‘citizens’.”

Applying the private sector customer service model in the public sector implicitly considers recipients as customers in an arm’s-length trading relationship (Fortier, 2003). In the private sector, in order to maximize customer satisfaction, businesses are free to provide customers with individual service and products, and often put certain customers above others (e.g., preferred customer or VIP treatment).

Contrastingly, public sector programmes generally require that eligible citizens receive the same level of service in support of democratic values (e.g., accountability, transparency, the rule of law), principles of natural justice (fairness, due process, impartiality) and horizontal equity (equal treatment of like citizens). Thus, both the means (fairness, due process, and probity) and the ends (guarding the public interest

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<sup>15</sup> Chapman (2003) uses the example of a hospital visit. If a citizen found the hospital dirty, slow and rude, the citizen is not simply a dissatisfied customer of the service; as a citizen and tax-payer they are also upset that the standard of provision is so low. But had the experience been the exact opposite – an extremely plush waiting room with free coffee, immediate service, etc. – she might also have been disturbed at the high level of service her taxes were paying for. These are quite distinct from her reactions as pure consumer.

and achieving public goods) of the public sector are distinct from those of the private sector (Dinsdale and Marson, 1999:6).

The discourse on public sector clients suggests a 'public market' for goods and services. Presumably, for those who choose to participate - and this suggests a level of choice that is frequently absent when accessing public sector programmes such as emergency health care or unemployment insurance - greater satisfaction is possible. However, Pierre (1995) argues that public markets differ from private markets in three critical respects: entrance requirements, demand structures, and the absence of pricing/cost calculations.

In the public sector, most departments operate under what Conroy (2001) refers to as a bi-polar model, with all clients served to the maximum level within the resource constraints. As well, unlike the private sector where benefits flow principally to voluntary purchasers, in the case of many public sector programmes benefits also accrue to citizens (e.g. regulatory activities), which are harder to measure (Dinsdale and Marson, 1999).

In summary, NPM's focus on clients as customers tends to overlook the complex interplay of issues within public programme goals (Pollitt, 1993a:209). The client/customer/citizen worlds are different; their values, goals, standards, and responsibilities and accountability create different spaces (Stein, 2001). While attractive, the doctrine of NPM appears to avoid the discussion of the complexity of the client relations model of public services, as well as the interplay of issues within public programme goals (Pollitt, 1993a:209). Furthermore, as executives embrace

NPM client/customer focus, it has been suggested that critical elements of public sector activity which define and legitimate government (e.g. social injustice, environment), as well as certain key high level objectives (e.g. probity, equity, transparency), may be falling by the wayside (Box, 1999).

#### **2.4.7 A ‘Canadian Model’ of public sector reform**

Turning to Canadian experience with public sector reform, it is clear that Canadian ministers and senior officials were well aware of NPM thinking from the late 1970s onward (Pollitt and Bouckaert, 2000), influenced by public sector reforms from the USA and UK (Savoie, 1994). Similar to other OECD governments, the Canadian government has adopted a range of NPM management techniques and tools including strategic planning, RBM, increased citizen focus, performance measurement, accrual accounting and performance based pay (Peters, 1993; Aucoin, 1995; Mayne, 1997:3; Auditor General of Canada, 2000b; Pollitt and Bouckaert, 2000).

A number of authors have commented upon the Canadian experience, including several international comparisons (Aucoin, 1995; Pollitt and Bouckaert, 2000; Aucoin, 2001). While Aucoin (1995) argues that up to the mid-1990s, Canadian reforms had been ‘rather timid’ in comparison with other countries, Canada was able to study and reflect on international experiences prior to engaging in widespread systematic changes (Auditor General of Canada, 2000a). The evidence from the literature confirms that Canada has embraced NPM in the last decade (post-1995).

Acknowledging that while none of its elements are unique, it has been argued that a Canadian model of NPM reform exists. Unlike the USA, which used a legislative approach, and the UK’s Parliamentary driven exercise, *Results for Canadians*,

Canada’s NPM policy agenda was internally designed and led by senior bureaucrats (Aucoin, 2001; Edwards, 2001; Green, 2002). It has been implemented “calmly, competently, without much fanfare” (Bourgon, 1998:7), and that it is sufficiently different to warrant attention as a unique contribution to NPM reform (Bourgon, 1998; Privy Council of Canada, 1998:2; Good, 2004b), although this is far from accepted (Aucoin, 2000). Table 11 below describes Canadian reform efforts to-date.

**Table 11: Evolution of Key Values in Canadian Public Administration**

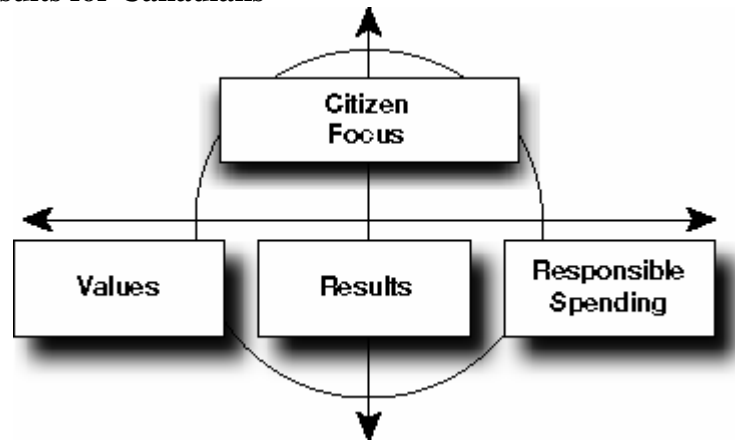
<b>Canadian version of UK Whitehall Model (1918–1967) – a Weberian Bureaucracy</b>	<b>Values Added by Amendment (1967–1999)</b>	<b>New Public Management (1967–1999)</b>
Ministerial responsibility	Public service accountability	Public service accountability
Supremacy of parliament	Increase of administrative regulation	Public service entrepreneurship, innovation
Rule of law	Charter of Rights and freedoms (1982)	Results oriented
Obedience	Collective bargaining (1967)	Client oriented
Discipline	Control, policies and regulations	Values and Ethics based Incentives
Merit	Employment equity	Personnel oriented, Flexible merit
Secrecy	Access to Information Act	Partnerships
Political neutrality	Limited political activity	Limited political activity
Seniority	Job security	Excellence

Source: (Dwivedi and Gow, 1999:163)

Canada’s NPM document *Results for Canadians* was formally launched in 2000 (Treasury Board of Canada, 2000). This document sets out the four key elements of Canadian NPM. Figure 4, below, shows these four elements.



**Figure 4: Results for Canadians**



Source: (Treasury Board of Canada, 2000:5)

Linking *Results for Canadians* and other management policies together in a cohesive package in 2003, The Treasury Board Secretariat released the revised *Management Accountability Framework* (MAF), which incorporated all executive accountabilities. This serves as the base for revisions to the annual performance appraisal system (Treasury Board of Canada, 2003c). Figure 5 separates managerial accountability into ten categories (MAF), including programme results and client satisfaction.

#### **2.4.8 Summary of Public Sector Reform in Canada**

In reviewing Canadian progress, the literature suggested that overall, public sector reform in the 1990s was limited, arguably influenced by changing priorities, frequent reorganizations and the major downsizing of the mid-1990s (Edwards, 2001; Thomas, 2004a). Similarly, the Auditor General of Canada (1993:Chapter 6) identified that early reform efforts would have benefited from a “more strategic approach to public management and public service reform.”

Savoie (2004:15) argues that sustained political leadership was lacking and Clark (2001:2) suggests that “Major public service reforms can succeed only if they are

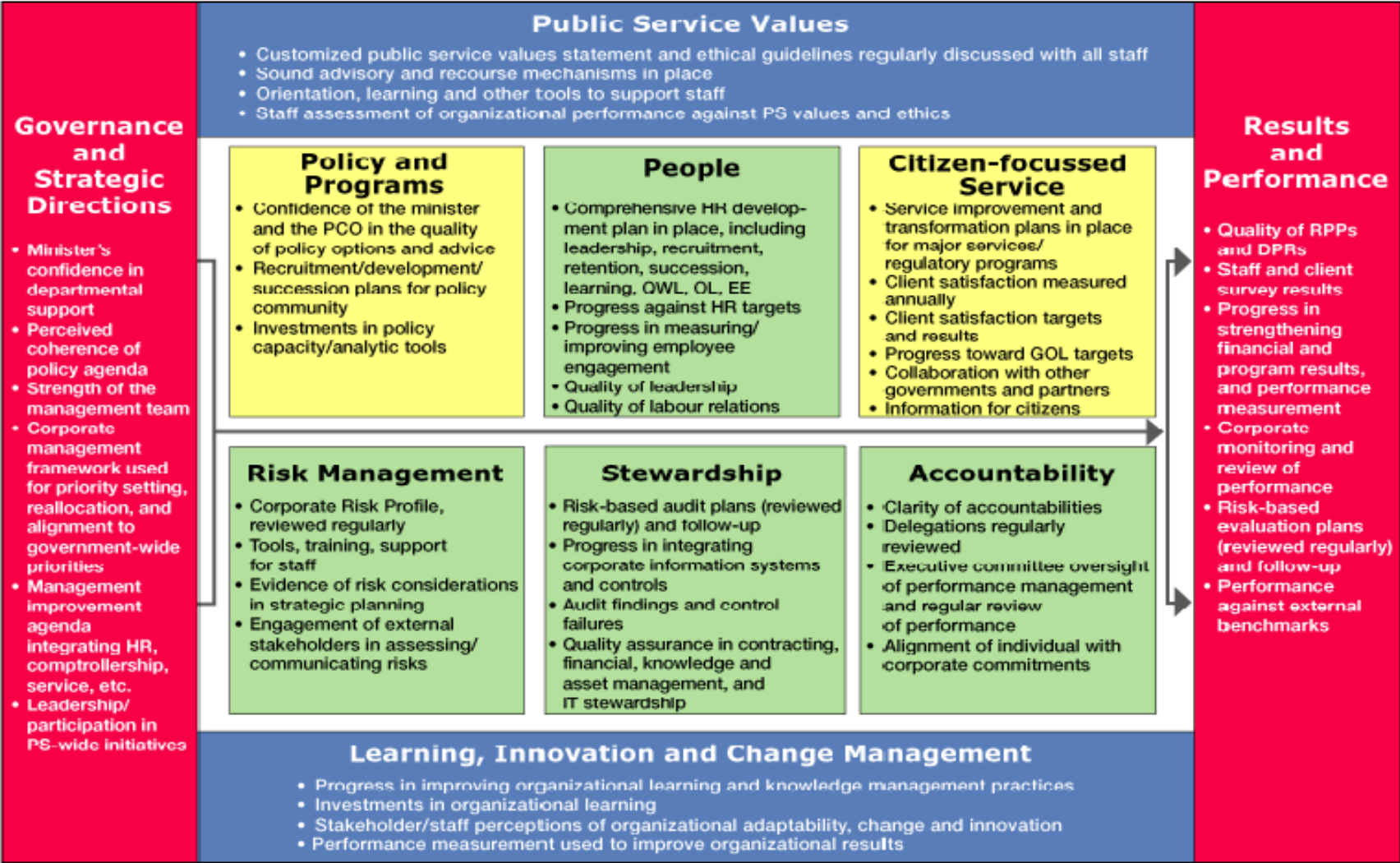
embedded in a ‘management agenda’ that is led from the political level, and that is aligned both with the government’s policy and fiscal agendas.”

A stronger political will, as demonstrated by the introduction of ‘internal management’ bills (legislation), and arguably consistent internal leadership has seen significant progress this decade in integrating NPM concepts in keys areas such as Results-based Management, Service Improvement Initiative, and accountability to the public (Treasury Board of Canada, 2003c; Aucoin and Jarvis, 2005). Continued progress in Canadian public sector reforms require that traditional values of prudence, economy and probity be balanced with themes of client focus, results and accountability (Box, 1999), a difficult task given the diverse interests of stakeholders for most government programmes.

**Table 12: Summary of Section 2.4**

<b>Topic</b>	<b>Contribution to the Research</b>
History of public sector reform	Introduce topic (Peters and Waterman, 1982; Canada, 1990; Savoie, 1994)
Declining confidence in Government	Setting the stage for more reform efforts (Johnson, 1992; Edwards, 2001)
New Public Management	Paradigm shift in philosophy of the public sector (Aucoin, 1995; Hood, 1995; Pollitt, 1995) Including limitations and critics (Hood, 1991; Pollitt and Bouckaert, 2000)
Public Value Theory	Introduction of the theoretical model (Moore, 1995)
Client/Customer Focus	Major component of NPM (Zussman, 1997; Pollitt and Bouckaert, 2000)
Canadian model of reform	Summarising a decade of NPM within a Canadian public sector context (Savoie, 2003; Good, 2004b)

Figure 5: Treasury Board of Canada, Management Accountability Framework



Source: (Treasury Board of Canada, 2003c:3)

## **2.5 Results-based Management (RBM)**

“Enhancing performance in government to move public management beyond bureaucracy and promote greater economy, efficiency and effectiveness is the bottom line of public management reform.” (Aucoin, 2001:183)

Extensive literature demonstrates that Results-based Management has emerged internationally as a key component of public sector reform (OECD, 1995; Pollitt and Bouckaert, 2000; OECD, 2002). However, the literature also notes that the essential ideas underlying Results-based Management (RBM) are not new either in theory or practice (Drucker, 1974; Neely et al., 2002). This section will introduce the topic of Results-based Management in the Canadian Public Sector, followed by sections discussing issues associated with:

- Moving from Outputs to Outcomes
- Results - who decides what they should be
- The Three E's - Economy, Efficiency and Effectiveness
- Logic Models - Tying the E's together
- Adding a 4<sup>th</sup> 'E' - Equity

### **2.5.1 RBM in the Canadian Public Sector**

Similar to other nations, Canada has intermittently experimented with RBM concepts since the late 1960s (Dewar, 2000; Savoie, 2003). However, progress has been slow. Even during the last decade, the Auditor General (2001:7) suggested, “It took much of the 1990s ... to achieve wide acceptance that managing for results is a key principle of managing in (Canadian) government.” However, by the mid-1990s, the political and operational environment in Canada had become much more hospitable, leading to

renewed interest in management reform, including Results-based Management (Lindquist, 1998b).

It could be argued that up to 2000, forty years of Canadian management reform had consistently sought to increase executive attention to programme results or outcomes. However, while the collection and reporting of programme performance data has demonstrably increased in quantity, increases in quality have been marginal (Auditor General of Canada, 2003c). Information focused mainly on broader issues, rather than on operational details (Savoie, 1999), and on activities and outputs, rather than on outcomes or impacts (Lindquist, 1998b:168,176). As the Treasury Board (2000:12) noted, "...the current state of results-based management is still a good distance from the ideal."

Nevertheless, the Auditor General (2005) does note progress in an increased focus on, and accountability for, results.

The advent of the Results-based Management Accountability Framework (RMAF), mandatory for programme funding (Treasury Board of Canada, 2002a), Management Accountability Frameworks (MAF) linked to executive performance pay (Treasury Board of Canada, 2003c), and the renewed policy on Programme Evaluation, now required every five years for all programmes (Treasury Board of Canada, 2001a), support an increased focus on Results-based Management. Nevertheless, as Gow (2004:21) notes, "While our practices may fall short of a rigorous RBM systems, we have nevertheless moved into the Result-based mode of managing, in all official

documents, and Deputy Ministers are expected to respect it under the new Management Accountability Framework.”

## **2.5.2 Moving from Outputs to Outcomes**

Historically, the public sector has focused its attention on resource inputs (budgets and spending), activities (processes) and outputs (production). The advent of Results-based Management requires that executives incorporate the monitoring of both short term impacts and longer term outcomes or results of programmes under their responsibility into the management.

Having presented a definition of Results-based Management in the Introduction Chapter, the literature suggests that Results-based Management supports three principle aspects of public sector management:

- Effective strategic management - To ensure decision makers have a range of information to consider in making decisions on future spending and priorities
- Improved management control of ongoing programme delivery, including policy adjustments
- Increased accountability for measured results and effectiveness<sup>16</sup>

(Auditor General of Canada, 1997b).

One of the key themes of NPM has been the increased attention by the public manager on outcomes. As the Treasury Board of Canada (2000:11) states, “A modern management agenda requires managers to look beyond activities and outputs to focus on actual results - the impacts and effects of their programmes.” The Treasury Board

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<sup>16</sup> Other potential uses of RBM are noted in the literature, for example, the potential of improved staff communications and greater alignment with organizational strategic goals. Executives did not advance these concepts during the research interviews.

of Canada (2002c:5) definitions of outputs and outcomes, deemed appropriate given the nature of the research under consideration, are as follows:

*“Output* - Direct products or services stemming from the activities of an organization, policy, programme or initiative, and usually within the control of the organization itself.

*Outcome* - An external consequence attributed, in part, to an organization, policy, programme or initiative. Outcomes are not within the control of a single organization, policy, programme or initiative; instead they are within the area of the organization’s influence. Outcomes are usually further qualified as immediate, intermediate, or ultimate.”

It can be argued that increased accountability for programme outcomes would logically translate into an increased need for information on programme performance and results. In addition, it can be argued that ‘managing’ for results, as compared to ‘accountability’ for results, would require timely performance information, permitting managerial (re)actions in order to influence outcomes. In either case, increased information is required. This will be further discussed in Section 2.7.

### **2.5.3 Results – Who Decides what they should be?**

Under Results-based Management, even the deceptively simple phrase – ‘hold government accountable for outcomes’ proves exceptionally difficult to operationalise (Behn, 1997). Results-based Management requires clear decisions on what results are desired (Treasury Board of Canada, 2001b), but as Wholey (1997:100) identifies, “getting a reasonable degree of consensus on key results to be achieved... can be difficult.” Legislative programme goals and objectives are frequently vague, arguably intentionally so (Good, 2004b).

As discussed earlier, citizens, clients, target population, service providers, bureaucrats, and politicians can and will desire different programme outcomes. For

politicians, in an environment where stakeholders seek competing and contradictory goals, accountability for results against general, sometimes vague, high-level objectives can be a rational choice (Good, 2004b). Often multiple programme objectives are established, the goals clearly the result of multiple, complex activities external to the programme legislation, and/or with outcomes difficult to measure and interpret (Rouse, 1993; Meyer and Gupta, 1994:313).

Similarly, for executives, this vagueness creates an environment where public servants are at best reluctant to accept accountability for results, knowing they must choose from among a continuum of outcomes, with corresponding exposure to criticism (Behn, 1998). However, it can be counter-argued that executives do gain some control in selectively reporting results achieved to Parliament and the public. Nevertheless, it can be concluded that certain RBM issues cannot be resolved without reference to the current Canadian political–public sector model (Good, 2004b).

One key aspect of public sector outcomes is that results are generally produced as a joint effort between citizens and government. For example, government alone cannot reduce drinking and driving, individual choices are critical (Kelly et al., 2002). In most areas significant gaps remain in our understanding of how to create public value through outcomes; either because of limited knowledge of causality of the outcome, or because where a reasonable sense of the causes exist, little understanding regarding the relative effectiveness of various policy levers on outcomes can be demonstrated. However, Smith (2004) notes that across a wide range of policy areas, knowledge and the corresponding sophistication of policy tools is steadily improving. Executives can be predicted to be rational in their acceptance of results they are accountable for.



Horizontal policy issues can also have a significant impact in managing for results. While public sector programmes are, with few exceptions, delivered under the authority of one government department, the complexity of policy issues generally transcend single departments. Increasingly, effective programme results require horizontal cooperation, but are constrained by vertical funding and accountability infrastructures (Treasury Board of Canada, 2000; Bakvis and Juillet, 2004). Increasing horizontality leads to greater complexity in accountability, shared performance indicators, and reporting requirements, as well as increasing the difficulty in identifying and measuring the results achieved. It was noted that efforts were underway to expand tools, framework and other managerial tools for horizontal initiatives (Treasury Board of Canada, 2002a).

Although of limited applicability, because new policies and expanded programmes are the exception rather than the norm<sup>17</sup>, citizen input into the policy process can assist in identifying desired outcomes (Treasury Board of Canada, 2000). It can be argued that citizen input has the potential to increase Public Value – Trust, although Bouckaert (2003), argues that this may be difficult to measure.

Establishing the citizens' preferences about what is valued, and to what degree, involves reasoned and deliberative processes as well as opinion polling/voting. Kelly et al. (2002:31) suggest that key issues for policy makers include:

- “Identifying whose preferences should count: current users, those who might need a service (even if they are not aware of it), future users, those who will never use it but whose political support needs to be maintained, those who have views about who else deserves a service?”

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<sup>17</sup> Most, although not all, Canadian federal programmes simply remain in effect until the enabling legislation is changed. As can be expected, a review of Canadian national budgets would reveal that the great majority of projected expenditures are for existing and ongoing programmes, with a relatively small amount targeting new or significantly expanded programmes.

- Identifying the issues on which the public will want to be involved, to obtain citizen views where important but not to be over-demanding. There is clear evidence that for certain issues there is a stronger desire among affected citizens to make their views known, especially those with a direct personal impact.
- Providing forums in which citizens/groups can learn about issues, express views, explore scenarios and seek to reach accommodations that can inform policy.
- Recognizing the limits of ‘revealed preferences’ and exploring the potential of ‘stated preference’ approaches that focus on policy trade-offs and don’t rely on cash as the only unit of comparison.”

There is some evidence that the Canadian government has directly encouraged greater citizen involvement through various mechanisms, including increased use of public surveys to gather public opinions (Savoie, 1999; Good, 2004b), efforts to increase public policy consultations (Justice Canada, 2002), development of tools to measure client satisfaction (CCMD, 1998; Schmidt and Strickland, 1998), and incorporation of the *Service Improvement Initiative* policy which commits departments to achieve a minimum of a 10 per cent increase in client satisfaction by 2005. Client satisfaction is discussed in Section 2.6.5.

One final argument concerns the lack of stability in the ‘programme environment’ when assessing results. Programmes do not operate in stable environments. Rather, changes in the internal and external environment influencing programme resources available, level of activity, and political and public attention, and even the results to be obtained, are common (Sutherland, 2003:198).

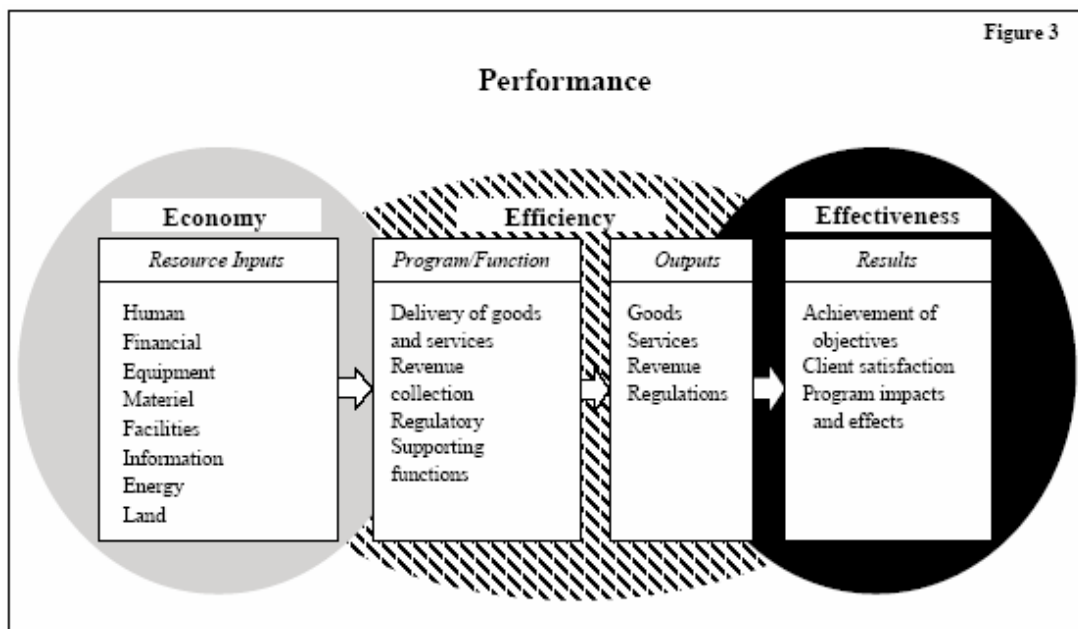
As a next step in examining the literature underpinning this research, the chapter will now consider the broad parameters and frameworks adopted in actually measuring results.

## 2.5.4 The Three E's – Economy, Efficiency and Effectiveness

One widely used model of assessing public sector programmes is measuring and analysing programme costs, efficiency and effectiveness. The literature on these three 'E's' is extensive, especially within evaluation and audit functions, with several academic journals addressing their role. Within the Canadian public sector, the Auditor General of Canada (2003a:119) defines economy, efficiency and effectiveness, and their interaction, as follows:

- “*Economy* - getting the right amount of resources, at the right quality, at the right time and place, at the lowest cost. The latter has long been the focus of many of the rules and regulations in areas such as contracting and HR to manage costs.
- *Efficiency* - the minimum resource inputs to achieve a given quantity and quality of output. An efficient operation either produces the maximum quantity of output of a given quality for any given resource inputs, or uses minimum inputs to produce a given quantity and quality of output
- *Effectiveness* refers to the extent to which the outcomes of an activity match the objective or the intended effects of that activity.”

**Figure 6: The Interrelation of Economy, Efficiency and Effectiveness**



Source: (Auditor General of Canada, 1995:5)

Historically, stewardship - the prudent management of entrusted resources – has been an enduring public sector value. Savoie (2003) suggests that the bureaucratic management model has a long tradition of managing ‘economic’ aspects of programmes through rules, regulations and policies which ensure consistency in acquiring and using resources, people or goods (Stein, 2001). Effective and economic management of resources remains a key element within the Management Accountability Framework (Treasury Board of Canada, 2003c).

Assessing efficiency requires the measurement of the transformation process, turning input resources into a product or service. Efficiency can be measured in two broad ways: Allocative – ‘Are we doing the right things?’ - which is an inherently political question; and Technical - ‘Are we doing them in the right way?’

The latter can be achieved in two ways, producing outputs at the lowest cost, or more often in a public service context, maximizing benefits from relatively fixed inputs. However, unlike economic aspects, simple measures of efficiency generally require external, measurable standard(s), for example, how many units are produced per worker, per day (Stein, 2001), leaving efficiency open to conflicting interpretations on the suitable comparison measures (Stone, 1988). Furthermore, as Stein (2001:6) notes, “Efficiency is not an end, but a means to achieving valued ends. It is not a goal, but an instrument to achieve other goals; it is not a value, but a way to achieve other values.”

While the general public seems to have a fairly clear idea of what economical and efficient programme delivery represents to them, at least in a private sector context,

these two values are often far from clear to public servants who get conflicting signals about their meaning and relative importance. Johnson's (1963) warnings of the inherent conflict between the values of 'administrative efficiency' and 'service efficiency' while dated, remain true today, with public servants called not simply to account for technical efficiency but also to operate within a context of public sector values, culture and client satisfaction.

Effectiveness, the third 'E', is a complex concept, with no overall agreement on what the term means in the public sector literature, nor in practice. While a tautology, measuring programme effectiveness first requires clearly identifying programme objectives, and clarifying contradictions, as well as identifying which aspect of the programme is under examination: management effectiveness, operational effectiveness, programme effectiveness or organizational effectiveness. Furthermore, effectiveness is highly dependant on who is considering it (CCAF-FCVI, 1987:18).

Similarly, Aucoin (2000:14) argues that in a public service context, effectiveness can amount to no more than assessing the technical dimensions of quality service delivery, as the broad parameters of what is to be done are primarily determined by the political leadership. For example, measuring the efficiency of health care is of limited value without considering its' effectiveness (Stein, 2001:172). In this context, efficiency is little more than a measure of labour productivity, while effectiveness is a reflection of impact against stated objectives (Kernaghan and Langford, 1990; Dewar, 2000).

Programme executives must find ways to balance effectiveness, economy and efficiency (CCAF-FCVI, 1987; Auditor General of Canada, 1995; Flynn, 1997:171). A failure to manage all three will be considered a failure by politicians and/or citizens. This is difficult, and can also lead to unintended consequences. For example, within certain programmes efficiency measures represent the average cost of processing a given output heedless of any value to the public. In these circumstances it's possible for measures of efficiency to improve without there being a concomitant improvement in the service experienced by the user, for example reducing customer contact time may increase efficiency (measurement issues are discussed in Section 2.6.2). Improvements in efficiency in this narrow sense can be argued to even decrease Public Value (Kelly et al., 2002).

In order to provide an information base to assess progress required by these three Es, Canadian central agencies have mandated the use of Logic Models and identification of a performance measurement system based on the programme's logic model (Treasury Board of Canada, 2002a), required by the programme budget process. Given its mandatory use, as well as potential benefit as an information source for executives, Logic Models are briefly examined in the following section.

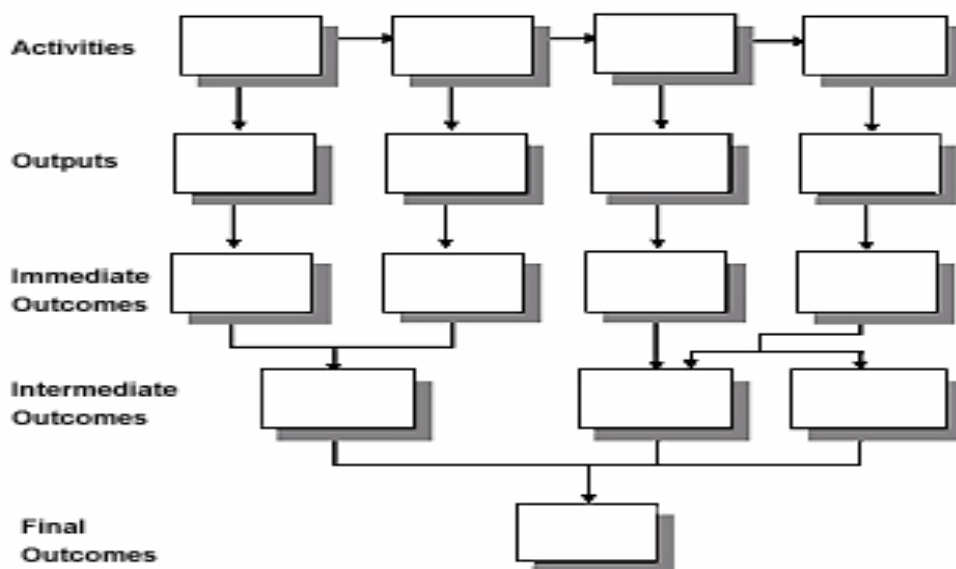
### **2.5.5 Logic Models – Tying the E's together**

Logic Models, historically linked with the evaluation function in both private and public sectors, support a greater understanding of the implicit programme theory and assumptions by defining the relationship between programme resources, activities and processes, and outputs and outcomes (Wholey, 1983; Wholey et al., 1994; Kellogg Foundation, 1998; Auditor General of Canada, 2000a; Treasury Board of Canada,

2002a). The use of Logic Models is considered especially suitable for complex initiatives with intangible outcomes, as well as for programmes which require a long duration of time to achieve desired results (Kellogg Foundation, 2003). Logic models are also practical tools for managing for performance (Millar et al., 2001:79). A sample Logic Model is shown in Figure 7.

Results-based Management implicitly requires that programme managers and executives be aware of how programme inputs, activities and outputs transform or influence programme outcomes. Brown (1996) argues that each stage of the Logic Model is the driver of the subsequent stage and therefore must have associated performance metrics to manage for achievement of strategic objectives. To that end, it becomes critical not just to know how these casual links contribute, but also to consider the best or optimum method of attaining these results.

**Figure 7: Sample Logic Model**



Source: (Treasury Board of Canada, 2002a)

Three limitations of Logic Models are noted. The first limitation is that logic models can only reflect the collective expectations of the participants developing the model. In the Canadian context, Logic Models are required to acquire new programme funding, and are thus based on the expected relationships, not on an observed reality. The second limitation notes that the attribution of programme activities and outputs in achieving programme outcomes may be limited. As Mayne (2001:10) states; “Causal forces such as programmes are rarely necessary conditions due to the multiplicity of ways of achieving a policy objective, and they are almost never sufficient conditions since certain contextual or environmental conditions are typically vital to a given programme’s success. Here, causality is seen more as a contributing factor.” A third limitation is that Logic Models inherently limit themselves to aspects of the programme under full or partial control of managers, and tend not to fully incorporate ‘external factors’ (Millar et al., 2001:80).

#### **2.5.6 Adding a 4<sup>th</sup> ‘E’ – Equity**

Before turning to the Canadian experience in integrating RBM into its operating culture, the section will briefly touch on the fourth ‘E’ - equity<sup>18</sup>. In this context, equity can be defined as the consistent availability of a programme to eligible Canadians. It usually implies some combination of common goals, equal opportunity, equal access, equivalent treatment, and absence of arbitrariness and discrimination.

Equity is a key requirement for most public sector programmes. This can be contrasted with the private sector where individual differences (i.e. market segmentation) are exploited and frequently paramount (Montricher, 1998:117).

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<sup>18</sup> Some authors use the term equality rather than equity. For simplicity, this thesis will use the term equity intending that this term capture the concept of programme access.



While a relatively simple concept, applying the principle of equity requires resolving or balancing a number of conflicting goals and issues. Table 13 describes certain difficulties and trade-offs involved in integrating equity into programme delivery and assessments.

**Table 13: Concepts of Equity**

<b>Dimension</b>	<b>Issues</b>	<b>Dilemma</b>
Recipients	Membership	Definition of pool of potential benefactors
	Rank-based distribution	Unequal benefits based on defined criteria – horizontal and vertical equality
	Group based distribution	Benefits distributed at the group, not individual level (ex. Affirmative action)
Item	Boundaries of the item	Consideration of item within a larger context
	Value of the item	Define item in terms of its value to the individual
Process	Competition	Opportunity as starting resources
	Lottery	Opportunity as statistical chance
	Voting	Opportunity as political participation

Source: (Aaron and Lougy, 1986:9), as quoted in (Stone, 1988:33)

A distinction is often made between ‘horizontal’ and ‘vertical’ equity. Horizontal equity refers to ‘equal treatment of equals,’ while vertical equity is often defined as ‘the appropriately differential treatment of unequals.’ For example, in the Canadian tax system, people in the same circumstances with the same income should pay the same taxes. However, lower income is taxed at a lower marginal rate; higher income, higher marginal tax rates. How to objectively measure what constitutes ‘equals,’ and what is the appropriate differential between ‘unequals,’ can obviously become complex and contentious (Robinson, 2004).

In summary, ensuring that citizens are treated fairly, equally, and deliberately by government requires that key public sector values of equity, fairness and due process be balanced with competing values of economy and efficiency. It has been argued

that a trade-off exists between efficiency and equity (Okun, 1975; Stone, 1988).

However, this fact is frequently overlooked in discussing NPM's adoption of private sector methods into the public sector (Savoie, 1995:323).

### **2.5.7 Summary RBM**

It can be concluded that the literature demonstrates that Results-based Management within the public sector continues to be an elusive goal. While intuitively desirable, RBM frequently proves to be a contested area with stakeholders holding significantly different and potentially conflicting positions. In addition, Results-based Management's call for the establishment of performance targets serves to downplay the inherent differences between public and private sector organizations noted in Section 2.3 (Pollitt and Bouckaert, 2000; Hood, 1998), differences which may prove difficult to overcome.

Similarly, public sector programme objectives are rarely clear or consensual, often having multiple and complex outcomes which are difficult to measure (Rouse, 1993), with limited performance information available (Meyer and Gupta, 1994:313). As well, the effect of programme activities can extend well beyond the immediate 'client' or programme recipient (Smith, 1995).

As a result, the systematic assessment and understanding of ultimate outcomes of government programmes and services is, according to Pollitt and Bouckaert (2000:131), both sparse and ambiguous. They suggest that "most governments do not seem to have looked very hard for this type of information, but partly also because such information is difficult and expensive to collect, and then hard to interpret." Nevertheless, sustained pressure by central agencies in support of continued

integration of RBM into programme life-cycle and Results-based Management has been noted.

The initial introduction of RBM, it is argued, attempts to transpose the private sector results agenda onto the public sector (Box, 1999). However, the literature suggests that Results-based Management techniques and tools need to be adapted, not adopted for the public sector as public management theory incorporates key elements, such as political stakeholders with high risk avoidance, not found in the private sector.

Although academic criticism is noted, there is recognition that public sector progress has been made in this most difficult area (Pollitt, 1995; Aucoin, 2001; Auditor General of Canada, 2003c). It should be noted that within the literature review, no studies were identified which explored the advent of Results-based Management in Canada from the perspective of executive, or individual public servants. This research will attempt to bridge this absence, or gap, in the literature.

**Table 14: Summary of Section 2.5**

<b>Topic</b>	<b>Contribution to the Research</b>
Results-based Management	Introducing the topic (Drucker, 1964; Pollitt, 1995; Neely, 1998; Aucoin, 2001) Outputs and Outcomes (Auditor General of Canada, 1993; Kellogg Foundation, 2003)
Defining Desired Results	Who decides what they should be (Wholey and Aristiguesta, 1999; OECD, 2002; Smith, 2004)
Economy, Efficiency, Effectiveness and Equity	Measuring results at different levels reveals some of the conflicting goals and objectives of RBM (Auditor General of Canada, 1997a; Stein, 2001)
RBM in Canadian public sector	Assessing the impact within the Canadian public sector (Aucoin, 1995; Good, 2004b; Savoie, 2004)

The next section will address the literature on available tools and frameworks to assist executives in assessing programme outcomes, developing the capacity for Results-based Management.

## **2.6 Assessing Performance under RBM**

“If public servants are to become good managers, focused on the results they are trying to achieve rather than the procedures they follow, they must have reliable information on the performance being achieved” (Mayne and Zapico-Goni, 1997:11).

Governments have long collected information about their own performance and about their impacts on society, although a healthy scepticism has always surrounded such data (Sims, 2001). Performance information, often anecdote-based and intermittent, has always been used by public sector managers to assess programme effectiveness and then as the basis to improve and expand those programmes (Dewar, 2000). The capacity to measure and evaluate results is considered a prerequisite for assessing the outcomes of programmes, services and policies, and increased accountability to Parliament and Canadians (Treasury Board of Canada, 2000). While not always successful for reasons described below, there is a clear international trend towards greater use of measurement in the public sector to determine empirically the results of government activities (OECD, 1994; Wholey, 1997; Kettl, 2000; Mayne, 2003b).

The following section will introduce and define performance measurement, followed by sections on:

- Performance measurement in the public sector
- Unintended consequences of measuring performance
- Measuring Public Value

- Results-for Whom? Measuring Client Satisfaction.

As noted in the Introduction Chapter, while performance management may be undertaken at three distinct levels: the organization as an entity, the programme level, and for the individual (Rummler and Brache, 1990; Dewar, 2000; Propper and Wilson, 2003), the focus of this research is at the programme level.

### **2.6.1 Defining Performance Measurement**

The old adage, ‘You cannot manage what you cannot measure’ reflects the underlying belief that information, in whatever form, is required for effective decision-making.

Drucker makes two basic assertions about performance measurement. First, that there are few factors as important as measurement for an organization, and second, that measurement has historically been the weakest area in management (Lynch and Cross, 1991:4).

Performance measurement could be defined as the regular generation, collection, analysis, reporting and utilization of a wide range of data, qualitative and quantitative, related to programme management and results. Simons (1995:5) offers one definition as follows:

- “Performance measurement and control systems are used to convey data and information that can influence decision making and managerial action;
- The systems represent formal routines and procedures. The gathering of the relevant information is structured, ongoing routinized operation of the organization – not the result of chance or intermittent activities;
- The systems are designed to be used by managers; and
- Managers used the systems to maintain or alter patterns in organizational behaviour.”

Developing a performance measurement system can assist owners and managers in improving their understanding and corresponding organizational decision making.

Using a Logic Model approach, such information would be sought for programme inputs, processes, outputs and outcomes (Thomas, 2004b).

## **2.6.2 Performance Measurement in the Public Sector**

Performance Management frameworks and systems continue to be integrated into theories on public administration, where new paradigms of doing business under NPM - partnerships, outsourcing, horizontal policies, must be balanced with an increased requirement for accountability, including results and outcomes (Osbourne and Gaebler, 1993; Aucoin and Savoie, 1995; Peters and Savoie, 1995; Pollitt and Bouckaert, 2000; Thomas, 2004b).

Performance Management can be defined as the use of performance information, together with management tools such as strategic planning, budgeting, policy/programme evaluations, organization reviews and personnel appraisals in achieving public value (Thomas, 2005). The literature review revealed that a number of common Performance Management frameworks have emerged, including the Balanced Scorecard (Kaplan and Norton, 1996; Olve et al., 1997; Kaplan and Norton, 2001), Performance Prism (Neely and Adams, 2001; Neely et al., 2002) and Logic Models (Millar et al., 2001; Kellogg Foundation, 2003).

The adoption of performance management by executives is believed to be central to the shift from 'Administrator' to 'Managerialism' models required in achieving a Results-based Management culture (Pollitt, 1993a), with authors arguing that the effective monitoring of performance is critical to overall success in public sector reform (Pollitt, 1995; Mayne, 1997). However, Townley (2002) suggests that this

performance management has acquired the status of rationalized, institutionalized myth.

As in the private sector, the public sector literature demonstrates that governments worldwide are exploring the use of Performance Management systems or frameworks in management operations (Pollitt and Bouckaert, 2000; Propper and Wilson, 2003). Similarly, Canada began to integrate these concepts into their public sector during the 1990s.

Examining the question of measuring performance from the public sector managers'/executives' perspective, it can be argued that performance measurement's ultimate goal is to improve performance (Behn, 2003). This goal can be sub-divided into activities designed to improve management planning and control, and those affecting accountability (Neely, 1998). The latter support increased reporting of programme results, while the former "is also an invaluable tool for departments to demonstrate that they have learned from their shortcomings and challenges, and that they are using this information to improve their future performance" (Auditor General of Canada, 2003c:13). The key difference between these two goals is in the timing and frequency of information gathering.

Behn (2003), focusing on the public sector managers' perspective, identifies eight key potential objectives of performance management, which are reported in Table 15.

**Table 15: Public Managers’ Purposes in Measuring Performance**

Purpose	Responding to this Question...
Evaluate	How well is my department/branch/directorate/programme performing?
Control	How can I ensure that my subordinates are doing the right thing?
Budget	On what programmes, people, or projects should funds be spent?
Motivate	How can I motivate staff, stakeholders and citizens to do the things necessary to improve performance?
Promote	How can I convince political superiors, legislators, stakeholders, media and citizens that my programme is doing a good job?
Celebrate	What accomplishments are worthy of the important organizational ritual of celebrating success?
Learn	What is working, not working?
Improve	What exactly should be done differently to improve performance?

Source: (Behn, 2003:588)

Public sector performance management systems and frameworks, theory suggests, lead to improved decision-making and management of resources (Treasury Board of Canada, 1998; Pollitt and Bouckaert, 2000; Treasury Board of Canada, 2000).

However, many obstacles exist to its implementation. Thomas (2005) provides one categorization of management and measurement limitations under four headings: technical, financial, institutional and political, as summarized in Table 16.

**Table 16: Limitations to implementing Performance Measurement Systems**

Limitation	Contribution to the Research
Technical	<ul style="list-style-type: none"> <li>▪ Noting significant headway in the ‘science’ of measurement, difficulties remain in attribution, especially societal outcomes</li> <li>▪ Difficulties in identifying ‘SMART’ performance measures (Specific, Measurable, Attributable, Reliable, Timely)</li> <li>▪ Lack of agreement over desired results/differing perspectives</li> <li>▪ Loss of clarity from aggregating data to avoid information overload</li> </ul>
Financial	<ul style="list-style-type: none"> <li>▪ Acquiring comprehensive, valid and consistent performance information is costly</li> <li>▪ Measuring what is easily measurable rather than what is truly important</li> </ul>
Institutional	<ul style="list-style-type: none"> <li>▪ Administrative and technological capability to gather data</li> <li>▪ Employee skills required to analyze performance information</li> <li>▪ Leadership – Ministerial and Deputy Minister levels</li> <li>▪ Impact of negative/poor results on political, public opinion and budgets</li> </ul>
Political	<ul style="list-style-type: none"> <li>▪ Need to balance the competing interests and values within society</li> <li>▪ Requirement to consider public perspectives into performance process</li> <li>▪ Adversarial political culture</li> </ul>

Source: (Thomas, 2005:20)



While performance information can inform and guide decision making and accountability, managerial judgement in interpreting the results and choosing what to report is required (Steward and Walsh, 1994; Mayne and Zapico-Goni, 1997:17). Steward and Walsh (1994:46) reached the same direct conclusion “Performance assessment is .... not a matter of performance measures, but a matter of judgement which can be informed by performance measures but which can never be determined by them.” Similarly, while a tautology, performance measurement cannot assist managers and politicians in identifying what should be done, or how to do it, only the results of previous decisions (Townley, 2001).

Collecting and assessing such performance indicators support, theory suggests, improved decision-making and policy adjustments designed to improved strategic performance (Mayne, 2001). However, Pollitt and Bouchaert (2000:131) find that most governments have made little progress in acquiring this type of information, suggesting that it is very difficult and expensive to collect, and then hard to interpret. This experience is mirrored in Canada, which has three decades of intermittent focus on formal and routine performance management techniques including evaluation, Management by Objectives (MBO) , Zero Based Budgeting (ZBB) and others (Johnson, 1992).

### **2.6.3 Unintended Consequences of Measuring Performance**

Kerr’s (1975) classic article “On the Folly of Rewarding A, While Hoping for B” remains as true today as when it was originally penned. Kerr emphasizes four causes or follies fascination with an ‘objective’ criterion, overemphasize on highly visible behaviours, hypocrisy, and equity rather than efficiency.

As soon as performance indicators are used as a means of control, people begin to manage the measures rather than the performance (Neely, 1998). Meyer and Gupta (1994) refer to this phenomenon as the ‘performance paradox.’ Their research shows that all measures lose their variability – they ‘wear out’ and lose ability to discriminate good from bad performance. One positive underlying cause for this gradual lack of variability can be associated with learning from poor results and adjusting to improve performance. Unfortunately, it can also be associated with excessive gaming and manipulation over time and suppression of poor outcomes (Meyer and Gupta, 1994:310). As Stone (1988) suggests, even if no one actually falsifies the numbers, people change their behaviour in such a way that the results are actually different from what they would have been without the measure. Thus, organizations must continue to keep their performance measures and performance targets current; the measures themselves must evolve over time (Neely et al., 2002:70).

Smith (1995) states that the implementation of performance systems in most organizations, including the public sector will have unintended and dysfunctional consequences. Smith identifies eight such consequences, summarized in Table 17, below, and links these consequences to a lack of congruence between the goals of the agent and the actual goals of the principal.

**Table 17: Unintended Consequences of Public Sector Performance Reporting**

Unintended consequence	Cause	Description
Tunnel vision	Divergence between organizational objectives and measurement scheme	<ul style="list-style-type: none"> <li>▪ Tendency to measure what is easy to measure, at the expense of harder to measure tasks</li> <li>▪ Overemphasize on the indicators actually measured at the expense of other equally important performance indicators. Especially significant because many public sector objectives defy adequate quantification.</li> </ul>
Sub-optimization		<ul style="list-style-type: none"> <li>▪ Focus on performance goals of individual, team or unit, at the expense of departmental or organizational goals.</li> </ul>
Myopia		<ul style="list-style-type: none"> <li>▪ Major public sector objectives occur over long/ very long spans of time horizons (e.g. health outcomes). This can lead to pursuit of short term targets at the expense of longer term objectives</li> <li>▪ Effect can be exacerbated by employee's career perspectives.</li> </ul>
Measure fixation	Inability to measure complex phenomena with precision	<ul style="list-style-type: none"> <li>▪ Difficulty to establish performance measures which capture all dimensions of the objectives, an emphasis on measures of success over achieving underlying objectives.</li> </ul>
Misrepresentation		<ul style="list-style-type: none"> <li>▪ Manipulation of data to show performance in its most advantageous manner, from 'creative' reporting to fraud.</li> </ul>
Misinterpretation	Difficulty of analysing performance data	<ul style="list-style-type: none"> <li>▪ Complexity of public sector objectives and impact of external environment in achieving performance targets, coupled with the lack of comparability to similar organizations can lead to a failure to contextualise the performance information.</li> </ul>
Gaming		<ul style="list-style-type: none"> <li>▪ Managers may choose to forfeit short term performance incentives in order to keep future performance improvement expectations modest.</li> </ul>
Ossification	Inability to respond to new circumstances	<ul style="list-style-type: none"> <li>▪ Organizational paralysis encouraged by a bureaucratic entrenchment in a rigid system of performance evaluation.</li> </ul>

Source: (Smith, 1995)

To be most effective, performance management systems (i.e. the organizational structures and procedures used to collect, report, and use performance information) must be formalized in such a way that performance management activities are widespread, routine, and ongoing (Johnsen, 2000).

#### **2.6.4 Measuring Public Value**

As noted in Section 2.3.1, in the private sector, value is primarily assessed through financial indicators. Private value is created when services and products produced meet individual customer preferences. The marketplace provides signals through pricing levels and sales, leading in turn to profit indicators of the firm (Kelly et al., 2002).

In practice, the mechanics of defining and measuring private sector value are rarely straightforward. While a long history of innovation in accounting techniques is documented and a sophisticated set of techniques to measure and manage private sector value creation has emerged, Moore (1995) argues that these cannot be simply adapted to capture public value creation. Interestingly, Moore also notes that the private sector is increasingly under pressure to consider public value in their operations (e.g. environmental protection and community participation).

Moving from a conceptual theory of Public Value to practical implementation requires that executives identify and acquire performance information in order to monitor, assess progress, and report on drivers of public value. Moore (2003) argues that non-financial measures, processes, as well as outcome measures must all be part of an effective measurement strategy and suggests using the 'Public Value Scorecard' to address these information requirements.

Within the public sector, for a product or service to create value it is not sufficient for citizens to state that it is desirable, especially given the 'free' nature of many public service programmes. It is only of value if citizens, either individually or collectively,

are willing to give something up in return for it. Sacrifices are not only made in monetary terms (i.e. taxes/fees), they can also involve granting coercive powers to the state (e.g. in return for security), disclosing private information, giving time (e.g. volunteer) or other personal resources (e.g. donating blood). The idea of opportunity cost is therefore central to public value; if it is claimed that citizens would like government to produce something, but they are not willing to give anything up in return, then it is doubtful that the activity in question will genuinely create value (Kelly et al., 2002).

In summary, the concept of public value provides an alternative theory for measuring public sector performance, makes decisions about allocating resources and select appropriate systems of delivery (Moore, 1995; 2004).

### **2.6.5 Results for Whom? Measuring Client Satisfaction**

Within the Service aspect of Public Value theory, Moore (1995) argues that it is not sufficient for executives to passively respond to public preferences, but rather, they should consider the role of service delivery in creating public value. It is argued that actively seeking out client and citizen satisfaction provides an ideal opportunity to interact with direct programme benefactors, stakeholders, and citizens in general to gauge satisfaction levels. This increases executive understanding of programme successes and pitfalls, increases public trust, and builds sustainable and legitimate support for programmes.

While both public and private sectors have clients, public sector programmes generally seek different ends (e.g. creating public value) through different means (e.g. equity and due process) than profit-seeking private sector services do (Dinsdale and

Marson, 1999). While many public sector programmes benefit Canadians directly, other programmes may require Canadians to ‘sacrifice’ to a higher public good (e.g. taxation, gun control in Canada), may offer benefits under difficult circumstances (e.g. health, unemployment, prisons), or for which client may have unrealistic expectations and limited knowledge (Sims, 2001). Thus, measuring client satisfaction is not suitable for all programmes. Nevertheless, Conroy (2001) argues that where suitable, and while significant challenges exist, valid and reliable measures of client satisfaction are both highly desirable and useful.

In fact, a key element of Canada’s NPM reforms, “Results for Canadians” is the theme of Citizen Focus (Figure 4: Results for Canadians, page 68) which commits the government to designing, funding and delivering its programs and services, and assessing their results, from the perspective of the citizen and clients. As the Treasury Board of Canada (2000:7) states:

- “Ensuring fairness, equity and reasonableness of treatment to protect the broad interests of citizens; and
- Providing effective and responsive service to clients – those who benefit from a Government of Canada initiative, whatever it may be”.

It could be argued to be self-evident that assessing client results implicitly requires data and an impartial system to collect this data, in order to perform an analysis of satisfaction levels. While negative feedback may be monitored through complaints and levels of appeals, and periodic evaluations will gather information on longer term programme effectiveness, Dinsdale and Marston (2000) suggest that client surveys form a key element of programme improvements through: identifying drivers of satisfaction/dissatisfaction, determining citizens’ and clients’ priorities for improvement, developing service standards, and, consulting internal clients.

In client satisfaction surveys, a direct causal relation is presupposed between the quality of a certain service delivery and user satisfaction. In Public Value theory, if service quality increases, satisfaction is assumed to increase as well. In reality, however, the interaction of expectations, service aspects, and the relative importance of these aspects may not necessarily lead to better evaluations by citizens when service improves because their expectations change as well. At a minimum, a single client satisfaction indicator will not be sufficient (Bouckaert and Van de Walle, 2003).

The Canadian government has developed and made available clients survey tools, such as the *Common Measurement Tool* (Schmidt and Strickland, 1998), as have other international governments (Bouckaert and Van de Walle, 2003). While client satisfaction surveys are officially supported by government policy (Treasury Board of Canada, 2002a), no evaluations, internal assessments nor academic literature was located on their use in Canada.

Canadian research has identified five 'drivers' of client service which account for over 70 per cent of the variation in clients' service quality ratings: timeliness, knowledge/competence of staff, courtesy, fairness, and outcomes. When all five drivers were rated highly (4 or 5 out of 5), the overall satisfaction rating was 85 per cent. If only one of the five drivers was rated low, the overall satisfaction rating dropped 25 points to 60 per cent (CCMD, 2000).

Thus, the Canadian public service already has an empirical basis for, and the necessary templates and tools supporting the use of client surveys.

Interestingly, and contrary to popular belief, the CCMD studies (CCMD, 1998; 2000) showed that while Canadian citizens were generally cynical regarding government service as a whole, their personal experience in receiving specific public services and programmes was rated as equal to or higher than their experience with private sector services (CCMD, 1998; Dwivedi and Gow, 1999). Interestingly, this survey also found that citizens acknowledged that the increased number of goals results in a public sector is harder to manage (CCMD, 2000). These findings were also confirmed internationally in both UK and US research (Miller and Miller, 1991).

The literature confirms certain inherent limitations and constraints when conducting client surveys (Communications Canada, 2002). Issues include that most client survey data could be made available to the general public upon request under Access to Information Legislation (commonly referred to as ‘management in a glass bubble’), general lack of managerial experience, and that client responses may lack objectivity, reflecting the power imbalance and a citizens’ reluctance to criticise providers when needing assistance (Personal Discussions, 2003). Dinsdale and Marson (1999) suggest that this limited take-up of client satisfaction measures may be influenced by the risk adverse culture of the public sector.

In summary, while acknowledging that client and citizen satisfaction monitoring is not suitable for every area of public sector activity, with few exceptions, acquiring data on programme delivery can be argued to enhance overall managerial capacity. And, as noted earlier, the literature also suggests that the act of consulting itself contributes to Public Value creation.



### **2.6.6 Summary – Assessing Performance**

The literature suggests that measuring public sector performance is often difficult. It can be argued that many public sector activities are in the public sector precisely because of these measurement problems; if the benefits were clear and measurable they would be in the private sector (Mintzberg, 1996:79). As a result, a tendency to select programme indicators which are readily measurable, often at the output rather than outcome level, is noted (Auditor General of Canada, 2003c). Unfortunately, as Townley (2001:305) identifies, “because something is easily demonstrated and measured, it rarely captures what is considered to be important in the organization.”

Noting that a good performance measurement framework will not itself sustain RBM, it is acknowledged to be an essential element for success in public sector reform (OECD, 1995; Pollitt, 1995; Mayne and Zapico-Goni, 1997). However, unlike the private sector, there is an absence of standardized, common, and accepted criteria to assess the effectiveness, efficiency and equity of programmes in the public sector (Savoie, 1994).

The federal government, led by the Treasury Board, has since the late 1960s advanced numerous initiatives on performance measurement and management for results. Current initiatives, including business planning and Estimates reform, “Results for Canadians”, and Management Accountability Frameworks continue to support these goals (Treasury Board of Canada policies).

Existing public sector theories discussed in Section 2.3.3, suggest that especially when lacking clear objectives, measures would be ‘gamed’ (Smith, 1995; Propper and

Wilson, 2003). It can be argued that under such circumstances, executives will rationally select performance indicators that maximize utility or benefits for the programme or individual level. The literature contains many cases of such distorted measures, as well as unexpected consequences in measuring performance. This suggests that common tools and frameworks should be provided by the ‘central agencies’ to reduce this type of behaviour.

As Steward and Walsh (1994:45) conclude, “The dilemma of performance management in the public domain therefore is to secure effective performance when the meaning to be given to it can never be completely defined, and the criteria by which it is judged can never be finally established.” Similar to other national governments, implementing Performance Management in Canada has not proven simple (Aucoin, 2000; Auditor General of Canada, 2001; OECD, 2002). This thesis will explore, from the perspective of Canadian executives, the validity and usefulness of performance measurement in managing for results.

**Table 18: Summary of Section 2.6**

<b>Topic</b>	<b>Contribution to the Research</b>
Measuring Performance	Introducing the topic (Drucker, 1974; Kaplan and Norton, 1996; Wholey, 1997)
Public Sector Measurement	Applying this concept within the public sector (Osbourne and Gaebler, 1993; Pollitt, 1995) Including unintended consequences (gaming, dysfunctional behaviour, etc) (Kerr, 1975; Smith, 1995)
Measuring Public Value	Linking the Public Value theory to RBM (Moore, 1995; Kelly et al., 2002)
Client Satisfaction	Role of clients/ customer in assessing results (Dinsdale and Marson, 1999; CCMD, 2000)

## **2.7 Accountability**

This section will discuss the literature on public sector accountability, especially the impacts of RBM. Of particular interest to this thesis, the critical role of public reporting will also be discussed. The following topics will be addressed:

- Public Sector Accountability
- Accountability under Results-based Management
- Telling the Story – Public sector Reporting in Canada
- Performance Reporting – An Under-utilization Problem
- Executive Accountability – or the Risk/Reward Dilemma

The concept of accountability has long been associated with the process or action of being called to account for one's actions. Accountability must be to an external body with sufficient 'right of authority' to call for the accounting and to potentially impose sanctions (Mulgan, 2000:560). Accountability can take many forms. Romzek and Dubnick (1987) divide accountability along four dimensions as noted in Table 19, below. Other models do exist. Day and Klein (1987) divide accountability into three forms: political, managerial and moral, while Stoker (2003:14) focuses on efficiency accountability (value for money) and programme accountability (achievement of desired outcomes).

**Table 19: Types of Accountability**

	High degree of Control	Low degree of Control
Internal	Bureaucratic Accountability <ul style="list-style-type: none"><li>- Resource stewardship</li><li>- Process execution</li><li>- Direct supervision and organizational directives</li></ul>	Professional accountability <ul style="list-style-type: none"><li>- Deference to expertise of peers or work group, professional standards</li><li>- Public servant values and ethics</li></ul>
External	Legal accountability <ul style="list-style-type: none"><li>- Contracts, Acts, Regulations</li><li>- Courts of law, Parliament</li></ul>	Political Accountability <ul style="list-style-type: none"><li>- Responsiveness to elected official, owners, clients or customers</li><li>- Accountability to Citizens/Public</li></ul>

Sources: (Romzek and Dubnick, 1987; Glynn and Murphy, 1996)

### **2.7.1 Public Sector Accountability**

From the earliest forms of government, tribal chiefs and kings, to governments' exponential growth during the twentieth century (Normanton, 1966:409), accountability of the public sector is a topic of long standing interest within democratic societies (Wilson, 1885). It can be argued that historically, public sector accountability has served two key principles: to control for the abuses and misuse of public authority (i.e. corruption, waste and incompetence), and to provide assurance to citizens that expenditures adhere to both law and public service values (Aucoin and Heintzman, 2000). In Westminster democracies, including Canada, accountability is widely considered to be a cornerstone of democratic values, providing countervailing power to governments (CCAF-FCVI, 1996:44).

Public Sector accountability is the obligation to render an account for a responsibility conferred (Wilson Committee, 1975), and describes the act, method or process of people, individually or collectively, being held to account for their conduct (Auditor General of Canada, 2002b; Aucoin and Jarvis, 2005). A definition for the Canadian public sector is, "Accountability is the fundamental prerequisite for preventing the abuse of delegated power and ensuring that power is directed towards the

achievement of broadly accepted national goals with the greatest possible degree of efficiency, effectiveness and probity and prudence” (Royal Commission on Financial Management and Accountability, 1979:21).

It has been suggested that within a Westminster democracy, such as Canada’s, the responsibility of elected Ministers for actions of their respective departments, both policy and administrative in nature, has long been the key element of public sector accountability<sup>19</sup> (Privy Council of Canada, 1993; Glynn and Murphy, 1996:128; White and Hollingsworth, 1999; Barberis, 2000). Although, it is also argued that this level of ministerial accountability has become outdated, as it was historically based on accountability for the actions of dozens of employees not thousand or tens of thousands (Ehrenworth, 2005). Notwithstanding, in Canada, Ministers remain individually and collectively accountable for the results of their policies (Auditor General of Canada, 2002b; Aucoin et al., 2004), while bureaucracies are accountable to Parliament through Ministers for the delivery of the programmes (Behn, 1998; Bakvis and Juillet, 2004). It is the latter that is the focus of this research.

The literature suggests that the classic model of establishing public sector accountability has been the bureaucratic model. In this model, accountability is clearly hierarchical. Each layer of the organization is accountable to its respective supervisor: staff, manager, executive, Deputy Minister, Minister, and Parliament.

Historically, public servant accountability has been linked to financial audits in order

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<sup>19</sup> Widely misunderstood, Ministerial accountability in Canada does not extend to personal accountability and responsibility for each administrative decision and action taken within their department. Rather, Ministers are responsible for identifying and ensuring that corrective actions are taken to resolve the issue. While there has been some weakening of the separation of Ministerial and public servants accountability over the last decade (Aucoin, 1995:40), this model remains in effect today (Privy Council of Canada, 1993; Gendron et al., 2000; Aucoin and Jarvis, 2004).

to ensure reliability and completeness of the financial stewardship, as rendered by the agents (Glynn and Murphy, 1996:127).

However, it is noted that this bureaucratic model also tends to propagate administrative rules, procedures and policies set by central agencies (Thomas, 1998). These rules generally focus on accountability for resources, including human resources, financial and capital inputs, with programme managers accountable for ensuring programme activities and outputs conform with legislative and regulatory requirements, and to a lesser extent public service values. Unfortunately, a tendency exists for the rules to become the main focus, even at the expense of achieving programme objectives (Royal Commission on Financial Management and Accountability, 1979). Additionally, when incentives and punishments are closely tied to the rules, predictable compliance to protect career prospects may occur (Dwivedi and Gow, 1999:75).

In Canada, as in most countries, the role of the Auditor Generals substantially changed with the addition of 'Value for Money' audits which are essentially the auditing of programme economy, efficiency and effectiveness (Auditor General of Canada, 2003a). In Canada, accountability has been extended through broad-based initiatives such as Results-based Management Frameworks (RMAF) (Treasury Board of Canada, 2002a) and Programme Authority Architecture (PAA) (Treasury Board of Canada, 2004b) requiring that departments identify programme performance measures and capacity to evaluate programmes (Johnson, 1992).

Within the public sector, it has been suggested that recent changes and additions to accountability in the public sector (Aucoin and Jarvis, 2004) have also emphasized the assignment of blame. This may be a reflection of the current political culture or the media and society at large, but it also has dysfunctional consequences (Thomas, 2004b). Even a cursory review of recent Canadian public sector scandals reveal them to be politically motivated, with the bureaucracy following specified instructions; or to involve corrupt senior executives, where the fact that accountability instruments caught the offender is systematically ignored; or to be a breakdown in administrative controls. The latter were typically failures to follow administrative policy, rather than an absence of controls.

Thomas (1998) further suggests that a climate of punishment for errors must be balanced in any accountability scheme with the potential for rewards for results, especially for positive results. The HRDC scandal, which Good (2004) describes in detail, can be argued to be the largest internal scandal of recent times. Although few criticized the results achieved, a political firestorm followed disclosures of failure to follow due process (Sutherland, 2003; Good, 2004b). This can be expected to have an ongoing effect on public servant morale and attention to details.

### **2.7.2 Accountability under Results-based Management**

It can be argued that RBM has placed new and increased demands on government to improve accountability and programme performance (Boyne et al., 2002), although the accountability regime has grown increasingly complex and more confusing (Thomas, 1998; Good, 2004b:165). In moving to a Managerial Model of management, from the previous Administrative Model, it is suggested that renewed accountability frameworks and instruments have lagged behind (Savoie, 1995). At

the NPM level, securing accountability is almost universally viewed as the ‘the missing link’ and ‘the most elusive dimension’ (Aucoin, 1995; Good, 2004b), and to which Hood and Jackson (1994:478) refer to as “impoverished and political.” The notion of adopting a private sector accountability model based on results and costs is politically naïve (Dwivedi and Gow, 1999).

In addition to the difficulty in determining which results executives are to be accountable for (Behn, 1997), accountability under RBM calls for managers to demonstrate how their actions have contributed to the achievement of programme results (Mayne, 2001; Millar et al., 2001). Mayne (2001) argues that logical attribution, or demonstrating to a reasonable person how activities have contributed or supported programme outcomes, is sufficient for NPM accountability. This requires managers to understand and demonstrate how programme outputs and outcomes have been achieved (Treasury Board of Canada, 1996; 2000). Similarly, NPM’s use of alternative service delivery (outsourcing) and horizontal partnerships creates the development of a joint accountability model (Mayne, 2001). The foregoing suggests a number of systematic impediments to accountability for results.

Table 20 identifies the changing nature of accountability under NPM from two sources, one from Canada and one from the UK, which summarize the existing literature.



Table 20: The Changing Nature of Accountability under NPM

<b>Accountability</b>	<b>Pre – NPM</b>	<b>Post – NPM</b>
Political (overall public accountability)	Broad ranging, linking ministers directly to service delivery responsibility	Remains, but the responsibility has been silently and subtly changed to being acquitted on the basis that the executive enables and chief executives deliver
Financial Accountability	Focus on notions of fiscal compliance – Financial Acts and Regulations	Remain, but broadened to address issues of efficiency and effectiveness which has led to a focus on the need for supporting data and/or control systems
Professional Accountability	Inwardly focused, self-regulated multiple agency with services	Radically changed, less self-governance but significant differences between professions
Administrative Accountability	Economy and efficiency, includes equity and probity	Addition of Effective, requiring assessing outcomes 'de-bureaucratization' calls for increased and/or additional accountability
Management Accountability	Compliance against regulations and law	New and varied but with a focus on achievement of delegated targets Introduction of horizontal and ASD accountabilities

Source: adapted from (Glynn and Murphy, 1996:130; Aucoin and Heintzman, 2000)

In addition to the more traditional forms of accountability identified earlier (Table 19), Roberts (2002) suggests that RBM adds two additional forms. The first is accountability of managers to identify strategic goals (direction-based accountability) in accordance with current policy goals and the second is accountability for outcomes to ascertain what results have been achieved (performance-based accountability). Collectively, these represent the 'Administrative Model of Accountability' (Roberts, 2002:659), although critiques such as 'Harmon Accountability Paradox' identify shortcomings in this model related to agency and public choice theories (Harmon, 1995).

Public Value theory suggests that demonstrating public accountability can, itself, improve public trust (Moore, 1995). Thus, accountability can be viewed by public servants as a resource as well as a duty. Embracing public accountability enables and

legitimizes close collaboration by public managers with elected officials and the users of public services, increasing the level of public trust in government (Bend, 2004).

In summary, although RBM is currently fashionable and generally presented in the government literature as the 'one-best way' in governing organizations, generating, among other benefits, enhanced accountability (Osbourne and Gaebler, 1993), Broadbent and Guthrie (1992) suggested that early reform effort's link to accountability were limited. More recent evidence also suggests that RBM reforms within the public sector have met with limited success in increased accountability (Pollitt and Bouckaert, 2000).

### **2.7.3 Telling the Story – Public Sector Reporting in Canada**

Accountability, Normanton (1966) argues, can only be discharged through clear and effective reporting. Such reporting permits citizens, parliamentarians, and other stakeholders to strengthen their understanding of public sector activities, as well as maintain and build confidence in government (CCAF-FCVI, 1996; Bruijn, 2002).

Under RBM, outcome or performance reporting, while frequently harder than resource, process and output reporting, serves to enhance accountability even in the most complex situations (CCAF-FCVI, 1996:116).

Public sector reporting of programme performance and results has a number of benefits. It can enhance accountability and trust in government (Moore, 2003), provide information for improved programmes and services and better parliamentary scrutiny of them (CCAF-FCVI, 2000), and serve as an incentive for departments and agencies to manage for the results they have set out to achieve (Auditor General of Canada, 2003b).

To be effective, public reporting must address several issues. First, it must focus on the few, most important aspects of performance and provide users with both the information and context they need to interpret the meaning and significance of the results that have been achieved (CCAF-FCVI, 2001b). Second, it was suggested that public reporting should link, preferably electronically, to enhanced, detailed information and analysis for those with a desire for detailed assessments and accountability (Personal discussions with TBS officials, 2003).

In Canada, CCAF suggests that credible performance reporting enables all stakeholders to:

- locate the ongoing discussion of performance and performance expectations in a meaningful context and provide key reference points
- promote accountability as a substantive means for improving performance
- provide electronic and paper links to additional performance reporting
- develop the capacity of all participants to play their roles in governance, management and accountability processes (CCAF-FCVI, 2002:3).

The CCAF has also identified, through a study with key stakeholders, nine principles of effective public reporting. These are reproduced in full in Figure 8.

**Figure 8: Guidelines for Effective Public Performance Reporting**

<p><b>GUIDELINES for PUBLIC PERFORMANCE REPORTING</b></p> <p><b>FOCUSING ON CRITICAL THINGS</b></p> <p>A good public performance reporting should:</p> <ul style="list-style-type: none"><li>• Focus on the few, critical aspects of performance</li><li>• Explain the basis on which these particular aspects have been chosen.</li></ul> <p><b>RELATING GOALS AND RESULTS</b></p> <p>A good public performance reporting should:</p> <ul style="list-style-type: none"><li>• State the goals and performance expectations being sought</li><li>• Relate the results achieved to these stated goals and performance expectations.</li></ul> <p><b>PUTTING RESULTS IN CONTEXT</b></p> <p>A good public performance reporting should put results in proper context by relating results achieved to the ongoing capacity to meet or improve on current performance expectations.</p> <p>A good public performance reporting should put results in their proper context by:</p> <ul style="list-style-type: none"><li>• Explaining what the key risks are and how risk has influenced choices made in relation to policy, goals and performance expectations</li><li>• Relating results achieved to the risks, and levels of risk, accepted.</li></ul> <p>A Good performance reporting should put results in their proper context by describing other key performance factors that are central for users to:</p> <ul style="list-style-type: none"><li>• understand why the entity is doing what it is doing; and,</li><li>• interpret the meaning and significance of the performance information being reported.</li></ul> <p><b>RELATING RESOURCES TO RESULTS</b></p> <p>A good public performance reporting should recognize and explain the important linkage between resources and results through the integration of financial and non-financial performance information.</p> <p><b>PRESENTING COMPARATIVE INFORMATION</b></p> <p>A good public performance reporting should compare current performance to that of prior periods when such information will significantly enhance the ability of users to understand or use the performance information being reported.</p> <p>A Good public performance reporting should compare performance to that of similar entities when such information will significantly enhance the ability of users to understand or use the performance information being reported.</p> <p><b>ADDRESSING THE RELIABILITY ISSUE</b></p> <p>A good public performance reporting should state the basis on which confidence is held in the reliability of the performance information being reported.</p>
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Source: (CCAF-FCVI, 2001b:3)

The formal reporting regime in place at the time of the research interviews (2004) required each department to table in Parliament an annual *Report on Plans and Priorities* (RPP) outlining their business plans, programme objectives, indicators, and performance expectations for following three years. The second annual component, the *Departmental Performance Report* (DPR), describes programme performance during the previous fiscal year, and must report against objectives laid out in the respective RPP, clearly linking planned results to actual results. This cycle of

performance planning and reporting was intended to encourage performance management and enhance accountability (Thomas, 2004a).

As of 2005, the Auditor General of Canada (2005) noted only limited progress in moving towards outcome based reporting in annual DPRs and/or other public performance reporting. The Auditor General expressed that while the volume of reports is impressive, the quality and impacts have been marginal. Performance reports generally have focused mainly on inputs and outputs; few have successfully confronted the difficult conceptual and analytical challenges of attributing 'real-world' outcomes to programme activities. Earlier reviews concluded that few targets are stated, result commitments tend to be non-measurable, and few linkages are drawn between successive annual planning and reporting documents (Treasury Board of Canada, 1999; Auditor General of Canada, 2003c). Furthermore, a tendency of public servants towards 'information overload' is noted when reporting on complex programmes (Wilson Committee, 1975; Aucoin, 1995). This is also reflected in the general dissatisfaction of Parliamentarians with the quality of performance information available (CCAF-FCVI, 2001a).

#### **2.7.4 Performance Reporting – An Under-utilization Problem**

It has been argued that one major obstacle to the development of a 'RBM culture' in the public sector is a limited interest by Parliament, the media, and the public<sup>20</sup>, especially with respect to positive results (English and Lindquist, 1998; Lindquist, 1998b). While overall stakeholder participation has increased, performance information is still not highly reported by the media and seems to be of relatively low

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<sup>20</sup> Lindquist suggests (humorously) that more people read annual reports *before* they are printed than after (Lindquist, 1998a).

interest to people both inside and outside of government (Lindquist, 1998a:172-6).

Performance information could be used more frequently by managers, central planners (Savoie, 1999), and Parliamentarians (Thomas, 1999; Dewar, 2000).

It appears, although no studies of actual use of performance information were located, that anecdotally very limited use has been made of performance reporting (Thomas, 2004a:17). Internally, no evidence exists that performance information is considered during budget discussions by senior management (Heintzman, 2003:244). Externally, Thomas (2004b) reports that actual use of performance information appears to be depressingly low. Similarly, in one of the few studies of performance reporting, USA states once acknowledged as leaders in performance reporting have recently scaled back their efforts based on the recognition that performance management has been expensive and time consuming, and has had little impact (Wholey and Aristiguesta, 1999).

The Auditor General's 1997 observation that Parliament's use of outcome reporting was limited had not changed by 2003 (Auditor General of Canada, 2003b).

Improvements to information available to Parliament during the 1990s have had little impact on the work of members, an observation that has been made in other Commonwealth countries also (Lindquist, 1998b:173). More recently, while Parliament acknowledged progress, it has continued to express frustration at the limited reporting of results. Within the volumes of detailed information provided by departments, extraction of useful and meaningful programme information remains difficult (Standing Committee on Government Operations and Estimates, 2003:29).

### **2.7.5 Executive Accountability – or the Risk/Reward Dilemma**

While it could be argued that public sector executives are motivated to manage meaningful and successful programmes for both personal benefit as well as more altruistic goals (Maslow, 1943), public sector programmes are delivered in an environment which can only be categorized as highly risk adverse. In the words of Osbourne and Gaebler (1993:21), “You can have 99 successes and nobody notices, and one mistake and you’re dead.” Savoie (1995:114-115) has commented even more fully on this low tolerance for public sector errors:

“Public administration operates in a political environment that is always on the lookout for ‘errors’ and that exhibits an extremely low tolerance for mistakes.... In business it does not much matter if you get it wrong ten per cent of the time as long as you turn a profit at the end of the year. In government, it does not much matter if you get it right 90 per cent of the time because the focus will be on the 10 per cent of the time you get it wrong.”

Behn (1997:17) expands on this theme in a subsequent article:

“When we hold someone or some organization accountable for something, what do we really do? In some ways, it means that we want to be able to identify who is responsible for the organization’s outputs or outcomes, for its successes or failures. But then what? That answer does not really clarify things. What does it mean to hold people responsible for success? What does it mean to hold people responsible for failure?”

I know of no definite answer, either theoretical or empirical. But I bet I know what the [public sector] managers who are to be held accountable think. I bet they believe, from their own, empirical experience, that ‘holding people accountable’ means that when they fail they are punished and that when they succeed nothing significant happens.”

While Canadian public servants were initially called to take calculated risks under NPM, they saw an initial reduction, although small, in the number of controls to ‘let the managers manage.’ Unfortunately, the tendency of Ministers has been to continue to insist on error-free government. Moreover, when faced with errors, including outright criminal activity by politicians and/or senior public servants, the tendency has been to blame the system and to re-impose controls (Good, 2004b). In

short, minister and senior public servant have not fully accepted the uncertainty and risk implicit in giving up a degree of control (Thomas, 2004a).

Thus executives face significant conflicting demands, with the consequences of reporting poor or bad results often out-weighed by organizational and personal consequences, often imposed at the political level<sup>21</sup>. Not unexpectedly, good results are reported while poor results are sanitized, ‘spun,’ or simply buried (personal discussion, 2003).

New Public Management’s (re)-introduction of performance pay for executives could, it is argued, motivate individuals to demonstrate and accept greater accountability for results. The literature is split with some suggesting that RBM measurement must be mature prior to linking to performance pay systems (Eccles, 1991:135; Kaplan and Norton, 1996), also noting the potentially benefit of supporting faster diffusion of corporate objectives and performance goals through pay linkages. Other writers argue that performance systems must gain credibility first, before links to pay are established (Neely et al., 2002:69; Franco, 2003).

### **2.7.6 Summary – Accountability**

One of the key weaknesses of NPM is that accountability instruments have failed to emerge to meet the changing requirements, especially those of RBM (Aucoin and Jarvis, 2005). As such, the literature suggests that executives will be reticent to be

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<sup>21</sup> The Human Resource & Development Canada (HRDC) scandal is perhaps the best recent example. HRDC’s release of a desk-audit of grant files revealed a small per centage of files to have insufficient or missing documentation. This event quickly turned into a political firestorm adversely affecting 1000’s of employees, reducing government employee moral nationally, dissolving a government department, and ending careers. No wrong doing other than sloppy clerical work was ever found (Good, 2004b).



held formally accountable for programme outcomes, especially those for which they have limited influence over. This executive resistance is rational considering that:

- shared responsibility is essential with clients, stakeholders, other levels of government, and other sectors in achieving overall results (Perrin, 2003)
- external elements frequently play key roles in achieving programme results (Wholey, 1983; Mayne, 2001)
- executives must operate in a highly political and risk adverse environment
- There are RBM reporting and accountability issues associated with the increased requirement for horizontal programme coordination, as well as Alternative Service Delivery (Flynn, 2003).

Under RBM, increased managerial accountability for programme outcomes must be balanced with appropriate authorities and flexibility. Noting the lack of control over resource levels (Wholey, 1983), administrative requirements or ‘red tape’ further limit executives’ ability to react to changing circumstances. As Aucoin (1995:8) suggests, “adopting the methods of the private sector in public administration have floundered precisely because they have prescribed a degree of autonomy for public servants that has not been acceptable to ministers.” This flexibility is a key requirement in establishing and enabling realistic managerial accountability for results (CCAF-FCVI, 1996).

**Table 21: Summary of Section**

<b>Topic</b>	<b>Contribution to the Research</b>
Accountability Introduction	- Introduce and define accountability (Romzek and Dubnick, 1987; Wilson, 1989; Aucoin and Heintzman, 2000)
Public Sector Accountability	- Comparison of accountability within private and public sectors (Thomas, 1997) - Discussion of the central role of accountability within a public sector (Dwivedi and Gow, 1999)
Accountability Under NPM	- Changes to accountability introduced by NPM (Aucoin and Heintzman, 2000; Mayne, 2003a) - Critique of RBM's impact on several aspects of accountabilities (Behn, 1998)
Public Sector Reporting in Canada	- Accountability requires reporting, including criticism on both the quality of and the demand for reporting (Moore, 1995; CCAF-FCVI, 1996; Auditor General of Canada, 2000b)
Executive Accountability	- Risk adverse culture, including risk of reporting of poor performance (Osbourne and Gaebler, 1993; Behn, 2002) - Few rewards for embracing RBM (Good, 2004a)
Performance Pay	- Motivating Executives (Kohn, 1993) - Contribution to adoption of RBM

Given this multitude of accountability issues, it is hardly surprising that executives may seek to avoid being held responsible for programme outcomes (Auditor General of Canada, 2002b; Sutherland, 2003). This research will consider a number of accountability issues – leading to an improved understanding of the role of accountability in Results-based Management.

## **2.8 Summary of the Literature Review**

Table 22, below, provides a brief summary of the supporting literature. An absence of empirical studies within the Canadian public sector further supports the originality and potential usefulness of this research.

**Table 22: Summary of Chapter 2**

<b>Topic</b>	<b>Contribution to the Research Literature</b>
Management	<ul style="list-style-type: none"> <li>▪ Nature and history of management (Drucker, 1954)</li> <li>▪ Executive activities and use of information (Carlson, 1951; Mintzberg, 1973)</li> <li>▪ Role of Performance Pay (Kohn, 1993)</li> </ul>
Public Versus Private Sector Management	<ul style="list-style-type: none"> <li>▪ Comparison of key similarities and differences between private and public sectors</li> <li>▪ Discussion of the central role of accountability within a public sector in order to assess impacts of adopting private sector RBM within public sector</li> </ul>
Public Sector Reform	<ul style="list-style-type: none"> <li>▪ Changes to accountability introduced by NPM</li> <li>▪ Critique of RBM's impact on several aspects of accountability</li> <li>▪ Introduce Public Value Theory</li> </ul>
Results-based Management	<ul style="list-style-type: none"> <li>▪ Potential and limitations of public sector RBM</li> <li>▪ Role of Client Satisfaction</li> <li>▪ Current limitations of performance reporting</li> </ul>
Assessing Performance	<ul style="list-style-type: none"> <li>▪ The low demand for, or utilization of, existing performance reporting</li> <li>▪ Issues surrounding performance measurement and dysfunctional behaviour (Smith, 1995)</li> </ul>
Accountability	<ul style="list-style-type: none"> <li>▪ Accountability for outcomes</li> <li>▪ New role of public sector accountability</li> <li>▪ Few rewards, many issues in embracing RBM</li> <li>▪ Role of Performance Pay as possible motivation to RBM</li> </ul>

## ***2.9 The Proposed Research***

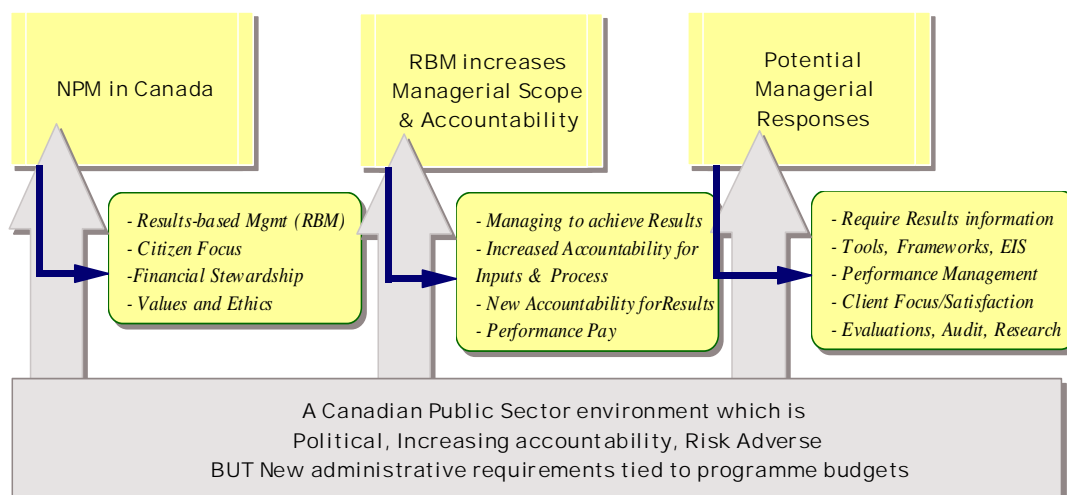
Having conducted a thorough review of the literature related to this thesis topic, a number of gaps emerged in the collective understanding of Results-based Management implementation, including executive responses to changing accountability requirements. Table 23, below, provides a brief overview of possible research areas.

Table 23: Potential Research Gaps

Topic	Gaps Within the Current Research Literature
Management	<ul style="list-style-type: none"> <li>- Comparison between public and private sector executive activities and use of information</li> <li>- Role of performance pay within the public sector</li> <li>- Changes to management introduced by Managing for Results</li> </ul>
Results-based Management	<ul style="list-style-type: none"> <li>- Potential and limitations of public sector RBM</li> <li>- Changes to accountability introduced by NPM in Canada</li> <li>- Role of Client Satisfaction in assessing performance</li> <li>- Current limitations of performance reporting</li> </ul>
Public Value Theory	<ul style="list-style-type: none"> <li>- Empirically testing the theory</li> <li>- Assessing RBM using Public Value Theory</li> </ul>
Assessing Performance	<ul style="list-style-type: none"> <li>- The low demand for, or utilization of existing performance reporting, including political elements</li> <li>- Issues surrounding performance measurement and dysfunctional behaviour in a public sector environment</li> </ul>
Accountability	<ul style="list-style-type: none"> <li>- Current studies to assess impact of NPM and RBM on accountability</li> <li>- Linking personal rewards to RBM</li> <li>- Critique of RBM's impact on several aspects of accountabilities</li> <li>- Role of Performance Pay as possible motivation in RBM</li> </ul>

As introduced in Chapter 1, it is argued that a shift to Results-based Management would require a corresponding change in executive activity(s) to actively manage for results, including information sources to monitor and demonstrate programme results. Figure 9 shows the overall environment and underlying logic for the research area under investigation.

**Figure 9: The Research Environment**



### **2.9.1 The Research Gap**

As noted in Chapter 1, the Canadian public sector has, at least officially, made a major investment and commitment in moving towards Results-based Management. However, the literature suggests that as of 2003, limited progress had been made (Auditor General of Canada, 2003c).

In examining the literature, an absence of empirical studies on Results-based Management, was noted, especially within the Canadian public sector. The literature does contain a large number of theoretical and historical assessments of public sector reforms, as well as programme case studies. However, the latter case studies were generally not theory-based, but rather consisted of programme evaluations or assessments. Empirical research on the perception of Canadian executives was not located and appears to be absent.

### **2.9.2 Linking Results-based Management and Public Value Theory**

In exploring this research gap, one theory that the literature suggests has potential to increase understanding of RBM is Public Value theory. As noted, this theory is comprised of three key components that individually and collectively generate public value: Service, Outcomes, and Trust. Similarly, Results-based Management focuses on the creation of outcomes or results for Canadians, in generating value for citizens.

In summary, in seeking to understand the underlying causes of this limited progress, Public Value theory, introduced above, was identified as a theoretical framework to build the research analysis on. The research will endeavour to determine whether the application of Public Value theory serves to increase understanding of key differences

between the official discourse on Results-based Management and the Canadian public sector executives' responses, reactions and perception of Results-based Management, i.e. how are Canadian executives engaging with the concepts of Service, Outcomes and Trust in order to 'deliver' against RBM and generate public value.

### **2.9.3 Summary**

The principle contribution of this thesis to knowledge will be an empirical testing of Public Value theory linking to the integration of RBM within the Canadian public sector.

For clarity, I approached this research from the perspective of executives and examined RBM at the programme level. While recognising the validity of alternative approaches, by focusing on the perspective of individual executives, key aspects of public sector management may be revealed. It should be noted, however, that the unit of analysis will be groupings and sub-groupings of executives, not individual executives.

The following chapter will present the methodology and methods used in undertaking this research.

## 3 Methodology Chapter

“No matter how carefully one plans in advance, research is designed in the course of its execution ... the results of hundreds of decisions, large and small, made while the research is underway” (Gill and Johnson, 1997:154).

This chapter will present the methodology and research methods used in completing this research project. After the introduction of the research question in Section 3.1, Section 3.2 will discuss the philosophical assumptions underpinning the research. The remainder of this chapter will define, explain and provide justification for the research methods employed. The chapter specifically incorporates a discussion of the approach taken in the research analysis and interpretation of research findings, and addresses issues of validity, reliability and generalizability.

In order to situate the research, the following section first presents the research questions, objectives, and sub-topics.

### **3.1 Research Question**

The research will respond to this question from the executives’ perspective:

**How does Public Value Theory help to explain the limited progress in implementing Results-based Management within programmes in the Canadian federal public sector?**

#### **3.1.1 Research Objectives**

In order to address the aforementioned research question, the following research sub-topics were identified from the literature review and Key Informant interviews, to guide the research. They are:

- To explore the role of Public Value's Service component to Results-based Management
- To explore the role of Public Value's Outcome component to RBM
- To explore the role of Public Value's Trust component to RBM
- Are there other factors that influence the adaptation of RBM?

In assessing or addressing this overall research question and sub-topics, the research will:

- Explore the progress of RBM through case studies in order to allow analysis of and comparisons between one major operational branch of Health Canada, the Saskatchewan region, and interviews with senior executives, and
- Explore, in particular, the view of executives within these different sectors of the Canadian public sector.

The case study selection logic will be discussed in Section 3.4.3.

As the Key Informant interviews suggested, the slow adaptation within the Canadian public sector suggests forces at work which, if identified, could lead to a deeper understanding of the implementation issues underlying Results-based Management. It should be acknowledged that this research has explicitly chosen to examine these research questions from the perspective of executives and will not include, compare or contrast, the perspectives of politicians, citizens, or non-executive programme managers and administrators. Other stakeholder groups may hold alternative and potentially conflicting viewpoints, however research limitations of time and funds precluded gathering all perspectives. Of particular note, the decision to exclude political or Ministerial perspectives was based on the considerable differences



between the respective roles, experience and ambitions of politicians and public servants, including managerial knowledge, depth of programmes/departments understanding, and public sector experience.

### **3.2 Methodology Section**

Within management research, Tranfield and Starkey (1998) argue that the complexity of this field requires multiple ontological or epistemological paradigms to achieve a full understanding. Furthermore, it has been suggested that a general failure to fully understand and adequately consider and articulate the underlying philosophy, and ontological and epistemological basis of research projects has weakened the findings from management research during the late 20<sup>th</sup> century, both in practice and in reporting (Alvesson and Deetz, 2000; Denzin and Lincoln, 2005). This section will attempt to address these concerns.

Given that management research can be considered a heterogeneous and fragmented field (Whitley, 1984; Tsoukas, 1994), it can and should draw on knowledge and methods from many social science disciplines. Within management research, methodologies are fundamentally based in either an inductive or deductive philosophy (Easterby-Smith et al., 2002), both of which have value<sup>22</sup>. Similar to other social science research, inductive studies have long been a part of management research (Gill and Johnson, 1997), supported by the argument that the function of management cannot be fully captured and explained through purely deductive tools, and also that

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<sup>22</sup> This thesis will not address the fundamental differences between these two paradigms. For a fuller discussion see (Gill and Johnson, 1997:28-38) or (Easterby-Smith et al., 2002:chapter 3).

empirical research is required to ground theories with practical evidence (Eisenhardt, 1989; Swamidass, 1991).

In discussing which research tradition is appropriate for a particular research effort, both the goals of the research and the epistemology of the researcher are important considerations (Smith, 1998). Easterby-Smith et al. (2002) argue that three elements combine to make business and management research distinctive:

- Multi-disciplinary approach - the level and use of knowledge from other disciplines that managers and researchers incorporate into current research
- Access issues - as managers tend to be powerful and busy people, they are unlikely to allow research access unless they can see personal or commercial advantages
- Practical consequence – managers are less likely to participate without the research having at least the potential to provide practical solutions, assisting them in some aspect of their management.

In order to address such concerns, the first section of this chapter will address the research methodology of this research, positioning the research within the qualitative, interpretivism philosophies. This in turn supports the selection of an appropriate method, discussed in the second section of this chapter. This will form a basis for the subsequent assessment of the impact of methodological assumptions and perspectives on the research (Burrell and Morgan, 1979).

### **3.2.1 Considering Ontology, Epistemology and Method**

“We are confronted with a philosophical choice regarding the nature of human action and its explanation which has direct methodological implications” (Gill and Johnson, 1997:133).

It is widely accepted that the philosophical perspectives that forms the base for research are critical in that these choices are central to decisions of research design. For example, Gill and Johnson (2002) argue that defining the philosophical basis of research directly leads to choices of research design, defines the type and kind of evidence required, as well as dictates how the data is to be gathered and interpreted. This provides an ontological and epistemological basis for answering research questions under consideration (Hussey and Hussey, 1997; Easterby-Smith et al., 2002).

This section will begin with a brief discussion of the underlying assumptions that form the philosophical underpinnings of modern research, specifically to ground this research in philosophies addressing the nature of the reality under study (ontology) and how knowledge of that reality can be best obtained (epistemology).

#### **Ontology Definition**

Webster’s dictionary defines Ontology as the study of the nature of existence and being in the abstract (Webster, 1988). Ontology essentially involves a set of assumptions of what can be taken to really exist (Smith, 1998:344; Schacter, 2000). Within social science research, the key difference rests on whether the world is objective and external, or socially constructed, based on the perspectives of humans (Hussey and Hussey, 1997:49). These views are commonly divided into Positivist and Interpretivist (or Phenomenologist) ontologies (Hussey and Hussey, 1997). The



(Weber, 2004). The epistemology of qualitative researchers is existential (non determinist) and constructivist (Stake, 1995).

### **3.2.2 Interpretivist Paradigms**

The aim of interpretative approaches is to understand (verstehen) how people make sense of their worlds, with human action being conceived as purposive and meaningful rather than externally determined by social structures, drives, the environment or economic stimuli (Gill and Johnson, 1997:133; Schwandt, 2001). Stake notes that interpretation is a major part of all research (Stake, 1995:9).

Unlike the positivism paradigm, it can be argued that rather than seeking causal explanations of behaviour, interpretive research enhances our understanding of action through exploring the beliefs, meanings, feelings, and attitudes of actors in social context (White and Hollingsworth, 1999). Similarly, interpretive research does not predefine dependent and independent variables, but focuses on the full complexity of human sense making as the situation emerges (Weber, 2004).

Interpretive studies generally attempt to understand phenomena through the meanings that people assign to them, to illuminate the specific, to identify phenomena through how they are perceived by the actors in a situation. Interpretive researchers start out with the assumption that access to reality (given or socially constructed) is best achieved through social constructions such as language, consciousness and shared meanings. It produces social scientific accounts of social life by drawing on the concepts and meanings used by the social actors themselves.

Within a management context, interpretism is concerned with the meanings that managers and employees attach to the norms, rules, and values that guide the organization. As such, the understanding of these and other cultural phenomena to the members of the organization becoming the definitions of the reality of the employees who populate the culture (White, 1999:54). A simpler definition is that interpretation is the study of a 'socially constructed' management development or reaction or tool. In the human sphere this normally translates into gathering 'deep' information and perceptions through inductive, qualitative methods such as interviews, discussions and participant observation, and representing it from the perspective of the research participant(s).

Several criticisms of interpretivism are noted including:

- the central concepts of interpretivism (e.g., 'intention', 'reason', and 'motives') suggest that competent social actors engage in a continuous monitoring of their conduct; reality suggests that *routine* is the predominant form of day-to-day social activity, largely directly unmotivated
- the numerous alternative accounts of social actors' actions must be explored to provide a different and competing account of social actors' action; there is more to reality than is expressed in the language of social actors
- it fails to acknowledge the role of social structures that both conditions and produce social interaction, particularly divisions of interest and relations of power; social actors are either completely or partly unaware of structures
- it is implicitly conservative in that it ignores the possible structures of conflict in a society, and hence the possible sources of social change.

### 3.2.3 Qualitative Research

Management Research has a long history of drawing on qualitative methodologies, from Taylor's qualitative study of labour, through the Hawthorne experiments on motivation, to the emergence of case study as a key management research strategy (Easterby-Smith et al., 2002; Yin, 2003b). Nevertheless, up to the latter part of the 20<sup>th</sup> century, management research was dominated by positivistic or neo-positivistic assumptions, with research methods focused on ideals of objectivity, neutrality, scientific procedure, technique, quantification, replicability, generalisation, and discovery of laws (Alvesson, 1996; Easterby-Smith et al., 2002). This led to a predominance of quantitative research methods, with much attention being given to describing, coding and counting events, often at the expense of understanding why events occurred (Denzin and Lincoln, 2005).

During the last three decades, qualitative research has emerged as a field or method of inquiry in its own right (Huberman and Miles, 2002; Denzin and Lincoln, 2003a).

Qualitative research covers multiple disciplines, fields and subject matters, and encompasses a complex, interconnected family of terms, concepts and assumptions.

Epistemologically, it can be traced to traditions associated with foundationalism, positivism, post-positivism, post-structuralism, and the many qualitative research perspectives and methods connected to cultural and interpretivist studies (Denzin and Lincoln, 2003b). Denzin and Lincoln (2003b:5) offer this generic definition:

“Qualitative research is a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that make the world visible... involves an interpretive, naturalistic approach to the world. This means that qualitative researchers study things in the natural settings, attempting to make sense of, or to interpret, phenomena in terms of the meaning people bring to them.”

Qualitative inquiry is currently an umbrella term for various philosophical orientations to interpretive research. Qualitative methods, while lacking the statistical precision of quantitative research, compensate by exploring in much greater depth underlying why or how questions (Easterby-Smith et al., 2002:3). Such studies can take many forms and are categorized into numerous methods including: ethnographic, naturalistic, phenomenological, hermeneutic, case studies and holistic studies (Stake, 1995). One key element of note is that qualitative research, unlike quantitative inquiry with its pre-specified intent, is much more evolutionary. Beginning with an initial problem statement, design and interview questions, interpretations are developed during the full course of the research and can lead to refinements of the research itself.

### **3.2.4 The Role of the Researcher**

As an interpretive approach perceives reality as socially constructed, the role of the researcher in interacting with participants in order to understand their social constructions must be examined and considered.

It is argued that interpretism reflects the way that people make sense of the world, through sharing their experiences with others via the medium of language (Easterby-Smith et al., 2002). 'Thick description,' 'experiential understanding,' and multiple realities are expected in qualitative case studies. Pursuit of complex meaning cannot be just designed in or caught retrospectively (Denzin and Lincoln, 1994), but rather require continuous attention (Stake, 1995).

Within interpretivist research the concept of a totally unbiased researcher is not realistic. Researchers themselves become measurement instruments as they interpret



(measure) the phenomena they observe. In this regard, interpretive researchers understand that their research actions affect the research objects they are studying (Weber, 2004). Researchers must also explicitly recognize that the knowledge they seek and find reflects their particular goals, culture, experience, history, and experience. In other words, one can only make 'sense' of the world from within a framework of existing knowledge (Weber, 2004).

Pure phenomenological research seeking to describe rather than explain, begins from a perspective free from hypotheses or preconceptions (Husserl, 1970; Lester, 1999). This is not the epistemological stance of this research. Rather, as more recent humanist and feminist researchers argue, the possibility of starting without preconceptions or bias is unrealistic (Lofland, 2002). Instead, they emphasize the importance of making clear how interpretations and meanings have been placed on findings, as well as making the researcher visible in the 'frame' of the research as an interested and subjective actor rather than a detached and impartial observer (Smith, 1998).

This research was undertaken with a strong and continuous degree of reflectivity. As a researcher, researching in one's own professional field, the process of critical self-reflection to account for one's own biases, theoretical predispositions, preferences, etc is critical to avoiding biased results. As such, as the literature suggests, the researcher has specifically taken a reflective stance throughout (discussed further in section 3.7.3) and located himself within the research question and nature of the inquiry (Radnor, 2002). Through critical analysis of inherent biases and undertaking certain specific actions (further discussed in Section 3.7.1), the researcher has limited, to the

degree possible, bias introduced by his own perceptions and views (Schon, 1991; Schwandt, 2001).

### **3.2.5 Summary of Methodology Section**

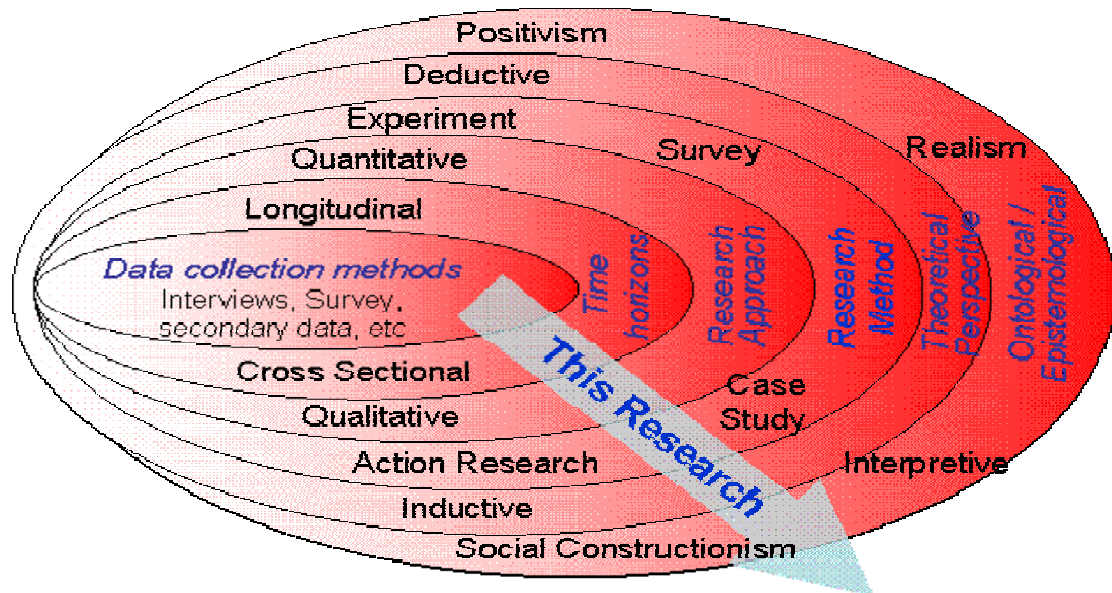
As Easterby-Smith et al. (2002) suggested, both the choice of research topics and the subsequent selection of methods always involves philosophical choices regarding what is important and how best to view and analyze an issue. This research will be based on an interpretivist paradigm, with three key aspects of the research topic:

- The research is exploratory in nature
- The results desired are socially, not abstractly or naturally constructed, and therefore require a qualitative paradigm to be understood
- The research involves assessing individual perceptions, motivators and attitudes which are expected to be quite diverse and highly dependent on differing circumstances, suggesting the acquisition of the richness and depth that qualitative data provides in understanding this phenomenon.

Obviously, this thesis is not attempting to test or prove the validity of the method itself, but rather using an interpretive, case study method to answer the research question under consideration. Where appropriate, elements from other methods were used. For example, the secondary analysis of several large surveys makes use of the survey method, and the selection and comparison of case studies incorporate elements which could be attributed to the realism perspective. The point being that a reader must decide, from the evidence presented, whether the research question has been satisfactorily answered, and whether in forming this answer a sound research method was utilized.

The research methodology and method choices are visually presented in Figure 11, selected from among the various research ontology and epistemology options.

**Figure 11: Research ‘Onion Graph’**



Source: Adapted from (Saunders et al., 2003:87)

In summary, this research builds on an ontological stance that denotes that reality and human activity are not exclusive and that multiple realities can exist as perceived by different participants in a study (Hussey and Hussey, 1997). Epistemologically, from an interpretative and qualitative research perspective, this research will acquire the ‘thick data’ necessary to understand the perspectives and motivation of executives in adopting Results-based Management, while empirically exploring the application of the Public Value theory to this field.

Having defined the underlying methodological philosophies and groundings of the research under discussion, the thesis will now address the selection of research methods in the following section.

### **3.3 Method Section**

As noted, it is widely agreed that selection of an appropriate methodology rests on the nature of the research under consideration and the specific research questions to be addressed (Robson, 1993; Gill and Johnson, 2002; Yin, 2003b). Appropriate methods must then emerge appropriate to this methodology selection.

This section will begin by briefly discussing the research purpose - exploratory, descriptive or hypothesis testing, noting the relevance and application within this research. Arguments supporting the selection of the Case Study method are followed by discussion of the practices used in conducting the field research. The section concludes with discussion regarding the approach to the analysis and pattern matching undertaken in analysing the data.

#### **3.3.1 Research Purpose – Exploratory, Descriptive or Hypothesis**

In addition to a sound literature search, research must begin with the determination of its overall nature or goal: exploratory, descriptive, or hypothesis testing<sup>23</sup> (Hussey and Hussey, 1997). It is widely agreed that each research strategy has its advantages and disadvantages. The selection of method should be based on the type of research question, the control needed over subject behaviour, and the timing - contemporary as opposed to historical phenomena (Yin, 2003b).

Exploratory research examines situations about which little is known, seeking to acquire a preliminary insight into a field or topic in order to develop an initial framework, theory or model. An exploratory case study frequently resembles a Key

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<sup>23</sup> Other categories of research exist, for example by: Process – qualitative versus quantitative data collection; Logic – inductive or deductive; or Outcome – applied to addressing a specific issue, versus basic research making a general contribution to knowledge (Hussey and Hussey, 1997:10).

Informant study; the research design and data collection methods usually are not specified in advance (Scholz and Tietje, 2002). The case study was historically perceived as the ‘method of choice’ in exploratory research (Platt, 1992b; Yin, 2003b).

Given the limited knowledge located in the literature review for the topic under consideration, it is submitted that this research project is best treated as exploratory research, although the use of Public Value as a possible model in categorizing the research findings suggests that elements of descriptive research must also be considered.

### **3.3.2 Contrast and Selection of Research Methods**

Research methods must be grounded in underlying philosophical choices including the key decision between the qualitative and quantitative paradigms, which will in turn drive the choice of research methods (Payne, 1951; Hussey and Hussey, 1997:64). Researchers must consider the nature and type of data required to support their research questions during the design phase (Bell, 1999). Once made, these decisions are difficult to change, although other methods may be added (Robson, 1993:188).

Robson (1993) referred to three ‘real world’ strategies for collecting empirical research data: experiment, survey and case study. In addition to Robson’s three strategies, other hybrid solutions have emerged, for example, Action Research (Gill and Johnson, 1997; Coghlan and Brannick, 2001; Kemmis and McTaggart, 2005). In many of these, the integration of the researcher within the research topic is an inherent

aspect of the research itself (Easterby-Smith et al., 2002), with such collaboration leading to development of shared understanding (Reason and Bradbury, 2001).

Though tautological, the research must acquire data with the adequate level of detail to meet the purpose of the research (Barnes, 2001), whether that be descriptive, explanatory or testing in nature (Meredith et al., 1989).

For this research, the experimental method was excluded based on the absence of a laboratory-like setting, and survey was excluded based on data collection issues (discussed later in the thesis). Similarly, Action Research was excluded as this research was not conducted from an internal practitioner stance. The following section contains a fuller discussion of the rationale and justification for the selection of the Case Study method.

### **3.3.3 Case Studies in Research**

The case study method is an “empirical inquiry that investigates a contemporary phenomenon within some real-life context” (Yin, 2003b:13), particularly suited for “... research areas for which existing theory seems inadequate” (Eisenhardt, 1989:548), and is “... a strategy to be preferred when circumstances and research problems are appropriate...” (Platt, 1992a:46). Case studies have been used for research within many fields<sup>24</sup> (Mitchell, 1983; Robson, 1993), especially within the social sciences (Silverman, 2001), and management research (Gummesson, 2000; Barnes, 2001; Gill and Johnson, 2002). The Case Study has a long history within management research which has increased in importance as researchers

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<sup>24</sup> Note that the term *Case study* can also describe a teaching device or the examination of records, i.e. individual medical histories. Such applications do not apply here, and are outside of the discussion within this thesis.

acknowledged that management cannot be split into discrete, independent functions, but rather must be examined holistically.

Case studies, by virtue of their intensive nature, focus on a limited number of events<sup>25</sup> or subjects including: a single incident, individual or event, neighbourhood or group, or even an innovation, decision, or programme (Robson, 1993; Silverman, 2001), and may include multiple levels of data collection and analysis (Robson, 1993; Yin, 2003b). Case studies also include both qualitative and quantitative data (Hussey and Hussey, 1997).

In general, case studies are the preferred strategy when ‘how’ and ‘why’ questions are posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context. It is especially useful in dealing with time-dependent relationships (Strauss, 1987).

While this research will adopt Yin’s (2003b) case study strategy, it should be noted that other academic writers have also made major contributions to the case study method including Stake (1995; 2005), Eisenhardt (1989) Hamel et al. (1993) and Easterby-Smith (2002). Certain differences in approach are noted. For example, Stake (2003) sees the Case Study method as closer to the Action Research paradigm, and therefore is less concerned with validity and more concerned with the potential for the researcher to aid change within the research setting.

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<sup>25</sup> Multiple case studies are not to be confused with ‘sampling’ from other research methodologies, but methodologically are closer to duplicating experiments. For a fuller discussion of case selection, see (Platt, 1992b)

Yin (2003b) suggests that cases studies are suitable for exploratory, descriptive or explanatory (causal) research<sup>26</sup>. This is well supported by other academic writers (Platt, 1992b; Robson, 1993; Gummesson, 2000; Yin, 2003b).

As noted, the focus of this research is exploratory. In general, exploratory case studies are undertaken when little is known about the subject area with the goal being to acquire preliminary insight into a field or topic and to develop an initial framework or model. Conditions which I argue are present within this research topic.

Exploratory case studies have long been seen as appropriate within exploratory research (Platt, 1992a; Robson, 1993; Yin, 1994; Gummesson, 2000; Yin, 2003b), serving 'to map out' the research territory, limits, boundaries,' and to guide the development of further research questions and hypotheses.

Exploratory case studies, like all research methods, require a purpose, as well as the criteria by which an exploration will be judged successful. A case study should begin with a sound research design which sets out "the logical model of proof that will allow the research to draw inferences concerning causal relations among the variables" (Nachmias and Nachmias, 1992:77-78).

To assist in developing a sound research design, Yin (2003b) suggests the inclusion of a case study design, which was undertaken within this research. As suggested by Yin, five elements were included in the case study design: research question, propositions (similar to hypothesis) or purpose for exploratory work, unit(s) of analysis, logic

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<sup>26</sup> Alternative classifications are noted. For example, Stake classifies Case Studies as: Intrinsic - when the researcher has an interest in the case; Instrumental - when the case is used to understand more than what is obvious to the observer; Collective - when a group of cases is studied (Stake, 2003).



model, and criteria for interpreting findings. Researchers must develop a conceptual framework prior to beginning the case study in order to identify “the main features (aspects, dimension, factors, variables) of a case study and the presumed relationships” (Robson, 1993:148-150). Research constructs, possibly a priori, support the proper development of construct measurement tools (Eisenhardt, 1989), for example, the Interview Guide discussed in Section 3.5.2. Robson states, “any failure to carry out the pre-specified design... is often lethal as far as interpretation is concerned” (Robson, 1993:150). It is worth noting that refinements to the case study design are appropriate, and were undertaken during the course of research (Mintzberg, 1973; Hussey and Hussey, 1997:125).

Once an initial understanding of the subject area is acquired, other types of case studies, such as descriptive case studies, will have greater potential for determining and describing characteristics, influences and effects. The objective will then be to understand the relevance of a phenomenon, frequency and distribution (Pinsonneault and Kraemer, 1993). This may lead, in turn, to explanatory case studies exploring the causal effects, including the development of Logic Models (Tellis, 1997; Yin, 2003b).

The foregoing has provided the rationale for the selection of the case study method, linking the research methodology with the acquisition of qualitative research data through exploratory case studies. As well, to guide this research, a case study research design was completed. In summary, the selection of Exploratory Case studies was supported by:

- The absence of studies exploring these issues from an executive perspective

- Richness of executive perceptions in developing a fuller understanding of the issue(s)
- The potential of Public Value theory in exploring the slow implementation of Results-based Management.

### **3.4 The Key Informant Interviews**

In preparation for the research case studies, and to ensure a maximum understanding of the issues under examination, a ‘pilot case’ was undertaken. As Yin (2003b:79) notes,

“It is important to note that a *pilot test* is not a *pretest*. The pilot case is more formative, assisting you to develop relevant lines of questions – possibly even providing some conceptual clarification for the research design as well.” (italics in original)

The contribution of the Key Informant interviews to this research were to confirm the findings from the literature, to expand and develop understanding of the topic under investigation, to refine the research sub-questions and develop the data collection instruments, as well as to identify potential sources of supporting information. The Key Informant interviews were conducted during 2003.

#### **3.4.1 Selection of Key Informant Interviewees**

The Key Informant interviews engaged sixteen executives including representatives from ‘central agencies,’ executives responsible for evaluation, accountability and/or performance management functions from several departments, and internal and external consultants. These individuals were selected for their in-depth knowledge of Results-based Management, their key roles in developing and implementing the policy framework, or their practical expertise. The selection choice began by interviewing the Treasury Board officials responsible for implementing RBM and the

Auditor General officials responsible for assessing progress on RBM<sup>27</sup>. At the conclusion of each interview, executives were asked for referrals to other knowledgeable individuals or successful implementations, the snowball technique (Robson, 1993). The list of interviewees is contained in Appendix A.

### **3.4.2 Impact of the Key Informant interviews on the Research Design**

The Key Informant interviews confirmed, within a Canadian public sector context, issues identified in the literature review related to perceived strengths and weaknesses of RBM within Canada. The interviewees also identified areas of potential investigation not addressed within the current literature, such as sources of RBM information, and ‘operationalise’ RBM by executives.

Overall, RBM was considered an under-research area in the opinions of interviewees, who collectively expressed a high degree of interest in the research results. The Key Informant interviews confirmed the necessity of including regional and headquarter input, and the importance of examining whether senior executives had different perspectives, which supported the inclusion of multiple case study areas. Key Informant interviewees also confirmed the need for face-to-face interviews in data collection; in their opinion, RBM surveys would have limited useful application.

The impact of these interviews on the research design, especially in developing the interview guideline (interview questionnaire), was considerable. For brevity, Table 24 provides a summary of the contribution of the Key Informant interviews to the research question.

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<sup>27</sup> This information is readily available on the Canadian government website ([www.canada.gc.ca](http://www.canada.gc.ca)).

**Table 24: Contribution of Key Informants to the Research Design**

Issues	Description	Impact or Action	Question*
Research Methods	Is RBM a suitable topic for research (practitioner perspective)?	Yes, high degree of interest expressed by Key Informants	1
Case Study Selection	Field procedures and data collection	Confirm that interviews are required, surveys will not work	
	Include regional perspective	Saskatchewan Case Study incorporated into research design	
	Include programme perspective	Health Case Study incorporated into research design	
	Include Central Agencies and senior executive perspectives	Senior Executive Case Study incorporated into research design	
Public Value	Services	Service Explore client-focus/client feedback	5 12
	Outcomes	Use of RBM Linked to managerial flexibility	4,5 17
	Trust	Accountability Client feedback	7-9 12
RBM	Impact of RBM on executive management	Must be linked to accountability	4,9
		Must be linked to reporting	5,9
		Must be linked to budgets, including budget reallocation	5, 17
		Role and use of information in operationally managing for results	9-11, 12

\* Question refers to the inclusion of questions in the Interview Guideline (Appendix C).

### 3.4.3 Confirmation of Case Selection

As confirmed by the Key Informant interviews, the research methodology consisted of two principle case studies within the federal government of Canada, followed by the Senior Executive interviews. The first case, the Saskatchewan Case Study, interviewed executives from all departments with regional offices in Saskatchewan, one of the eight regions of Canada. The second, the Health Case Study, incorporated the views of executives from a national health program, including both headquarters and regional executives from across Canada. Within the research design, acquiring evidence from multiple case studies allows for cross-case analysis (Yin, 2003b). The

final set of interview focused on capturing the input and perspectives of senior executives and validating the research findings from the two case studies.

The Saskatchewan Case study responds to the suggestion from the Key Informant interviews that regional and headquarters may have differing perspectives on Result-based Management. A number of the Key Informant participants commented on the ‘policy-centric’ view of Ottawa, including the development of RBM policy itself<sup>28</sup>, in comparison with the program-delivery focus of regional operations<sup>29</sup>. Furthermore, given that approximately 60 per cent of Canadian federal public servants worked in regional settings in 2003, the Saskatchewan Case Study provides a mechanism to focus on regional executives’ perspectives.

The Health Case study was selected as it is considered one of the most difficult functional areas to measure (Stein, 2001). Examining one of the most difficult programme areas may reveal, in a clearer manner, certain management issues underlying Result-based Management. The Key Informant interviews confirmed this proposition, for example, “Health has got to be one of the hardest departments to try and implement Results-based Management” (respondent: KI-5).

In order to capture the perspective of the highest level of the bureaucracy, as suggested by the Key Informant interviewees, interviews with ten very senior mandarins; Deputy Ministers (DM) and Assistant Deputy Ministers (ADM) from both ‘central agencies’ and line departments were conducted under the general heading of

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<sup>28</sup> The Treasury Board of Canada, the developer of the Results-based Management policy, has no regional offices and is located in the national capital, Ottawa Canada.

<sup>29</sup> This difference was also thoroughly addressed in *Service in the Field - the World of Front-line Public Servants* (Carroll and Siegel, 1999), which confirmed the utility of including the Saskatchewan Case Study.

Senior Executive interviews. In each interview, the identical interview questionnaire was followed in order to acquire consistent data.

In reflecting on the challenge and opportunity of acquiring Senior Executives' perspectives, the following strategy was developed. By intentionally scheduling these interviews last, a discussion of the preliminary research findings was conducted at the end of each interview, providing a key validation for the case study results.

Furthermore, in securing senior executives' agreement to participate, the opportunity to discuss the research findings was offered as an inducement.

Ten interviews, while a small number, were considered adequate to test the research findings as they included representatives from the key central agencies leading the RBM initiative for the Canadian federal government.

In summary, selection of these specific cases emerged from a combination of the Literature Review, the Key Informant interviews, and discussion with interested parties. The overall research design incorporated executive perspectives and insights from different geographic regions, functional responsibilities, and levels of executive seniority. The case study selection logic is summarized in Table 25, below.

**Table 25: Case Selection Logic**

<p><b>Health Case study</b></p> <ul style="list-style-type: none"> <li>▪ Health is one of the hardest areas to determine and measure outcomes, with multiple stakeholders, long outcome time horizons, etc.</li> <li>▪ First Nations and Inuit Health, one Branch of Health Canada, is very large with a budget of \$1.8 billion, 30 major programmes, and 2000 employees (in 2003-04)</li> <li>▪ First Nations health is a highly political area with multiple stakeholders, who have conflicting goals</li> <li>▪ Within health, multiple results are desired, including conflicting outcomes</li> <li>▪ Will permit the examination of one Branch/programme area in depth</li> <li>▪ Includes regional and headquarters executives permitting analysis of differences</li> <li>▪ Also includes perspective of nine executives responsible for corporate functions (Informatics, Human Resources, Audit and Evaluation, Finance, Planning, etc.), required to support the health programmes</li> </ul>
<p><b>Saskatchewan Case study</b></p> <ul style="list-style-type: none"> <li>▪ Interviewing each executive in Saskatchewan permits analysis of differences between departments with a regional presence</li> <li>▪ Regional executives are responsible for direct programme delivery to Canadians/clients, (as compared to policy or corporate roles), and may have different pre-existing or current perspectives of results and accountability, including use of client satisfaction data in assessing outcomes</li> <li>▪ Key Informant interviews findings suggest that programmes with clear objectives and greater control of programme delivery, may support the adoption of Results-based Management (e.g. Taxation, Corrections) in comparison with programmes crossing jurisdictional boundaries and/or where the choices of individual Canadians/clients have large downstream impacts on the results (Health, Education)</li> </ul>
<p><b>Senior Executive interviews</b></p> <ul style="list-style-type: none"> <li>▪ A series of ten interviews with senior executives responsible for overall implementation of RBM within the Canadian public sector to validate research findings</li> <li>▪ Gather Central Agency perspective (PSC, TBS, PCO, AG), as well as executives responsible for implementing Results-based Management in other departments</li> <li>▪ Combined datasets permits comparisons between senior and lower-level executive perceptions</li> </ul>
<p><b>Cross Case Analysis</b></p> <ul style="list-style-type: none"> <li>▪ After analysis of the individual cases, the data will be merged to undertake secondary analysis of differences and similarities between regional and headquarter executives</li> <li>▪ Seek differences in implementation, and explanations of differences</li> </ul>

Each case study was selected on its own merit. However, the selecting of multiple case studies enhanced validity (Yin, 2003b), and strengthened the research design through analysing the perspectives and insights from different geographic regions, regional versus headquarter perspectives, and between levels of executive management. While a greater number of case studies would be desirable, limitations of time and funds precluded expansion of this research into other departments or

geographic regions. This remains an area for future research, as discussed briefly in Chapter 8, Conclusions.

The time frame available to conduct interviews, approximately 15 months, permitted a population rather than sample approach. This had the benefit of removing issues associated with sample selection, and served to increase the generalizability of the research findings. Naturally, some participants were unable or unwilling to participate. The number of participants and refusals, which were surprisingly small, are also noted in Table 26.

**Table 26: Case Study Interviews Statistics**

<b>Case Study</b>	<b>Number of Interviews</b>	<b>Number not Conducted</b>	<b>Location</b>	<b>Dates</b>
Saskatchewan Case study	32 (91.4%)	3	Province of Saskatchewan	February 2004 - January 2005
Health Case study	37 (90.2%)	4	Across Canada (Halifax, NS – Vancouver, BC)	March 2004 - April 2005
Senior Executive Interviews	10 (100%)	0	All in Ottawa – Canada’s capital	October 2004 - January 2005

Note: ‘Number not Conducted’ includes interviews unable to schedule and refusals.

In summary, this section has demonstrated the suitability of the case study method in addressing this research topic and identified the criteria for selection of the Saskatchewan and Health case studies, and the Senior Executive interviews.



### **3.5 Field Research Section**

Primary data collection consisted of semi-structured one-hour interviews to capture what executives consider significant in relation to RBM and to frame these issues in their terms (Meredith et al., 1989). Interviews can “yield rich insights into people’s experiences, opinions, aspirations. Interviews, within management research, are essential sources of case study information” (Yin, 1994:84). Interviews also allow interviewees to speak for themselves, offering verifiable facts along with their opinions, insights and other contextual information (Robson, 1993), and are especially suitable for sensitive areas of research (Easterby-Smith et al., 2002).

As Key Informants confirmed, the public service culture strongly suggests that researchers use personal interviews, instead of survey questionnaires, as executives are extremely busy, accustomed to delegating such information requests to subordinates, rarely write negative comments, and to fully explore widely different perceptions.

#### **3.5.1 Identification of Potential Interviewees**

Given that this research examines the research questions from the perspective of public sector executives, each executive within the two case study areas was approached to be interviewed. The names and titles of individual executives were acquired from the Canadian government electronic telephone directory ([www.canada.gc.ca](http://www.canada.gc.ca)), as well as through a variety of public and internal sources including the Saskatchewan Federal Regional Council, Health Canada departmental organization charts, personal knowledge, requests to Human Resources, and the ‘Snowball’ technique of asking each interviewee for the names of other executives

whom the researcher should contact. The ten Senior Executive interviewees were selected based on their level and position within central agencies.

Appendix A contains the Master Interview List, with the names and titles of executives interviewed. Not included on this list were the small number of executives (7) with whom interviews were not possible, through either refusals (3) or scheduling difficulties (4). In each case study, steps were taken to ensure that the organizational viewpoints had been integrated, addressing the 'loss' of this data to this research.

Once identified, each executive was sent an email requesting an interview, which included a brief description of the research. Copies of this correspondence are included as Appendix B. This initial contact was followed, typically one week later, with a telephone call seeking their participation.

Recent studies of executive workload (Corneil et al., 2002) document that public sector executives are very busy, with heavy workloads. It is believed, but cannot be proven, that access was greatly enhanced through the researcher's credentials as a long-service public servant. In addition, familiarity with the internal procedures, language and culture of the Canadian public service enabled the researcher to pose relevant questions, probe and influence the direction of discussion into useful areas, and challenge executives into revealing and explaining their perceptions more fully.

### **3.5.2 The Interview Guide**

Building on findings from the Key Informant interviews and Literature Review, as well as internal documents including Treasury Board of Canada Results-based Management policies and Auditor General's assessments, and utilising techniques on

questionnaire design widely disseminated in literature (Payne, 1951; Fink, 1995; Gill and Johnson, 1997; Hussey and Hussey, 1997; Smith, 1998), a semi-structured or open-ended interview guide was developed to capture what government managers consider significant in regards to RBM and to frame those issues in their terms (Meredith et al., 1989). Given the exploratory nature of this research, open-ended questions support Burgess's (1982) call to probe deeply, solicit expansive responses, and thereby uncover previously hidden details and open up new lines of enquiry.

The initial questionnaire was pre-tested on a small sample of public servants who provided direct feedback on the instrument itself. This led to minor refinements and adjustments. The complete Interview Guide is included as Appendix C.

The interview guide was structured to flow the discussion through a number of research areas and topics. Within each research topic, the questions found in the interview guide were used to initiate discussion. The open-ended nature of these questions and relative small number of questions (initially 14) provided flexibility in conducting the interviews, and allowed the discussion to flow in a 'normal' manner. During each interview, all research topics were covered, with no significance or impact noted in the order of the discussion of these research areas.

For brevity, Table 27, below, provides a high level overview of how the questions mapped to the research sub-topics, the elements of Public Value theory.

**Table 27: Linking the Questions to Public Value Theory in the Interview Guide**

Interview Questions and Topics	Public Value Theory			Other
	Service	Outcome	Trust	
1. Over the last five to ten years has public sector management changed?		√		√
2. How would you define accountability as a public sector manager?				√
3. Has accountability changed over the last five years? How?	√	√	√	
4. Do you believe RBM has the potential to improve government programs or management?	√	√	√	
5. Is your organization using RBM information? How and for What?	√	√		
6. Level of government/department/branch support for RBM.				√
7. Exactly what are you accountable for?	√	√	√	
8. Who are you accountable to?			√	
9. Overall, how do you discharge or demonstrate your accountability?			√	√
10. Where do you get your management information from?	√	√	√	
11. Do you use/want a Performance Management System for RBM?	√	√		
12. Discussion of Results and client's satisfactions.	√	√	√	
13. The future direction of RBM and Accountability.				√
14. Discussion of Performance Pay.		√		√
15. Discussion of personal motivation to work as a public servant.		√		√

Limited demographic information was collected at the start of each interview which included gender, length of public sector employment and length of executive service (See note at the end of Appendix A).

### 3.5.3 Field Procedures

As noted in Table 26, the primary data collection strategy for this research consisted of 79 semi-structured one-hour interviews. The interviews were held between February 2004 and April 2005, with almost all interviews conducted at the interviewee's work-site. The Saskatchewan Case study has an obvious geographic

boundary - the province of Saskatchewan, where executives work in one of two major urban centres. However, the Health Case study interviews were conducted from Halifax, N.S. on Canada's east coast, to Vancouver, BC on Canada's west coast, a distance of approximately 6000 kilometres and 4 time zones. The large distances involved were a major driver of lengthy time frame required to complete these interviews. As well, executives' often extremely busy schedules required extensive lead times to successfully book, and frequently reschedule, interviews.

The literature suggests that offers of confidentiality and anonymity be extended to participants to achieve a higher level of honesty and accuracy through reduced risk to participants (Folkman, 2000). At the beginning of each interview, participants were offered the guarantee that no attribution of individual comments would occur.

Interestingly, a significant number of participants declined this offer, but this had no impact on the research. A digital recorder was used to record the interviews in order to ensure the accuracy of the subsequent transcripts<sup>30</sup>, and to enable the interviewer to focus on the discussion (Fink, 1995). Analytical notes were prepared and recorded in a research diary immediately following each interview to capture additional details, interpretations, and other related information (Radnor, 2002).

Interviewee confidentiality was ensured by assigning a respondent code to each interview recording and the resulting transcript. This code was used during all subsequent phases of the research. The only link between individual interviewees and

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<sup>30</sup> The literature suggests that all methodological choices, even the process of transcription itself, are value-laden (Lapadat and Lindsay, 1999). The transcripts prepared for this research were simple records of words spoken, with no attempt to include tone, pauses and body language within the transcripts. Having conducted all interviews personally did help mitigate this limitation.

‘their’ transcript was maintained in a separate, secure file. In addition, all interviews, transcripts and data were stored in a secure environment.

As suggested by Yin (2003), a Case Study Protocol was assembled for this research. The purpose of the protocol was to outline and document the case study research. The use of a Case Study Protocol enhances reliability and is essential for multiple-case research design, as in this research. As well, this protocol incorporates the research questions, logic and processes undertaken during the research itself, leading to improved construct validity (Yin, 2003b). This documentation also incorporates the plan for the collection, the analysis of the information and data obtained during the course of the research, and all administrative aspects of this research.

In addition, a Case Study Database was maintained during the course of the study. It contains raw material (including interview transcripts, researcher's field notes, documents collected during data collection, and survey material), coded data, coding scheme, memos and other analytic material.

#### **3.5.4 Ethics and Attribution**

Ethical considerations must be considered in all research decisions (Bulmer, 2001). Although religious and professional organizations historically developed ethical guidelines to direct members in their actions and behaviours, for example, (Canadian Medical Association, 1995), the issue of ethics in social research is a more recent topic of discussion (Frankfort-Nachmias, 1996; Bell, 1999; Bulmer, 2001). Social research by definition involves “the study of human society and of individual relations in and to society” (Webster, 1988:941). In addition, the study of ethics can be variously defined, for example: “[in research]...ethics are usually taken as referring to

general principles of what one ought to do” (Robson, 1993:30). Therefore, since social science “researchers are constantly interacting with a complex and demanding socio-political environment that influences their research decisions...” (Frankfort-Nachmias, 1996:76), ethical researchers must consider and address the research choices which impact not just the research participants, but also on other researchers, users of the research, and society at large (Radnor, 2002).

Within Canada, and therefore deemed appropriate for this research, the *Canadian Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans* (Research Councils of Canada, 2003) defines the ethical issues which must be addressed by Canadian researchers in the social sciences. The principles focus primarily on issues of human dignity, free and informed consent, and privacy and confidentiality. Noting that human dignity was not considered to be an issue within this research, the researcher read and complied with all relevant aspects of these guidelines.

Research participants have the right to know, and to consent to, their participation in research activities (Bulmer, 2001). Consent must be informed and without manipulation or deceit to be meaningful, although exceptions can be justified under certain circumstances (Sieber, 1992). Within this research, informed consent was acquired through the use of a letter of introduction describing the research. The voluntary nature of participation was clear from the nature of the approach and no attempt was made to pressure or persuade reluctant participants.

A number of ethical issues surround the relative power of researchers and participants, although Easterby-Smith et al. (2002) note that these issues are

frequently reduced or absent in management research. For this research, the consent to participate was clear, as individuals were free to decline when contacted. For clarity, the researcher/interviewer was 'organizationally' one level below the executive level. Therefore, no implicit organizational pressure to participate or threat for non-participation could be implied.

Regarding privacy and confidentiality, as noted in the previous section, a commitment was extended by the researcher that attribution of individual comments would not occur. In meeting this ethical commitment certain practical steps were undertaken to remove all identifying information from the transcripts (as discussed in Section 3.7.1). As well, this thesis, other publications, and public presentations will continue to respect the researcher's 'no attribution' commitment. This approach seeks to maintain participant trust and operationally meet all ethic research standards as set out by the Research Councils of Canada (2003).

In summary, it is submitted that all relevant ethical issues have been addressed in the research design, during the research process, and in presentation of research findings.

### **3.6 Analysis Strategies**

“Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study” (Yin, 2003b:109).

Yin (2003) argues for the inclusion of a general analytic strategy for case study research to guide the decision regarding what will be analyzed and for what reason. As Robson (1993:148) notes, researchers must develop this conceptual framework



prior to beginning the case study in order to identify “the main features (aspects, dimension, factors, variables) of a case study and the presumed relationships.” This framework sets out “the logical model of proof that will allow the research to draw inferences concerning causal relations among the variables.” (Nachmias and Nachmias, 1992:77-78). Eisenhardt (1989) warns that without a sound research focus and design, it is easy to become overwhelmed by the volume of data.

Method and analysis occur simultaneously in case study research. Within a qualitative case study, the researcher is engaged in data interpretation from the beginning of the research process to the end (Radnor, 2002), becoming thoroughly familiar with the data in order to grasp the details, while simultaneously examining the dataset from a distance seeking to reveal patterns and explanations. Specifically, data collection and analysis occur as a cyclical or iterative process, wherein the researcher moves between the literature and field data and back to the literature again. This aspect of this research will be discussed in Section 3.7.3.

One of the key elements of case study research is pattern matching, which Trochim (1989) considered a highly desirable strategy for analysis. This type of logic compares an empirical pattern with a predicted one. Internal validity is enhanced when the patterns coincide. However, exploratory research typically focuses on pattern finding rather than pattern matching, although the cross-case and secondary analysis sought patterns which matched.

Explanation-building is considered a form of pattern-matching in which the analysis of the case study is carried out by building an explanation of the case. Through

exploring and seeking out relationship and patterns, and making connections across topics and categories, the researcher can begin to generate an abstract conceptualization of the phenomena under study. Explanation-building is an iterative process that begins with a theoretical statement, refines it, revises the proposition, and repeats the process. The literature notes the difficulties of this technique including the potential for a loss of focus.

### **3.6.1 Qualitative Analysis**

Within this research, the qualitative data analysis was guided by descriptions of qualitative research techniques developed over the last four decades (Glaser and Strauss, 1967; Miles and Huberman, 1994; Silverman, 2001; Radnor, 2002). As discussed in Section 3.2.3, data analysis did not begin at the point in time that the researcher first sits, literally surrounded with interviews and other research data. Realistically, it began with the selection of a research area and questions. At this point, the researcher selected elements from among an immensely complicated and interconnected world as being ‘of interest.’ After this selection, the researcher adopted a filter with which to view the literature, methodology, and other research elements<sup>31</sup>.

Although the foregoing emphasizes a systematic approach or procedure for data analysis, it should be noted that a systematic approach does not itself provide knowledge of the data, the role of descriptive statistics in quantitative research. The end-product of the analysis is highly dependent on the experience, objectivity, and thoroughness of the researcher in extracting the knowledge encased in the data.

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<sup>31</sup> A simple example is how, after purchasing a specific model or colour of car, one becomes sensitive to other cars on the road that match his/her selection.

Nevertheless, qualitative procedures do assist in conducting a thorough exploration of the research data.

Within this thesis, the qualitative data analysis method described by Radnor (2002) was selected to guide the research analysis. This will be fully discussed in Section 3.7.1.

### **3.6.2 Validity, Generalizability and Reliability**

While all research methodologies are concerned with reliability and validity, successful research data and findings will be objective, unbiased, consistent and unambiguous (Mann, 1985:60). A careful research design, incorporating ethical considerations, is required to arrive at valid, verifiable results, within the context of a given societal model. Methodology texts generally stress maximizing four aspects of the research: construct validity, internal validity, external validity, and reliability (Easterby-Smith et al., 2002; Yin, 2003b). Triangulation, discussed in the next section, is also a key source of reliability in exploratory research (Eisenhardt, 1989).

Reliability, in case studies, is not measured on its replicability, but rather on whether the process of interpretation is sufficiently transparent and logical that another researcher, duplicating the research process, would arrive at similar conclusions. Silverman (2000) suggests several principles to defend against ‘anecdotalism,’ including:

- Refutability – use ‘Popperian’ Logic to seek out examples which might disprove current beliefs (Popper, 1959)
- Constant comparison – follows the principles of grounded theory in looking for new cases and settings which will stretch the current theory

- Comprehensive data treatment – performing an initial analysis leading to theories and conclusions
- Tabulations – greater rigour in organizing data and implying that frequency of observation extracts knowledge from the source data.

Reliability, was enhanced in this research through development of a Case Study Protocol (Yin, 2003b) which encompasses “the principal documentation needed to provide the researcher with the necessary focus, organize the visits, and ensure the trail of evidence is thoroughly documented.” (Stuart et al., 2002:424). This protocol also aids the researcher in avoiding becoming overwhelmed by the volume of data (Eisenhardt, 1989).

Generalizability, also known as external validity within quantitative research, focuses on the application of research findings to other, similar situations. There is widespread agreement that generalizability, in the sense of discovering or proving universal laws applicable to all similar situations, is neither a useful or attainable goal within qualitative research (Schofield, 2002). However, qualitative researchers lack a shared conception of the application of generalizability within qualitative research.

While certain qualitative researchers have actively rejected generalizability as a goal (Denzin, 1984), others advance differing arguments, suggesting that the correct criteria is to analytic rather than statistical generalization (Yin, 2003b); Lincoln and Guba (2005) argue for ‘fittingness’ – whether the specific qualitative research findings are useful in understanding other sites; Stake (1978) argues for generalizability as ‘naturalistic generalization’ - building explicit and tacit knowledge

to increase understanding of other similar situations. Other more recent methods include Meta-Ethnography, Qualitative Comparative method (Ragin, 1987) and Schofield's (2002) 'what is, what may be, what could be' model.

Because the thesis uses a case study approach, the generalisations of findings are theoretical rather than statistical (Glaser and Strauss, 1967). Yin (2003b:10) explains this succinctly by noting that:

“... case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes. In this sense the case study, like the experiment, does not represent a 'sample', and the investigator's goal is to expand and generalise theories (analytical/theoretical generalisation) and not to enumerate frequencies (statistical generalisation).”

In case studies “... random selection is neither necessary nor even preferable” (Eisenhardt, 1989:537). Case studies use theoretical sampling which may involve the selection of cases such as extreme situations and polarized types (Pettigrew 1988, cited in Eisenhardt, 1989).

Table 28, below, summarizes how this research addresses the issues of reliability and validity.

**Table 28: Case Study Validity and Reliability Strategies**

<b>Tests</b>	<b>Case Study Tactic</b>	<b>Research Phase</b>	<b>Action Taken in this Research</b>
<i>Construct Validity</i>	Use multiple sources of evidence	Data collection	Use of interviews, documentary evidence and environmental observations
	Establish chain of evidence	Data collection	Interview data, both taped and transcribed; multiple evidence sources entered into case study database
	Confirmation of Case Study utility and sub-topics with key informants	Composition	Key Informant interviews
<i>Internal Validity</i>	Do pattern matching	Data analysis	Patterns identified within and between case studies
	Do explanation building	Data analysis	Some causal links identified
	Do time series analysis	Data analysis	Not performed in this research, but under consideration as part of follow-up work
	Do logic models	Data analysis	Not performed- requires time series data
<i>External Validity (generalize)</i>	Use rival theories within single cases	Research design	Not used because of exploratory nature of research and lack of existing theory
	Use replication logic in multiple-case studies	Research design	Multiple cases investigated using replication logic
<i>Reliability</i>	Use case study protocol	Data collection	Same data collection procedure followed for each case; consistent set of initial questions used in each interview
	Develop case study database	Data collection	Interview transcripts, other notes and links to online and physical artefacts entered into database

Source: adapted from (Yin, 1998)

Incorporated into the research design, the Senior Executive interviews also sought to validate results from the two case studies. This provided an opportunity to refute or validate findings, as well as discuss alternative solutions and explanations of these issues, increasing the overall confidence in research findings.

### 3.6.3 Triangulation

Within qualitative research, including qualitative case studies, one key aspect of research validation is Triangulation (Yin, 2003b). This is equally true for exploratory research (Eisenhardt, 1989). Denzin (1978:297) defines triangulation as, “the combination of methodologies in the study of the same phenomenon.” The need for triangulation arises from the ethical need to confirm the validity of the processes. Stake (1995) states that triangulation serves to ensure accuracy and to consider alternative explanations. Triangulation increases the confidence that observed differences are in fact grounded in the data rather than the method, with weaknesses of each technique compensated through strengths in the others (Todd, 1979).

Triangulation can occur at many levels. Denzin (1984) identified four types of triangulation: data, investigator, methodological and triangulation of theories. Easterby-Smith, Thorpe and Lowe (2002:146) comment on these definitions as follows:

- Data source triangulation, when the researcher looks for the data to remain the same in different contexts
- Investigator triangulation, when several investigators examine the same phenomenon
- Theory triangulation, when investigators with different view points interpret the same results
- Methodological triangulation, when one approach is followed by another, to increase confidence in the interpretation.

Given the complexity of public sector management, including RBM, verification of interviewees' accuracy in discussing management issues is required (Hammersley, 1998). The research design included secondary data analysis of existing surveys, including the 1999 and 2002 *Public Service-Wide Employee Survey* (Treasury Board of Canada, 2002b), and *Barriers to Modern Comptrollership Survey* (2003). These external surveys also assisted in validating the research findings through triangulation.

Table 29 describes how triangulation concepts were applied within this research.

**Table 29: Triangulation, as Applied Within This Research Project**

<b>Triangulation</b>	<b>Research Response</b>
Data	<ul style="list-style-type: none"> <li>▪ Census (not sample) of all executives within each case</li> <li>▪ Incorporates differing perspectives from across the organization</li> <li>▪ Multiple data sources</li> </ul>
Investigator	<ul style="list-style-type: none"> <li>▪ Not applicable – one researcher only</li> </ul>
Methods	<ul style="list-style-type: none"> <li>▪ Analysis of secondary survey analysis</li> <li>▪ Secondary analysis of full dataset</li> <li>▪ Use of Key Informant and Senior Executive interviews to confirm topic and findings</li> <li>▪ Document analysis</li> </ul>
Triangulation of Theories	<ul style="list-style-type: none"> <li>▪ Use of Public Value theory to explain case study findings</li> <li>▪ Reward Theory</li> <li>▪ Principal/Agent Theory</li> <li>▪ Various public management theories (i.e. Bureaucracy).</li> </ul>

Source: adapted from (Yin, 2003b)

Documentary analysis is another potential form of triangulation (Denzin, 1978), with Yin (2003b:81) stating “the most important use of documents is to corroborate and augment evidence from other sources.” This research design incorporated the contribution from internal documents, located during the Literature Review, as well as government information, reports and assessments of Results-based Management gathered prior to and during the field research phase. Additional material gathered



during the field research did serve to validate findings. These sources serve to strengthen the research findings through triangulation.

Considering the role of pattern-matching, three tactics were used to search for cross-case patterns. First, the dimensions suggested by theory were identified and within-group similarities and differences were identified. Second, the cases were compared and similarities and differences listed. Third, to promote triangulation, data collected from different sources and of different types were compared. As patterns were corroborated by evidence from another source, the findings were better grounded (Eisenhardt, 1989:541).

**Table 30: Data Collection Methods**

<b>Data Collection Method</b>	<b>Source</b>	<b>Anticipated Contribution</b>
Key Informant Interviews	Exploratory interviews with 16 Key Informants	<ul style="list-style-type: none"> <li>▪ Confirmed research, major source of questions included in Interview Guide</li> <li>▪ Interviews, not surveys</li> <li>▪ Case Study selection</li> </ul>
Document review and Analysis	Analysis and review of Results-based Management published literature, reports, policies and guidelines, as well as internal and unpublished documentation	<ul style="list-style-type: none"> <li>▪ Govt. documents and academic literature examined for descriptions of RBM: use, evolution, information sources, and support, as well as limitations of RBM</li> <li>▪ Impact on accountability</li> <li>▪ Used to corroborate and augment evidence from other sources (Yin, 1994:81)</li> </ul>
Interviews - Health and Saskatchewan Case Studies	Semi-structured, open-ended interviews with a total of 69 public sector executives in two major case studies (Saskatchewan & Health)	<ul style="list-style-type: none"> <li>▪ Two case studies</li> <li>▪ Principle data collection instrument</li> <li>▪ Qualitative, interpretative analysis (Radnor, 2002)</li> </ul>
Interviews - Senior Executives	Interviews with ten senior public servants	<ul style="list-style-type: none"> <li>▪ Acquire senior management perspective</li> <li>▪ Validate research findings</li> </ul>
Secondary Analysis of Surveys	Government-wide employee surveys (1999 & 2002), and Modern Comptrollership Survey (2003)	<ul style="list-style-type: none"> <li>▪ Triangulation with other data sources</li> </ul>

The foregoing sections have presented and justified the selection of the Case Study method, the impact of the Key Informant interviews, and the field procedures followed. The following section will present a detailed description of the analysis process, including evidence of reflexivity and secondary analysis of the data.

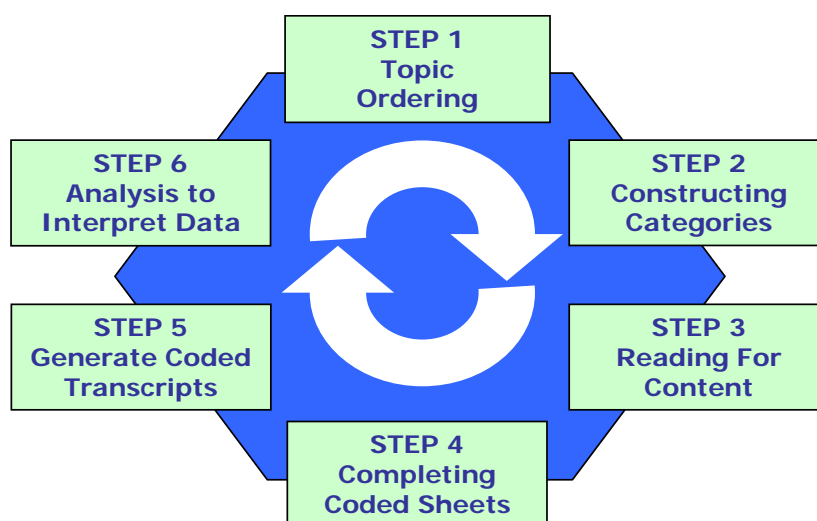
### ***3.7 The Analysis Phase of the Research***

This section will describe the analysis phase of this research. Specifically, it will include discussion of the specific steps undertaken and the codes used, and will provide some idea of the reflectivity and interpretation in conducting the analysis. Presentation of detailed analysis steps enhance the research reliability, and that an independent researcher following an identical research process would reach similar conclusions.

It must be clearly stated that each case study was first analyzed separately, focusing on the particularities and complexities within each case (Eisenhardt, 1989:540; Stake, 2003). As suggested by Yin (2003b), each case study consisted of a ‘whole’ study, in which convergent evidence was sought about the facts and conclusions. After this step was completed (for each case study), the data analysis proceeded from analyzing within-case data to searching for cross-case patterns (Eisenhardt, 1989). This allowed the unique patterns of each case study to emerge, which subsequently were sought for in the other cases, leading to improved internal and external validity.

The specific data analysis strategy or method undertaken for this research, as described by Radnor (2002), is visually depicted in Figure 12, below.

**Figure 12: Radnor Methodology**



Source: (Radnor, 2002)

The application of this analytical method within this research is described in detail in the following section.

### **3.7.1 The Analysis Process**

As noted earlier, the analysis phase began by transcribing the seventy-nine interviews. Each transcript was assigned a unique respondent code to ensure anonymity. This step was taken to prevent attribution of executive comments, as well as to minimize potential researcher bias through giving greater weight to certain transcripts by virtue of the executive's level, knowledge or position. A single, separate file was maintained which linked these codes to individual executives. All research interviews were stored in secure locations, encrypted and password protected.

Within each case study, after an initial reading of the interviews, the first analysis step was the identification of topics. As noted by Radnor (2002), this stage is simply

designed to help group and ‘hold’ the data in a manageable manner and to provide a structure through which categories may be constructed. Within this research, the topics emerged through the preliminary reading of the interviews coupled with topics suggested by the original research objectives, question and sub-questions and the interview guide. Seven topics were initially identified (from the first case study analysis):

- Results-based Management
- Accountability
- Public Value
- Executive Motivation
- Performance Management Systems
- Managerial Flexibility
- Other

The second step was the construction of categories within each topic. In constructing categories, the researcher considered both explicit topics, those directly emerging from interviews, as well as implicit topics constructed to bring together attitudes, perspectives and various relationships within each case study. During the subsequent stages, additions and deletions reflected a growing familiarity with the full data set. Choice of topics and category selection were aided by consultation with the research diary and additional material collected during the case studies. Mechanically, this step consisted of entering each topic at the top of a separate page and listing related categories. The topics and categories used are summarized in Appendix D.

After printing out a master paper copy of the interviews<sup>32</sup>, which included a computer generated line number reference, the third step was to code for content analysis. This was accomplished by reviewing each interview in turn and highlighting specific quotes considered to be of relevance to one or more topics and/or categories. To assist in the analysis, seven highlighter colours were used, one for each topic. In addition to highlighting interview transcripts, a reference code was written beside each identified section. The reference code consisted of a respondent code, a topic-category code and the computer generated line number. For example, SC-24 PM 138 would be the 24<sup>th</sup> interview in the Saskatchewan case study, Performance Management category, located on line 138 of the transcript. The fourth step was to transcribe this reference code to one or more category sheets, generated in step two above. Thus, within each topic and category, all quotes of interest could be readily located within the data files. A sample extract from a coded transcript is included as Appendix E.

During these steps, additional topics were considered, although none were added. However, the Performance Management (PM) topic was discarded as few executives reported having access, or desiring access, to a PM system. It became a category within Results-based Management rather than a separate topic. Similarly, categories were added, merged or deleted as the analysis proceeded.

At this point in the analysis, a photocopy was made of the master copy of the highlighted paper interviews, which now included the hand written reference codes.

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<sup>32</sup> It should be noted that the use of computer software was considered, and actively examined. However, the researcher was simply more comfortable with a paper-based approach.

This step was critical in conducting subsequent secondary analysis of the data. Using the photocopy, the key quotes and extracts were then manually cut from these interviews and physically inserted into one or more folders (additional copies were made when required). This was the fifth step. Topic folders were colour-coded, matching the highlighter colours), with an individual folder created for each category. It should be noted that sufficient interview text was included in each extract in order that the extracts be self-explanatory and make sense out of context.

The final, sixth step required repeated readings, examination and refinement of the analysis, leading to the generation of summary statements. These initial statements attempted to capture or summarize findings within categories, while giving a realistic appraisal of conflicting opinions and perceptions, and ensuring that observations were grounded in a sound interpretation of the empirical data. This required multiple readings of groupings of categories and topics to fully understand different subtleties of meaning and led to refinements of statements. This is the stage where Radnor (2002:88) suggests that the interpretive process takes over from the descriptive stage.

The refined statements formed the basis for an improved understanding and response to the research question, which will now be systematically presented in the remaining chapters of the thesis. In the following three findings chapters, specific research quotes were carefully selected to show a balanced view of the range of responses, to permit independent assessment of the findings. When expanded to cross-categories and cross-topic analysis, the improved understanding contributes to a theoretical explanation of the phenomena under study.

In concluding this section, it should be noted, as Radnor (2002) acknowledged, that while a systematic approach to interpretive research is helpful, it cannot in and of itself reveal findings or conclusions. It is limited to assisting the researcher extract the maximum value from the data through a thorough exploration of the material, which the researcher must then interpret. As the basis of interpretive research is the epistemological position that knowledge is socially constructed, and that we live in a world of multiply constructed realities, the researcher remains solely responsible for the creative and constructive intellectual process of making sense of this data and theorizing from it.

### **3.7.2 Codes**

As the topic and category codes used by the researcher in analysing this data are central to the subsequent findings, a full listing of these codes is included as Appendix D. As noted, these topics emerged from a review of the research questions, interview guide, and a preliminary review of the data. Similarly, an initial set of category codes was constructed from the same sources, coupled with additional reflection on areas of predominant discussion during the interviews themselves. As noted, this was a highly interactive process with additional categories, and even topics being added and deleted as the analysis proceeded.

It should be emphasized that each case study was treated as a separate research study and that the topics and categories for each case study were constructed independently. Noting that the primary data collection instrument, the interview guide, was identical for all case studies, differences were relatively minor, but did exist.

### **3.7.3 Reflexivity**

Qualitative research requires an iterative, reflexive approach. As Schwandt (2001:224) states, “Reflexivity can be a means for critically inspecting the entire research process, including reflecting on .... one’s personal and theoretical commitments... to determine particular interpretations.” It seems somewhat artificial to describe on-paper how I, as researcher, would sit, think and reflect on what the data was saying, and how these reflective periods would then influence my next reading of the data. However, this ‘reflective meditation’ formed a key aspect of the analysis. At one level, I was striving to remove my own bias and prior knowledge of the topic and to allow the data to speak for itself. To assist in this goal, I would record thoughts, inspirations and new questions in a research diary. Within the analysis phase, this reflexivity also led to the selection (and deletion) of additional categories, which had emerged from the dataset.

In the earlier stages of the research, reflexivity influenced the ongoing data collection itself through the addition of extra questions. Two of the more significant additions and breakthroughs were the development and inclusion of the Logic Model (discussed in Section 4.9), and the moment when it quickly became clear that executives did not use, nor want, performance management systems to manage for results, leading to the inclusion of executive motivation questions into the interview guide and research analysis.

### **3.7.4 Secondary Analysis of Interview Data**

Within this research, after the ‘in-case’ analysis and cross-case analysis were completed, the full dataset was combined, regrouped and further analyzed. This



secondary analysis considered whether different perceptions would emerge according to gender, regional verses headquarters, and length of service. For example, from a practical perspective, in conducting the regional/headquarters analysis the ‘regional’ Health Case Study interviews were combined with the Saskatchewan Case Study interviews (all regional) while the Senior Executive interviews (exclusively Ottawa-based) were merged with the ‘headquarters’ Health Case study interviews.

The analysis itself followed the identical qualitative analysis process used in conducting the case study analysis and described in Section 3.7.1. The findings from this additional analysis are reported in Section 7.8.

### **3.8 Building Theories**

“Nothing is so practical as a good theory” (Lewin, 1945:129).

Gilbert (2001:17) states that a theory “highlights and explains something that one would otherwise not see, or would find puzzling. Often, it is an answer to a ‘Why?’ question”. Noting that developing theory<sup>33</sup> is a principle goal of research (Eisenhardt, 1989; Swamidass, 1991; Hussey and Hussey, 1997; Meredith, 1998), Gill and Johnson (2002:26) comment that while “the terms ‘theory’ and ‘hypothesis’ are often used interchangeably, in its narrowest sense a theory is a network of hypotheses advanced so as to conceptualize and explain a particular social or natural phenomenon.”

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<sup>33</sup> The concept of research ‘theory’ itself is contested by authors such as Alvesson and Deetz (2000:37-47), who discuss the inadequacy of the simplistic application of the concept itself.

Theory is traditionally developed by combining observations from the literature, common sense and experience. Through examining the literature for existing theories, researchers identify aspects that are unclear, incomplete or paradoxical (Melnyk and Handfield, 1998:313), even when the body of knowledge is weakly developed (Stuart et al., 2002). However, theory-building takes time and can be difficult (Eisenhardt, 1989:532).

Phenomenological studies are particularly well-suited for exploratory studies and theory development. As Mintzberg (1979:587) states, “Theory building seems to require rich description, the richness that comes from anecdote. We uncover all kinds of relationship in our hard data, but it is only through the use of the soft data that we are able to explain them.”

To support such an interpretivist perspective, that theory falls from observation, qualitative data analysis typically starts with descriptive observations that relate the state of the space, actors, activities, objects, acts, events, time, goals, and feeling dimensions in the setting. This description positions the qualitative narrative account of significant events during the study; the narrative account may also include focused observations on specific dimensions of interest, leading to an explanatory set of concepts (Robson, 1993). It is noted that “a qualitative understanding of the quantified factors is still required for theory to be accepted...” (Meredith, 1998:442).

As for all research, prior identification of potential constructs from the literature can shape and provide focus for the initial research design in theory building.

Researchers can then incorporate instrument measures to examine these constructs.

Should constructs subsequently prove important during the research, “the researcher then has a firm empirical grounding for the emergent theory” (Eisenhardt, 1989:536).

### **3.8.1 Building Theories from Case Study**

“Case research has consistently been one of the most powerful research methods in operations management, particularly in the development of new theory” (Voss et al., 2002:195).

Eisenhardt (1989), synthesizing previous work (Glaser and Strauss, 1967; Yin, 1984), argues that a case study approach is valid for identifying new theories, while cautioning of the possibility that theory generated inductively, though empirically valid, may fail to address larger problems, and thus lack generalisation capacity. Although as noted earlier, Yin (2003b) states that case studies are generalizable to theoretical propositions, not to populations.

According to Gills and Johnson (2002), theory building from case studies is most appropriate in the early stages of investigation of a subject area, or when a new perspective is required, and is frequently used in operations management research (McCutcheon and Meredith, 1993; Handfield and Melnyk, 1998).

The development of theoretical frameworks, a collection of theories and models from the literature, helps “focus and bound” the data (Miles and Huberman, 1994; Barnes, 2001:1082). In the context of exploratory case studies, theoretical frameworks may be less important (Hussey and Hussey, 1997:123), or less clear in their structure, though they do provide structure for data collection, while permitting exploration of a wide range of topics (Barnes, 2001).

A legitimate element of case research, especially in theory-building, relates to the researchers ability to modify interview questions, even adding cases to the study in order to probe emergent themes or to react to unexpected opportunities (Eisenhardt, 1989:539; Beach et al., 2001). A key element is the preservation of what Yin (1981; 2003b) refers to as a *chain of evidence*, with explicit citation of particular pieces of evidence at each phase of the study: data collection, within-case analysis and cross-case analysis, overall findings, and conclusion.

This case study analysis will attempt to understand the current (2004) level of integration of RBM, and the role of Public Value theory. Sub-theories are expected to identify conditions which support and those which obstruct the adaptation of Results-based Management within the Canadian public service. Handfield and Melynk's (1998) logic, summarized by Stuart et al. (2002) suggests that exploratory theory building is a suitable aim for the case study method (Handfield and Melnyk, 1998:320-339; Stuart et al., 2002).

### **3.9 Summary - Methodology Chapter**

As noted, the selection of research methodology should, and must be, driven by the research question under investigation (Hussey and Hussey, 1997:140), which in turn must drive the selection of method(s). Having considered the ontological, epistemological and methodological issues, this chapter has presented the rationale of the selection of a qualitative interpretivist approach and the utilization of the case study method.

Qualitative case study research, properly done, has explanatory and illuminating power regarding the situation under study, examines various perceptions within the area of study, and increases the understanding of issues within the research study area (Silverman, 2001). In conducting the case study, the literature has suggested several areas that the researcher must carefully review to ensure that the analysis is of high quality, including demonstration that all relevant evidence was examined, that all rival explanations were addressed, that the analysis addressed the most significant aspect of the case study, and that the researcher's knowledge and experience were used to maximum advantage in the study. These areas were addressed within this research.

Within this research, in addition to meeting the conditions which support the use of the Case Study method, the selection of an Exploratory Case study is supported by the absence of studies exploring these issues from an executive perspective; and potential of Public Value theory in exploring implementation of Results-based Management. Like all research methods, exploratory case studies require a prior purpose and criteria by which the exploration will be judged successful, which must be, (and were), set out in the case study design and protocol.

In summary, it is submitted that this research is properly grounded in both methodologies and methods, and is appropriately positioned to make a contribution to knowledge within the research topic under investigation. While external to the requirements of a PhD thesis, it is further submitted that this research has the potential to make a practical contribution to public sector management. Within management research, a practical application is deemed helpful, if not essential, in gaining access

to executive managers, who otherwise may choose not to participate (Easterby-Smith et al., 2002).

The following three chapters present the findings from the Saskatchewan and Health case studies and from the Senior Executive interviews.

## 4 The Saskatchewan Case Study

This Chapter will present the findings from the Saskatchewan Case Study.

The contribution of the Saskatchewan Case Study to the overall research design was to capture and examine regional perspectives and cross-departmental perspectives.

The overall case selection logic was summarized in Table 25.

Having conducted, transcribed and analyzed the thirty-two one-hour interviews which comprise the principle data source for this case study, seven key themes have emerged. After an initial discussion of the impact of changes in managerial accountability and activities introduced by Results-based Management, each element of Public Value will be explored in detail. In order, this Case Study presents an analysis addressing the following themes:

- Has management changed?
- Public Value - Services
- Public Value - Outcomes
- Public Value - Trust
- Executive Information and Decision Making
- Creating Public Value through Citizen/Client input
- Saskatchewan Executive Motivation.

For readability, all direct quotes from the research interviews are *in italics*, and while direct quotes are attributed to one interview, unless specifically noted otherwise, they

were selected as representative of themes, opinions or comments emerging from multiple interviews.

#### **4.1 Background**

The Saskatchewan Case Study included interviews with executives from all federal government departments with regional office(s) in Saskatchewan, one of the eight regions of Canada. As the sole researcher, I conducted all of the interviews. In two cases, where the regional offices did not have executive-level management, the most senior manager was interviewed.

The Saskatchewan Region is located in the geographic centre of Canada, as shown on the map (next page). It is approximately 2500 kilometres west of Ottawa, the nation's capital and headquarters for most federal government departments. Saskatchewan has a population of one million. Major federal roles and responsibilities in Saskatchewan include health, programmes for aboriginal (First Nations) people, prisons, policing and agriculture.

Of the thirty-five executives employed by the federal government of Canada in Saskatchewan (in 2004), thirty-two executives agreed to be interviewed, while three were unavailable or declined. Executive levels, locations and other demographic data pertaining to interviewees are included in Appendix A.



**Figure 13: Map of Canada**



#### **4.2 Has Management Changed?**

Each interview began by enquiring whether the executive perceived that public sector management had changed in the last decade. This question set the stage for subsequent discussions of Results-Based Management and Public Value. Should executives have reported that no or only limited changes had occurred, this would have suggested that Results-based Management was not new, leading to different research findings.

Saskatchewan executives, broadly, were divided into two camps. A minority argued that changes were modest in terms of management. However, within this group there was a general consensus of increased accountability and administrative requirements.

- *The fundamentals of public service management have probably been the same for 100 years in Canada... and many of these 'old' ways remain very appropriate (respondent: SC-4)*
- *After all, you still have staff to manage, you still have budgets to manage, and you still have operations to manage (respondent: SC-23)*
- *(We continue to) delivering services in a market oriented environment, with limited resources, to citizens who will generally want more... (respondent: SC-14)*
- *I think some of the rhetoric has changed, the buzzwords have changed, but has there been a real fundamental change? I question that. I really don't think that there has been any dramatic, significant change (respondent: SC-22)*
- *Results-based Management adds another tool to our management tool case, it doesn't replace anything (respondent: SC-11)*
- *I think that (politicians/headquarters) want to change, but I'm not sure that they really can change or are really achieving real change. We are deeply routed in the past (respondent: SC30)*
- *About the same, but (management) issues have becomes different (respondent: SC-18).*

The counter-argument offered by the majority of respondents was that larger, significant changes have occurred or are occurring:

- *(Management) has changed an awful lot in the last 5 years, at least in our department (respondent: SC-19)*
- *The degree of focus on Results-based Management is huge here (respondent: SC-7)*

- *We have become a lot more client focused (respondent: SC-29)*
- *Executive performance agreements are definitely a new requirement (respondent: SC-20)*
- *We have definitely become more people oriented than before – team oriented rather than top-down control. I think that's required by the knowledge based nature of our work (respondent: SC-2)*
- *Our managerial scope and flexibility has narrowed, more centralized (respondent: SC-31)*
- *Let's say that you sure don't exceed your budget casually anymore... (respondent: SC-15).*

Notably, all executives agreed that public sector management had changed, differing only in their perceptions as to the degree of change, from incremental to significant modifications in the role of executives. To some extent, analysis suggests that this diversity of opinion reflects the differing management culture of the departments, as well as the degree of change experienced by their respective programmes.

Nevertheless, it can be argued that overall, significant change has occurred in the management culture.

Saskatchewan executives confirmed that from a regional perspective, managerial control had been centralized. None saw this as an improvement, expressed satisfaction, believed that it could lead to improved results, or noted other potential benefits. Rather, comments centred around the increased costs of centralization from a regional perspective. Many executives argued that increased centralization and Result-based Management were contradictions:

- *After moving towards decentralization during the early and mid 1990s, the natural tendency of the centre to re-impose controls has become vogue again...(respondent: SC-20)*
- *The pendulum has swung back/too far/to the other extreme/a long way (various respondents) (Note – the pendulum was a surprisingly common analogy)*
- *I've been here long enough to see the cycles. We went through an era where we tried to increase employee delegation – pushing decision-making to the front line. And I think that this was pretty effective. But I have certainly seen a retrenchment from that trend (respondent: SC-13)*
- *We have lost out incremental gains in terms of authorities – a trend to move from transfer funding to contribution funding. (Note: the latter process requires detailed reporting and accountability by the recipients) (respondent: SC -22)*
- *I can see the efficiencies in that (centralization): consistency, but the added requirements of paper, sign-off, and red-tape is definitely slowing our ability to response... it seems that these costs are invisible to senior and political leadership (respondent: SC-9).*

The trend towards centralization was perceived as increasing both standardization and administrative controls, with a corresponding reduction in regional management authority and flexibility. Executives reported greater levels of frustration, including their staff's, and argued that this trend, in fact, reduced accountability.

- *I am fully aware that as a national government, we have a general need for equity. But you must remember that 'one size fits all' means that we are*

*going to have some people with completely ‘misfit’ programmes...*

*(respondent: SC-19)*

- *A ravishing appetite for more information, and to know what is going on in the region (respondent: SC-27). (Note - one widely used expression was ‘Feeding the Beast’)*
- *We used to have a budget, now we have not had a budget for two years... it is managed out of Ottawa (respondent: SC-5)*
- *The (senior manager) used to be responsible for everything – so if nothing else, you knew ‘where the buck stopped’ if anything went wrong. We are finding it quite difficult to get decisions made, because they are made at the centre. And they carry Risk Management to a new level – total risk avoidance... (respondent: SC-17).*

This aspect of the research, as expected and similar to the literature, reveals a clear difference between who the client is. Analysis suggests that headquarters’ (Ottawa’s) client focus tends to be ‘upwards’ to Ministers and Parliament and Central Agencies, whereas the region’s closer proximity to the end-user typically encourages a greater external client-focus.

Of note, centralization of operations, for example national call centres, directly reduces regional management control and flexibility. As programme demand is not consistent year-to-year, executives reported using budget flexibility to balance minor fluctuations in different programme requirements – *one year the (name) programme is a little short of funding, another year Training and Development requires ‘top-up’ (respondent: SC-4)*. With centralization, programme budgets are increasingly

targeted to specific programmes, this flexibility to adapt to transient regional circumstances is being lost.

Horizontality is a major change according to a number of respondents. Within government, the requirement for greater inter/intra departmental cooperation, as well as working horizontally with other levels of government and stakeholders was frequently discussed. However, executives interviewed also noted a lack of accountability instruments supporting horizontal management, a lack of time to work collaboratively, and a lack of leadership at headquarters. Horizontality was seen as a key opportunity to achieve results for Canadians, but at significant time costs.

- *Pick an area, health is probably the easiest. How many programmes does Health Canada have<sup>34</sup>? 100? 200? OK. Now, how many other departments have programmes that have a direct impact on the health of Canadians? A dozen at least... Does the average Canadian care where or who delivers these programmes? No, their goal is good health....That's the result that matters to them... So for us, it boils down to how can we work together – horizontally, across programmes, departments and governments to help Canadians get the results that matter to them, ...instead of our current silos...(respondent: SC-22)*
- *It is much easier for me to work within my area - quicker, much easier, more control. Horizontality takes time to build the relationships; you lose a lot of control of how you do things, compromise... It takes a huge amount of time (respondent: SC-28)*

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<sup>34</sup> This interviewee was aware that the researcher was an employee of Health Canada at that time. So their questions were not rhetorical.

- *We have been challenged in a way that we are not really structured to respond to, both accountability and reporting, ...to say nothing of the current reward and incentives structure (respondent: SC-24)*
- *Ottawa doesn't 'get it' yet. They work in narrower stovepipes than we do in the region. And they sure give us a mixed message – Work together, but your accountabilities are (to headquarters)... (respondent: SC-1)*
- *We need to find instruments and frameworks which support horizontal file management – which we can all use... (respondent: SC-18).*

Has managerial accountability changed? Respondents commented at length on their hierarchical accountability<sup>35</sup>, organizationally up through their Deputy Minister to Parliament. However, interviewees also reported a personal responsibility to staff, colleagues, and their clients, and the majority mentioned to Canadians as well. However, when asked how they discharged this accountability – how they demonstrated that they had acted appropriately and achieved results – most responses were vague.

In addition, interviewees tended to discuss accountability in two themes: internal and external accountability. Internally, similar to the executives' information sources, accountability was for the most part verbal through weekly staff meetings or teleconferences, HR performance discussions with employees and line-manager, 'Walk the Talk', etc. Externally, at the level of clients and the general public, accountability was typically through direct and often informal contact with clients and stakeholders. Executives did acknowledge the formal reporting to Parliament,

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<sup>35</sup> It would be hard for an executive not to be aware of their specific accountabilities, given that each executive has an individual annual performance agreement, which is tied to a performance bonus.

although most executives recognized such reports as having limited to no value for average Canadians.

Interviewees noted that instrumental to discharging their programme responsibilities and accountability is their ability to effectively manage Human Resources (HR) issues. Human Resources, and processes associated with HR, were noted to be an area of particular concern to executives. Executives argue that modernizing HR responsibilities and flexibilities in areas such as selection, competencies, and training and development, is key in moving to Results-based Management.

- *While we (managers) do have much greater delegation of staffing authority, HR is still incredibly rule-bound; you'd almost think that it was compliance with the rules that was the goal... hiring and keeping good staff was just a minor side-benefit (respondent: SC-10)*
- *I think HR sees themselves as traffic cops, not guides – I am constantly bumping up against, 'Oh no sir, you cannot do that' – no matter how reasonable or much sense it makes (respondent: SC-16).*

Executives interviewed considered the private sector HR model to be more aligned with RBM, linking accountability to results. *[The private sector] doesn't know how good they have it. I would much rather have a wrongful dismissal suit on my hands and even pay damages for wrongful dismissal and let people get on with their jobs, than a toxic situation festering, sometimes for years, when the employer-employee relationship breaks down and [HR] rules tie managers' hands (respondent: SC-19).*

Having concluded that at a minimum, executive management has increased horizontality, accountability, and centralization, with links to HR flexibility, this



chapter will next examine the Saskatchewan Case study analysis through the lens of Public Value theory.

### **4.3 Public Value - Services**

One area of broad consensus was the ongoing requirement for the management of resources: budgets, employees and capital assets. This was not new. Executives agreed that economy and efficiency remain key public sector goals in the provision of services and products and confirmed that systems were in place to assist them in managing. As well, participants identified the critical importance of following internal process requirements, although sometimes to the detriment of results; frankly, *if things go wrong, but you've followed all the rules and procedures, you're going to be OK, even if you knew that no one could achieve these (desired) results from the get-go... (respondent: SC-17).*

Government speeches, policies and regulations all suggest that politicians, and central agencies as their agents, are focussed on meeting the needs of citizens<sup>36</sup>. However, political actions appear to value the compliance with process over results. For example, in one department, the subject of a major political scandal in 2000, 'the billion dollar boondoggle,' it was the absence of a paper trail, itself the result of major downsizing five years earlier, that set off a political firestorm (Good, 2004b). While the resulting investigation eventually demonstrated that essentially no funds were missing, in one interviewee's words - *Nobody asked what had been achieved, what*

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<sup>36</sup> For example the "Annual Report to the Prime Minister on the Public Service of Canada" by the Clerk as Head of the Public Service ([www.pco-bco.gc.ca](http://www.pco-bco.gc.ca)), or Budget Speeches ([www.finance.gc.ca](http://www.finance.gc.ca))

*were the results? The outcomes? Had we achieved our objectives? And another, In a bureaucratic environment, process is paramount (respondent: SC-24).*

All departments and programmes measure outputs. Similar to resource management, bureaucratic systems are typically in place to monitor the output levels, dependent of course, on the nature of the programme or service. Analysis of interviews revealed that departments with increased control over the service delivery chain, for example, Corrections Canada, Taxation Canada, and the RCMP (police), report output measures associated with clearer targets. This phenomenon was also noted for repetitive or standardized programme service delivery functions such as call handling, meat inspection and passport offices. It was noted that respondents from programmes and departments with greater control provided comments such as:

- *I am responsible for the quality of the graduate and to ensure that they are fully trained and ready to assume their duties(respondent: SC-23)*
- *I must admit, it is easier to be accountable when you have hard and fast work objectives like ensuring that each eligible client receives their cheque within 21 days (respondent: SC-15).*

While executives responsible for more ‘social’ programmes reported vague, harder to measure objectives, for example:

- *That the regulations are followed, ...and that regulated clients are fully aware of (regulatory requirements) (respondent: SC-6)*
- *...so that ‘food’ is safe for Canadians (respondent: SC-31)*
- *Work together (with stakeholders) (respondent: SC-12)*
- *...leading to long-term improvements in health (respondent: SC-23)*

- *More competition in this sector/better able to compete with foreign competition (respondent: SC-29)*
- *Improve quality of life, better place to live (respondent: SC-2).*

#### **4.4 Public Value - Outcomes**

There was widespread agreement that executives should, at least conceptually, be accountable for programme outcomes. This was generally seen to be in addition to their historical accountability regarding programme resources, process, and outputs. When asked, during the interviews, whether they perceived that outcomes or Result-based Management had the potential to improve programmes or the management of programmes, executives consistently agreed - Although some executives were admittedly limited in their support:

- *Yes, it has the potential, I guess.... (respondent: SC-10)*
- *At a conceptual level, sure... (respondent: SC-24).*

Most expressed a higher level of commitment:

- *Conceptually, it can work and in some areas it is working (respondent: SC-17)*
- *Canadians want results, that's what we're here to deliver – results, not outputs (respondent: SC-2)*
- *The understanding of what constitutes Results-based Management is (now) much clearer, to us and to our clients (respondent: SC-31).*

Departments where substantial progress in moving to a culture of Results-based Management was observed often had implemented a performance management system (e.g. automated Balanced Scorecard systems), and executives there were even more positive:

- *Made my job tremendously easier to articulate what resources I need to accomplish the objectives and expectations (respondent: SC-27)*
- *RBM allows me to report clearly and logically (respondent: SC-1)*
- *I think it enables [these programmes] to articulate much more clearly our priorities, internally and externally (respondent: SC-14).*

Not surprisingly, the latter departments/programmes typically have clearer goals and mandates. It could be argued that the benefits may reflect more the nature of responsibility, and not be readily transferable to other departments.

Excluding these ‘early implementers,’ other departments, when asked about progress-to-date in integrating outcomes into the management philosophy, were divided, revealing different levels of adoption of RBM across departments in Saskatchewan:

- *I think that the outcomes-based measurements that we’re trying to ask ourselves to use are changing the way we think about what we do and how we assess results (respondent: SC-13)*
- *...so the researcher (client) comes in and asks us to participate in building (a large capital project), “Wonderful, why? What will you achieve?” we respond. “Achieve? It will be a great research tool” they respond. “Great, what will that research do for Canadians? It’s this discussion which helps both of us, to identify the results, the outcomes we want to achieve (respondent: SC-6)*
- *Depends on what you mean by RBM. If you mean do we attempt to establish performance indicators and measure our performance against those indicators. Yes. Does this link to some sort of outcomes desired by Canadians? – Sometimes. Is it meaningful? - Not often. (respondent: SC-26).*

One major obstacle consistently identified by executives was the difficulty in clearly establishing programme objectives – What exactly are the desired outcomes?

Executives expressed a realistic understanding, and occasional frustration, at the existence of multiple, and occasionally conflicting, goals.

- *It forces you to think beyond the process and the outputs. And it gets you to identify what the outcomes are, if you can! (respondent: SC-8)*
- *Is the objective economic development through job creation or addressing (this issue) – really it is about both, but which one has highest priority? that is what I mean by goal ambiguity (respondent: SC-22)*
- *First, they (politicians and senior management) would have to be very clear on what results they want us to achieve... Now if they do this, then they would be accountable for achieving these goals... no more ‘wobble-room’ (respondent: SC-13)*
- *Results for who? You know, there is often a world of difference between what citizens, clients, service providers, (programme) managers, and politicians see as the results we should be aiming for... (respondent: SC-9).*

To some extent, and especially at an executive level, it can be argued that organizational goals and objectives are rarely singular in nature. A certain degree of ambiguity, conflict and trade-off is normal according to interviewees. However, in applying the principles of RBM, executives identified that objectives must, at a minimum, be prioritized in order to focus attention on the key elements. Executives reported that this was rarely the case.

Similarly, executives interviewed noted that unlike the private sector, within the public sector results are frequently impacted by other complementary programmes. This specifically included the presence of multiple stakeholders, often in key policy and delivery roles, who may have significantly different objectives. *[In this programme area] the provincial government sets the programme objectives. In fact, we play a relatively supportive role (respondent: SC-6).* In implementing RBM, a number of executives commented on the difficulties in managing, measuring and attributing programme outcomes in such circumstances.

#### **4.4.1 Difficulties in Measuring Outcomes**

The diversity of federal health programmes and services offered through the Saskatchewan Region, coupled with complex, multiple delivery mechanisms, executives identified a number of issues surrounding the difficulty in measuring outcomes, as well as in establishing targets. It should be noted that executives were also clear that these concerns did not preclude using Results-based Management, but rather went to show that some realistic assessment of the feasibility and limitations of RBM is required.

The analysis of the interview data revealed a wide range of concerns on measuring programme outcomes, from the role of multiple stakeholders and service delivery agents, to data collection, analysis, and outright ‘gaming’ of results. It is argued that the perception of these difficulties in measuring outcomes is of greater importance than the exact nature of these difficulties. During the analysis, three key themes, as well as other themes of relatively less importance, were noted.

First, a variety of issues associated with the measurement of results were identified by interviewees. A number of these were, as expected, dependent on the specific programme under discussion. Common themes included:

- Difficulties because of the existence of multiple and differing stakeholder objectives
- All areas of acquiring and analysing performance data
- Recruitment or training of data analysts, which interviewees acknowledged to historically have been in limited demand within regional operations.

Second, executives interviewed indicated a lack of clear mandates, conflicting objectives, and multiple objectives with no prioritization. Especially for social programmes, identification of desired results was weak and coupled with occasionally unrealistic targets. Executives noted that results were often achieved through a multitude of programmes from different departments, and different stakeholders. For example, 18 federal departments have programmes for Canadian Indians and Inuit populations, plus there is the impact from other levels of government, NGOs, and professionals.

Third, regional executives consistently mentioned a culture which they described as risk adverse, with adversary politics and a perceivably aggressive media. When linked to the Access to Information legislation, every result or outcome measured must be considered by executives as potentially public information. In addition, interviewees noted that certain programmes can be inherently unpopular (such as regulatory and taxation), that public opinion is fluid, and that social attitudes are in constant flux. All these factors increase the difficulty of measuring outcomes.

Issues of a more minor nature, but that consistently emerged from the interview analysis nonetheless, included:

- Incompatibility and inconsistency between corporate systems and ‘unfriendly’ system interfaces required to extract data
- Dysfunctional Behaviour including intentional manipulation of outputs/outcomes/data, and ‘Managing to the measures’.

It should be noted that for the majority of programmes, outcome or results datasets do exist<sup>37</sup>. Much of this information is available from reliable, external sources, especially Statistics Canada. However, when directly asked, executives indicated that they did not use such information in managing their programmes.

So the obvious question, ‘Is your department using Results-based Management?’ generated comments covering the full range of answers, as typified by the following comments:

- *Results-based Management is a major, useful management tool (respondent: SC-23)*
- *This department has made a commitment, but it is early in the implementation, there are many bugs to work out yet (respondent: SC-5)*
- *We are struggling with Results-based Management, how to apply it within this portfolio (respondent: SC-12)*
- *I have not seen any real concrete, tangible evidence that we are going to make a fundamental shift. But we are collecting a horrendous amount of information – at considerable cost too.... (respondent: SC-10)*

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<sup>37</sup> Before most interviews, the researcher would briefly seek out publicly available outcome or results reports or datasets. Typical sources included programme evaluations, Statistics Canada, and departmental reports. For most programmes, although not all, some data was readily available.



- *We are not using it at all (respondent: SC-25).*

While this reveals differing levels of adoption between departments, it can also be argued that it is a function of the considerable diversity of public sector programmes, ranging from full and direct control and delivery, to areas where the federal government plays a minor and supportive role.

#### **4.5 Public Value - Trust**

As noted in the Literature Review, trust in the Canadian public sector has slowly fallen over the last several decades. Interviewees reflected on the drivers of public trust, including the role of the Canadian media in focusing on a few scandals, often political in nature, while noting only limited reporting of successes. For example, *The sad reality is I do not think Canadians know (our successes). I think there is so much preoccupation in the media with the here and now, the scandal, the bad news.... that most Canadians never look at the value of government to them... (respondent: SC-8)* Nevertheless, there was agreement that public trust is strengthened through solid public accountability and reporting, transparency, fairness and enhanced communication.

In discussing what executives could do to improve overall trust in both their programmes and in government as a whole, a number of themes were identified. Executives stressed the importance of fairness and equity in delivering national programmes. Executives interviewed argued that fixed, 'one size fits all' programme criteria often leads to unequal treatment of Canadians; and suggested that some degree of flexibility increases equity (horizontal versus vertical equity).

A number of comments focused on the role that client interaction had on Trust. *It is hard to trust an anonymous bureaucracy... (respondent: SC-21)*. However, executives identified that client feedback was a potential source of RBM feedback. *A good deal of what we do (as a government) involves direct contact with clients – this face to face contact is the most reliable source of our client’s issues (respondent: SC-14)*. Furthermore, executives noted that consultations were a key opportunity to engage Canadians, leading to increased trust:

- *It is well known that buy-in comes through participation (respondent: SC-14)*
- *Consultation can certainly improve public trust, However, all too often what we call consultation is really information sharing. Consultations have to occur before the preferred solution has been identified... (respondent: SC-14)*
- *Active listening to get their insights,... leading to co-construction of solutions (respondent: SC-14).*

Lastly, executives argued that accountability, reporting and transparency all significantly impacted the degree of Trust, with accountability being seen as key. *Effective government requires solid accountability (respondent: SC-17)*, to ensure, *That Canadians get value for their investment, and that we articulate what that value is. We need to continue moving away from the ‘you gave us a dollar, we spent a dollar’ mentality to demonstrating the result of spending that dollar (respondent: SC-27)*. Similarly, *When we are transparent, we are accountable... (respondent: SC-4)*. It was argued that no other actions or responses can compensate for an absence of transparency, reporting and accountability in generating and maintaining trust of Canadians in their government.

When discussing the reporting on accountability and transparency, executives showed a fairly high level of cynicism regarding reporting in general, and reporting of results in particular. *Each department publishes an annual performance report. But most people do not read our reports, and even if they did I'm not sure they would understand what it means...*(respondent: SC-30). This was believed, by interviewees, to reflect the political 'risk adverse' culture of the Canadian public sector.

Interestingly, executives consistently commented on their personal values in discussing trust. For example, *At the end of the day, I operate on personal values and ethics. I would go so far as to state that all the processes and controls in the world mean little without the personal integrity to operate within these boundaries* (respondent: SC-8), and, *Trust is when my clients see my personal values, similar to theirs, reflected in my work, my actions, my honesty* (respondent: SC-19). In discussing trust, these intrinsic values, while hard to measure, quantify or verify, were seen by executives interviewed as key to maintaining Canadian's trust.

#### **4.6 Executive Information and Decision Making**

It is self-evident that Results-based Management implicitly requires 'results' information as a basis for management decisions. This would be in addition to ongoing requirements for resource, process and output information. For example, within the federal government, the management of finances, human resources and capital are well established bureaucratic functions. In each department, enterprise-

wide computer systems which capture and report on this administrative information<sup>38</sup> provide the necessary information base for management.

However, to manage requires current information. Executives interviewed routinely reported these enterprise systems as *perpetually backlogged* (respondent: SC-16) and indicated that the systems served principally as accountability instruments.

Discussing programmes' financial information, many executives acknowledged the existence of their 'unofficial' financial information, typically an up-to-date spreadsheet used for day-to-day budget management. Obviously a significant duplication of effort.

Executives reported that these enterprise systems, although repositories of vast amounts of data, have limited information value. The systems are widely perceived as complex and difficult to use, frequently requiring specialized training to generate a simple report. Typically, executives indicated that support staff are trained to interact with the systems.

In exploring executives' information sources and requirements, this research confirmed the limited usage of structured information by executives. When asked what per cent of their management information was written and routinely generated, as compared to verbal, informal or casual information, executives' estimates ranged from a maximum of 50 per cent up to 90 per cent of it being informal or verbal.

Greater use of formal or structured information tended to correlate with management responsibility for process functions such as issuing cheques, routine inspections, or

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<sup>38</sup> For example, commercial computer software in use by the Canadian federal government includes SAP for finances and PeopleSoft for HR. However, each department is free to select or develop their unique coding systems.

processing tax forms. Executives from social service areas such as health or farm-income support reported relatively lower levels of use of structured information in managing. Notably, all executives were fully aware of the requirement for accountability – programme annual reports, staff performance assessments, etc. - where structured information for reporting was noted as a basic requirement.

The foregoing begs the question; Where do executive get their information from? A number of common themes emerged from the interviews. First, executives interviewed consistently noted the extensive amount of time they spent in meetings, and that the purpose of meetings was almost always information exchange. Typical comments included:

- *I have regular meetings with my staff, clients, stakeholders, colleagues, management team, boss etc. (respondent: SC-7)*
- *The majority of my information walks into this office, calls me, or emails me (respondent: SC-21)*
- *Effective management takes current information - everything else is accountability (respondent: SC-11)*
- *A lot of it I get by just talking to the managers and asking them what's going on (respondent: SC-29)*
- *Look at my agenda, it's all meetings. That's where the information comes from, meetings (because I sure don't have time to read, with all those meetings...) (respondent: SC-2).*

Internal reports were the second source of information noted. While they were consistently mentioned by executives, exploration and analysis of interview

transcripts revealed that these reports were often accountability, not managing, instruments. *It's historic value only. You can see trends, but it's not timely enough to really manage by (respondent: SC-3).*

Nevertheless, all executives did note the (limited) role of routine and occasional reports in their information management (i.e. no executive interviewed suggested that they form less than 10% of their information base). When questioned on their current information sources used in managing, typical responses included, Briefing Notes, Ministerial questions, and audit and evaluation reports. As well, *special reports which respond to my specific information needs (respondent: SC-12)* were noted. However, a very common theme was also, *But given the volume of information that arrives in my office, frankly I usually do not read something unless someone else recommends it... there are exceptions...(respondent: SC-19).*

Other sources of information noted in interviews included:

- Management by Walking Around (MBWA)
  - *Observations are critical, you cannot read everything you need to know, and staff do not always tell you everything – for a variety of reasons. You need to get out and see for yourself (respondent: SC-1326)*
  - *I see something, I ask a question... the staff know I am engaged and aware (respondent: SC-25)*
  - *People will tell you things casually, informally, things they would never write down and email... (respondent: SC-1).*
- In the Field

- *I get a lot of my information from interacting with clients (respondent: SC-11) (meetings, business interactions, conferences and social contact were examples offered)*
- *The clients are usually quite happy to tell you what is not working.... (respondent: SC-5)*
- *At conferences, at meetings, even within my community (respondent: SC-7).*
- Occasional Feedback
  - Complaints, Letters to the Minister (includes compliments), appeals, court cases (*respondent: SC-15*)
  - Audits, Evaluations, Auditor General assessments (*respondent: SC-12*)
  - Stakeholder conferences, reports, requests (*respondent: SC-1*).

There was a general sense that while the information may be available, it was not readily available: *You know, if I need information, I need it now or today, maybe tomorrow... next week, it's just more history... I get a lot of crap paper that I do not read, because I can't – there are not enough hours in a day (respondent: SC-21).* As well, executives expressed general cynicism regarding the utility of current client-sourced information, especially for funds in Grants and Contributions programmes where external partners were delivering services or programmes. This latter type of information is used almost exclusively for accountability, not management. *I am not confident that the information we currently require and collect [under Grants and Contribution funding] is useful to us, or the client, or anybody else for that matter. We do not use it to develop policy. We do not use it for forward thinking, strategic*

*planning. We use it to make sure that every cent was spent appropriately (respondent: SC-25).*

Executives interviewed acknowledged that they were often consumed *fighting fires (respondent: SC-7)* on the *crisis of the day (respondent: SC-16)*; responding to headquarters' requests for information – *feeding the beast (respondent: SC-1)*; and generally managing *by the seat of my pants (respondent: SC-22)*. Overall, they reported limited or non-existent time available for critical forward thinking or for the setting of strategic direction, plans and priorities which should form an essential component of executive management, the intrinsic motivators for executives. The time constraints may explain the general failure to identify information sources supporting longer-term or strategic planning, for example environmental scans, SWOT analysis, research findings, etc. Interestingly, this was one area where executives sensed that Results-based Management had potential to improve management by changing the time focus: *What Results-management has changed is that we are definitely looking at a longer term vision (respondent: SC-19).*

When asked whether executives desired, or believed they would benefit from, a performance management system, for example, a Balanced Scorecard, responses were generally negative. Noting that a number of executives who were actually using performance management systems were supportive, other executives mostly perceived it as a top-down exercise, useful for accountability, but not as a tool for day-to-day managing for results. They did not readily perceive its value to their management ability. Comments included:



- *(Did the Region decide on these priorities?) Well no, they're identified for us, I mean we've got a whole list of key and secondary performance targets (respondent: SC-12)*
- *We have our Balanced Scorecard. That's a good source of information. It's not current information, but it's a good source of information.*  
*Question - Does it help you as a manager?*  
*Response - Umm... it helps me to be more accountable... (respondent: SC-30)*

As well, most executives, even those who saw benefit in RBM, were pessimistic regarding cost benefits, time and capacity to analyze the data, opportunities to provide contextual information together with the data, and increased risk exposure:

- *... Will 'they' look for the trends..., or a 'knee-jerk' reactions to one piece of negative data (respondent: SC-24)*
- *If we managed only by the number, then up to the point that the Titanic hit the iceberg, everything was going very well... (respondent: SC-31).*

This case study also confirmed that result-based information must be used for internal decision making, especially for budgets, to be taken seriously. *I'll tell you when I'll get really serious about RBM, the first time I see my [departmental senior management team] use results as a basis of resource allocations... (respondent: SC-28).* This led to an odd dichotomy. On one hand executives appeared to perceive the potential of RBM and to lean towards supporting it; on the other hand, there was a general sense that Results-based Management would be hard to implement, with a distinct possibility of increased unidirectional accountability, and with dubious regional benefits. Adopting RBM, executives suggested, would also require a change

in the political use of information, although no suggestions were offered on how to achieve this goal.

#### **4.7 Creating Public Value Through Client Feedback**

It is argued that assessing Public Value creation through services, outcomes and trust inherently requires information gathered directly from the end-user, whether client, customer, or citizen. These groups have unique perspectives of programme results or outcomes. Typical sources could include routine satisfaction surveys, longitudinal surveys, focus/advisory groups, complaint monitoring, and personal contacts.

Executives were queried on this topic.

At the service level, assessment relates to the clients' satisfaction of service delivery - the service experience. Only one department, the Royal Canadian Mounted Police (RCMP), reported regular client contact (every 60 days) to confirm service level satisfaction<sup>39</sup>. Only one conclusion was possible. Executives do not systematically monitor client satisfaction of service delivery. One revealing comment was, *Yes we track client satisfaction. The last client survey was 4 or 6 years ago (respondent: SC-12)*. In addition, executives were generally unaware of the Canada School of Public Service's<sup>40</sup> (CSPS) extensive research on measuring client satisfaction. Client survey

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<sup>39</sup> It is interesting to note that in Saskatchewan, the RCMP is contracted by provincial and municipal governments to provide policing services. These clients are free to choose other policing options, such as developing their own police force.

<sup>40</sup> The Canada School of Public Service, previously Canadian Centre for Management Development (CCMD), is a federal government department mandated to provide executive training and development, as well as management research. Every executive interviewed was aware of its existence and general mandate.

or satisfaction templates and other ‘approved’ and valid survey material by are readily available on the CSPS’s internet site<sup>41</sup>.

In considering outcomes, executives were asked about client assessments of programme impacts, or assessments of their satisfaction levels regarding long-term results achieved. With few exceptions, executives were unable to identify such client-based information sources.

- *Satisfaction is a function of meeting of clients’ expectations of a programme. But the clients’ expectations have grown, demand has grown, and my [programme delivery] budget is the same (respondent: SC-13)*
- *I would really value more client input, but this is a really risk adverse environment - Frankly, no news is good news (respondent: SC-21).*

Executives interviewed were also generally aware of previous programme evaluations, historical client surveys and external reports. Similarly, in certain cases, executives could confirm historical Department client/citizen surveys, but had no details. It was clear that this information was not current, nor central to their management. In general, such information was perceived to be the primary concern of headquarters’ policy analysts or national programme managers, not a direct source of management information for regions.

Information on Trust was typically gathered through the public media, not departmental sources, although limited research demonstrated that Trust information was frequently readily available. Interestingly, executives generally did not perceive

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<sup>41</sup> ([http://www.myschool-monecole.gc.ca/Research/themes/servicequality\\_e.html](http://www.myschool-monecole.gc.ca/Research/themes/servicequality_e.html))

that their actions or programmes were capable of influencing public opinion<sup>42</sup>, excluding the obvious and direct impact on programme clients. They did acknowledge their leadership role in demonstrating public sector values and ethics, internally and externally. When prompted, they confirmed that demonstration of values and ethics contributed to public trust. In fact, a number spoke eloquently of their personal beliefs and values.

When asked to explain the general lack of client feedback, executives were creative. Among the more interesting comments were suggestions that client feedback could be measured through its absence in surveys of ‘current concerns.’ For example, one executive suggested that Canadians must be relatively satisfied with travel safety, because it was not on the list of Canadian’s highest priorities (*respondent: SC-12*).

Negative comments included:

- *I think we survey people to death, and they do not work very well anyways (respondent: SC-28)*
- *If the government cannot or will not address concerns raised by clients/citizens, it is best not to even ask the question – it just raises expectations... (respondent: SC-19)*
- *I have numerous clients. My most immediate client is, I think, the executive office in Ottawa (respondent: SC-32)*
- *The last thing HQ is concerned about is how happy client are. Their biggest concern is how much is this costing (respondent: SC-29).*

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<sup>42</sup> Offered up in a humorous manner by a significant number of executives, was the comments that one way they could influence public trust would be to ignore the rules / break the law, create another big public sector scandal. Arguably reflecting almost a ‘siege’ mentality. An interesting subject for future research.

However, a few positive comments were noted:

- *I work hard to get out and talk to our clients to present all the options to them, understand their issues/listen to their concerns (respondent: SC-13)*
- *Annually, this department is mandated to contact clients to see how we are doing, so yes we do client surveys.*

*Question: Have you ever reviewed the results yourself?*

*Response: No. (respondent: SC-32).*

The only conclusion possible was that, with a few exceptions, there is a general absence of client based information at the executive level. Even where information was available, it was simply not used by executives; *I heard that (my department) is collecting public opinion surveys every quarter. Have you ever see one? No, but they are available on the intranet I recall. (respondent: SC-18).*

Where such information was found, it was typically in service-intensive programmes such as policing. One other exception should be noted; Veteran's Affairs indicated that they had a well established annual survey of their clients<sup>43</sup>. However, the annual frequency suggests more of an accountability, than management, role for this data. Even when presented with the existence of specific client/citizen survey data on their department or programme, most executives saw its value primarily being for the headquarters' policy analysts and for accountability.

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<sup>43</sup> One possible explanation is that Canadian veterans (programme clients) are unusually well-organized. The Canadian Legion is a social organization of military veterans, with club-houses in almost every community across Canada. It also serves as a highly effective advocate of Veteran's rights and programmes.

## 4.8 Saskatchewan Executive Motivation

Given the apparent disconnect between Executives' support for the concept of Results-based Management and the difficulties they note regarding its implementation, the question arises - What motivates executives to buy-in to this difficult concept? One possibility considered was the introduction of Executive Performance Pay (Strong, 1998)<sup>44</sup>.

In discussing performance pay with executives, a high degree of dissatisfaction was consistently expressed. Executives indicated that the performance bonus was not an economic motivator<sup>45</sup>, nor did it generate public recognition. Organizationally, pay is personal information and executives stated that they never discussed their ratings with each other. Furthermore, faced with 99.7 per cent of executives receiving a bonus, the government introduced guidelines effective fiscal year 2003-04, 'suggesting' that 5 per cent of executives receive no bonus<sup>46</sup> and limiting the maximum payout (10 per cent of base salary) to 20 per cent of executives. This change, predictably, has led to increased discontent and greater cynicism with this system of reward.

Executives spoke positively on the personal performance feedback they received, for example, *I receive excellent feedback and advice from my manager (respondent: SC-28)*, including the value of formal, written assessments of their contribution.

Increased attention on performance assessments were noted as improving both

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<sup>44</sup> Performance pay is given at four levels from none (0 per cent) to a maximum 10 per cent for EX1-3, or 15 per cent for EX4-5.

<sup>45</sup> For an EX-1 Director, the most common level, a typical bonus would be \$4,000 to \$6000 before taxes with approximately 50 per cent remaining after-taxes.

<sup>46</sup> While Treasury Board officials argued that these were guidelines only, the relative power imbalance between TBS and departments would suggest that TBS's advice is closer to guidelines than simple recommendations (personal discussions, 2005).

promotion opportunities through documenting previous organizational contributions and in hiring subordinate executives. Executives specifically noted that the stronger culture of performance assessment could be directly linked to performance pay.

*Money focuses the attention wonderfully (respondent: SC-11); and, As a long-term executive, the linking of performance appraisal process to financial bonuses has had a clear impact on the degree of attention paid to (appraisals) (respondent: SC-18).*

Unfortunately, a number of cases of less-than-ideal performance assessment were also uncovered. *First, I wrote my own performance agreement, then I assessed myself (respondent: SC-23).* Regional executives also noted certain difficulties in assessments by geographically remote managers (typically in Ottawa) and limited one-on-one contact time.

When directly asked if the performance pay system (as it existed in 2004) was fair, typical comments included, *No; Absolutely not; It is very weak; Just scrap it; it is a deterrent; [laughter];* and that, *Focusing on performance pay is completely the wrong message...(respondent: SC-6).* The worst, but perhaps most enlightening response was, *There's no logic. I received a superior rating for at least 5 years, last year it was explained that there was a new requirement to reduce the number of superior ratings in the department, and as I was close to retirement, would I accept a lower rating? My boss assured me that the quality of my work was top-notch....*

*(respondent: SC-21)*

Overall, executives consistently expressed dissatisfaction with performance pay. This suggests that either the entire concept is flawed, or that there has been a fundamental error in its implementation within the Canadian federal government.

Given that the existing bureaucratic motivators seem to be of limited value, and arguably even a disincentive, the researcher sought an explanation through higher-order motivation. Posing the question, ‘Why do you work for the federal government?’, resulted in an almost unanimous response – *“To make a difference.”* In fact, these exact words were offered by almost every executive. Similarly, executives consistently identified personal values of accountability to Canadians, as well as to programme clients<sup>47</sup>. Although in discussing accountability, these responses were often positioned in official, hierarchical terms, it was apparent that a personal sense of stewardship existed, and that this stewardship was ultimately, clearly, to Canadians.

These latter two research findings support the development of a motivational model which will be refined Chapter 8, in linking Results-based Management with the intrinsic motivation of executives to work in the public sector.

#### ***4.9 Development of the RBM Logic Model***

During the initial interviews, approximately the first 15 to 20, it became clear that while executives supported Results-based Management, they were unable to describe significant activities they had undertaken, or were doing, to operationalise Results-

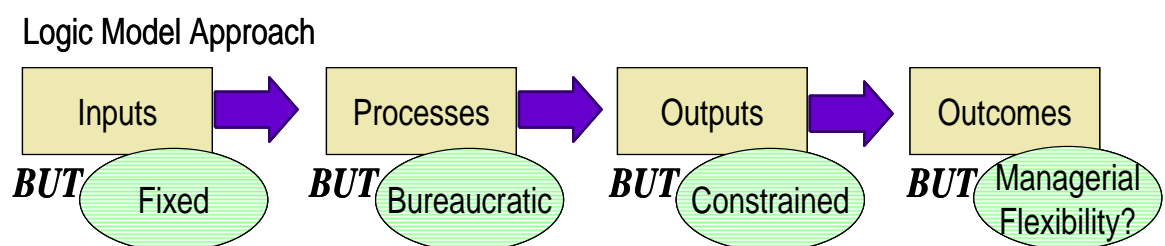
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<sup>47</sup> In Canada, formal accountability flows upwards in each department to a Deputy Minister. However, the Deputy Minister does not report to the respective Minister, but rather to the Clerk of the Privy Council, who in turn reports directly to the Prime Minister and Parliament. In fact, Public Servants have no direct accountability to Canadians.



based Management. Using the Logic Model as a common tool for ease of communication, the model depicted in Figure 15, below, was developed and discussed at the end of the remaining 60 interviews (i.e. the majority of the Saskatchewan and Health case studies, and all Senior Executive interviews). There was widespread, and frankly enthusiastic, acknowledgement of the potential for this model to explain the current culture and environment as executives engaged in Results-based Management, for example, *That is a very good way of putting it, that is a fantastic way of putting it...(respondent: SC-22)*. A visual depiction is included below.

**Figure 14: A Logic Model of Constraints for Results-based Management**



#### **4.10 Summary - Saskatchewan Case Study**

Having presented the description and analysis of the Saskatchewan Case Study, this section will summarize key findings from this case study.

Executives interviewed agreed that changes are underway or have occurred within the management philosophy of the Canadian federal government. It was also agreed that Results-based Management and supporting Public Value creation, is a major component of these changes. However, significant differences between departments were noted. The research analysis suggested that these differences can be traced to a number of factors.

First, the clarity of programme mandate and the understanding by staff of all levels of desired results clearly predicts the level of adaptation of Results-based Management. Departments with clear mandates have a greater ability, and incentive, to prove that they have/are achieved/achieving their objectives.

Second, the research notes that for certain programmes it is difficult, if not impossible, to ascertain results or outcomes. This can occur for a variety of reasons specific to the individual programmes. However, it was found to be more prevalent for programmes with ‘social’ objectives, as compared to those targeting ‘harder’ objectives such as economic development or income support.

Third, programmes are tackling increasingly complex issues, especially social issues. As a result, programme outcomes must be attributed to the complex interactions between interrelated programmes, multiple stakeholders, and clients’ personal decisions. Thus, to realistically manage for results requires a great deal of horizontal activity. Executives defined a number of constraints blocking increased horizontal operations including time constraints, systematic restraints, and hierarchical accountability and reward structures. *I’d like to work closer with (complementary programme department) but neither of us has the time – and frankly, it’s the same up the line (referring to time constraints of more senior executives within her department) (respondent: SC-29).*

Fourth, the research found that internal control over service delivery has a significant impact on Results-based Management. For departments addressing issues such as

incarceration, taxation and policing, while the level of demand is outside of programme control, the service delivery components, (i.e. prison guards, tax auditors and police officers) are employees. No other service delivery agents, for example, independent professionals, other orders of government, or third-party delivery agents under Grants and Contribution funding, are present. This permits a higher degree of control by the department in terms of quality, consistency and levels of service provided, as well as in setting and enforcing regulations. This greater control, it is argued, leads to reduced risk in setting and measuring programme objectives.

Executives in many departments noted the absence of clear links between budgets and results. For example, *There is a fundamental choice between fixing the amount we can spend and then achieving the best results for this investment, or identifying the needed or desired results, and then using this in making our budget decisions... We have to choose one way or the other.... (respondent: SE15)*. It was noted that the failure to make the link between budgets and results tended to generate rationale, but dysfunctional behaviour. One example offered was a telephone call centre with a target of responding to 95 per cent of calls within 3 minutes. The failure to increase resources to respond to growing demand resulted in a reduction of incoming telephone lines, because busy-signals did not count as calls waiting.

In summary, while executives appeared to support the concept of Results-based Management, they collectively expressed a general sense that Results-based Management within the public sector cannot be applied equally to all programmes. Nevertheless, the Saskatchewan Case study does confirm a willingness of executives to accept greater accountability for outcomes, provided it was partnered with adequate

resource levels, appropriate managerial discretion in addressing regional differences, and decision-making authority capable of influencing programme outcomes.

Accountability without the ability to influence outcomes was widely perceived as unrealistic, or worse, as empty rhetoric.

One concluding comment, which nicely summarizes the variety and diversity of opinions heard in Saskatchewan:

*The situation here is probably similar to that in Ottawa, there is lip service paid to it (Results-based Management), but I'm not always sure that there's real genuine commitment to Results – true evidence-based decision making, clear objectives with reasonable resources and targets, linked to budget allocations. I think it (results) will continue to grow on us, but to-date? I am just not sure... But, you know, I do hope we figure this out, I think we're on the right track...showing Canadians what we are really achieving, for them, with their tax dollars (respondent: SC-12).*

The thesis will next address the Health Case study in Chapter 5.

## 5 The Health Case Study

This Chapter will present the findings from the analysis of the Health Case Study.

The Health Case study was incorporated into the research design for two primary reasons. The first, as noted in the Key Informant interviews and supported in the literature, is that health is generally considered to be one of the hardest areas to implement Results-based Management. It is argued that examining one of the most difficult areas for RBM may identify constraints not readily apparent in other areas where results are, at least conceptually, easier to implement. The second, was to include a case study which examined a national programme from the perspectives of both headquarters (Ottawa) and regional executives. The overall case selection logic was discussed earlier in Table 25.

This case study analyzed thirty-seven one hour interviews with Health executives. Separate transcription, coding, and analysis were conducted independently from the Saskatchewan case study. During the coding phase, which although conducted independently, the seven key themes noted in the Saskatchewan case study also emerged, although modified by inclusion of one major and several minor categories. This reflects the use of the same interview guide in conducting the research interviews.

The Health Case study findings are presented under the following themes:

- Has management changed?
- Public Value - Services

- Public Value - Outcomes
- Public Value - Trust
- Executive Information and Decision Making
- Difficulty of Measuring Health Outcomes
- Creating Public Value through Citizen/Client input
- Health Executive Motivation.

Similar to the Saskatchewan case study, for readability, all direct quotes from the research interviews are in *italics*. While direct quotes are attributed to one interview, unless specifically noted otherwise, quotes were selected as representative of themes, opinions or comments emerging from multiple interviews.

## **5.1 Background**

Under the Canadian constitution, the federal government has responsibility for the health care for one million First Nation and Inuit people in Canada<sup>48</sup>. Approximately 50 per cent of this population live in one of 640 communities, or reserves across Canada, many of which are quite remote, accessible only by air or ‘winter roads’<sup>49</sup>. Reserves are the geographic location for most, but not all, of the thirty-plus programmes offered by the First Nations and Inuit Health Branch (FNIHB) of Health Canada.

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<sup>48</sup> In Canada, provincial governments have constitutional authority for health costs for the remaining 30 million Canadians (2005), with certain minor exceptions (military, prisons, etc.)

<sup>49</sup> Winter Roads are created each year by clearing and maintaining a ‘highway’ primarily over frozen lakes and rivers in Northern Canada, in winter months.

The Health Case Study interviews were distributed as follows: nineteen executives at branch headquarters in Ottawa, four additional executives responsible for Health Canada's corporate programmes which directly support this programme, also in Ottawa, and fourteen executives from the eight regional offices located across Canada. There was one executive who declined to be interviewed and two others where scheduling problems eventually precluded meeting. The list of interviewee is included as Appendix A.

Similar to the Saskatchewan Case Study, the following sections present the Health Case study analysis through the lens of Public Value theory, followed by other relevant findings.

## ***5.2 First Nations Health Background***

As confirmed in both case study interviews and the literature, Health is one of the most complex government programmes in Canada. The respective roles of provincial and federal government in Canada, the presence of a number of separate professional groups (e.g. Doctors, nurses, health managers, etc.), as well as the central nature of health care to human well-being, especially in health emergencies, all contribute to a highly visible and political environment.

It could be argued that three trends over the last 15 years have shaped the current management culture within this Branch. First, Canada, in common with other nations, has experienced widespread sustainability concerns regarding health care costs (World Health Organization, 2003). At the same time, Canadian's health care has been rated the top priority in almost every general public concern survey over the last

five years (EKOS, 2005), focusing public attention simultaneously on costs, access, value for money, and quality (Canadian National Budget, 2004).

Second, the federal government's First Nation's Self-Governance policy of the early 1990s saw the transfer of a number of, but not all, health programmes to First Nation's control. This resulted in certain delivery agents changing from government employees to First Nation band employees. This transfer was coupled with reduced accountability and focused primarily on audited financial statements, i.e. greatly reducing accountability for outputs and outcomes.

Finally, of critical importance in understanding management perceptions there was a major scandal in 2000, in which the Branch's most senior executive, the Assistant Deputy Minister (ADM), was accused of numerous unethical and illegal behaviours. The ADM was fired and criminally charged. At present, this case is before the courts. While individual guilt remains to be proven, there is a widespread perception of, at best, gross mismanagement. The current ADM was nominated to the post in 2000, and has overseen the replacement of the FNIHB senior management team. At the time of this research (2004), five of six Director Generals had less than two years in their positions, and five of the eight Regional Directors were equally new. Almost the entire management team was relatively new. However, it should be noted that these executives were recruited from other executive positions within the Canadian public sector.



### **5.3 Has Management Changed?**

Unsurprisingly, especially given the aforementioned circumstances, health executives perceived that the practice of management had changed, with increased accountability, planning, budgeting, and client focus. Managerial authority was seen as somewhat cyclical with some degree of increased and/or greater delegation of authority, or letting the managers manage, noted over the last decade. But a number of executives interviewed commented on a recent increase in administrative requirements with increased control imposed by the centre (Ottawa).

Human Resource (HR) management, and the myriad of rules associated with HR was a particular source of irritation to executives. Some recent loosening of the restrictions had been noted and received widespread approval. This was perceived to lead to more effective HR management, although the continued existence of other HR red tape, especially in hiring, was consistently noted.

Discussion of financial management was seen as a key, but ongoing bureaucratic requirement. Executives interviewed believed that the biggest change in health financial management was a strong focus to not exceed budget, *Certainly a focus in this branch, as compared to others [branches] where I have worked (respondent: HC-5)*. As well, a distinct tendency to provide new funding in narrow 'silos' was noted, which reduced the flexibility to manage effectively through re-allocation of funds at the region, or band level.

One change that health executives discussed was the increased role and awareness of the public, which for FNIHB executives tended to be the First Nations people of

Canada. The role of the Access to Information Act was often noted as a key change by interviewees. *The population has more access to information and more knowledge, and this has changed the dynamic of what a public servant is responsible for... (respondent: HC-23)* The higher level of public scrutiny, requirement for greater transparency, and general public awareness of government spending was sometimes perceived as having a negative effect on effective management - *Managing in a fishbowl (respondent: HC-32)*.

Executives also noted the increased role of planning in management. *You cannot be accountable, at least in any meaningful way, without careful and systematic planning of what you are actually setting out to do.... (respondent: HC-25)*.

As expected, within this group of executives there were a number of references to the FNIHB scandal, and the role and reaction of the media in expanding the scandal.

Responding to the FNIHB, and other external Canadian political scandals, executives noted a clear tendency towards greater central control and reporting mechanisms<sup>50</sup>.

As well, a much higher degree of risk awareness, and/or risk aversion was noted and a number of examples provided reveal the perception that those factors reduce management effectiveness and flexibility.

The following two quotes summarize the differing viewpoints in discussions on managerial changes. *Certainly there is a desire to hold managers accountable not just for the prudent stewardship of financial resources and compliance with rules and*

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<sup>50</sup> Outside the scope of this research, it was argued by executives that internal controls are ineffective when the head becomes corrupt, as he/she can simply override or fail to act on any findings of impropriety demonstrated by the control systems. A certain degree of executive cynicism was noted in the interviews – *I mean, would all of these controls have stopped (ADM)? Frankly I don't see how... (Respondent HC-24)*

*regulations, but also to show the results that are being achieved at the end of the day (respondent: HC-12). The other predominant view was less optimistic. The change appears to be, at least up to now, in the language mainly. I've seen lots of 'pocket changes' but I am not sure that anyone, at least here, has a clear view of the big picture of how public sector managers are to manage (respondent: HC-16).*

### **5.3.1 Horizontal Management**

Horizontality emerged as a common theme within the Health case study. Considering health as the long term mix of prevention and treatment programmes coupled with individual choice, greater horizontal cooperation was generally seen as a prerequisite for improving long term health outcomes. Internally, the other key (federal) department was seen as Indian and Northern Affairs (INAC), with limited mention made of other federal departments<sup>51</sup>.

Interviewees confirmed the perceived benefits from increased horizontal cooperation across provincial governments, regional health authorities and independent medical practitioners. However, this requires time and personal commitment to establish and maintain these relationships. In addition to these time constraints, current Ottawa organization, accountabilities, and the reward structures were all considered limitations to RBM.

- *Health is such a partnership between many players, governments, medical professionals, drugs. Does the average Canadian care where or who delivers*

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<sup>51</sup> In Canada, repressive legislation still in effect, holds First Nations as wards of the state. Authority for every aspect of First Nation people living on-reserve primarily rests with Indian and Northern Affairs Canada (INAC), except for health issues which are the responsibility of Health Canada. Two other federal departments play relatively minor roles: Canadian Mortgage and Housing Canada (CMHC) for mortgage financing on-reserve, and Human Resources Canada (HRC) addresses unemployment nationally, including on-reserve. Many other departments have programme elements which target Aboriginal or First Nation individuals.

*these programmes? No, their goal is good health....That's the result that matters to them... So for us, it boils down to how can we work together – horizontally, across programmes and departments to help First Nations get the results that matter to them ...instead of our current silos... (respondent: HC-10)*

- *I wish I had more time to invest in the horizontal relationships really necessary to have an impact on health outcomes (respondent: HC-36)*
- *In this region, the Federal Regional Council has an aboriginal sub-committee which has really helped – if nothing else, we get together and discuss the issues from a people, not programme, perspective (respondent: HC-14)*
- *Look at programme [name] for example. Now the Ottawa folks [policy analysts and individual programme managers] have a very good understanding of each programme; what it does, how it works, etc in a large urban setting. What they miss, is how it [this programme] interacts with the other thirty programmes we [this branch] offers, to say nothing of all of other government programmes... in a remote, small community of say 200 people, with the nearest town 350 miles away by air, there are no roads.... (respondent: HC-11).*

#### **5.4 Managerial Accountability**

Addressing changing accountability, regional executives clearly articulated dual accountabilities to clients and to headquarters. Regional executives have greater contact with local First Nations, local stakeholders and organizations, than their headquarters colleagues do, and are much closer to the individual impacts of limited resources. Health executives perceived their primary accountability as achieving

maximum benefit from limited resources, in the face of almost unlimited demand. Typical comments were: *I'm accountable to deliver the best possible (program) within the policies and directives we have, and the budget we have. That is the primary accountability (respondent: HC-20), and I have to get the best possible use for those dollars to be accountable to functional leadership in Ottawa (respondent: HC-14).* All executives acknowledged the importance of keeping central agencies and Ministers satisfied to ensure continued funding, but this was perceived to be primarily a headquarters function.

In analysis of whom executives stated they were accountable to (question eight in the interview guide, Appendix C), five themes emerged: Canadians, vertical (hierarchical), horizontal, downwards (employees) and personal. Interestingly, interviewees consistently noted their accountability to Canadians, including programme clients. Even executives working in corporate functions and serving internal clients, generally expressed accountability to Canadians for their programme stewardship. *I am personally responsible, and accountable, to Canadians (respondent: HC-2),* could have been attributed to most interviews. However, in absolute truth, executives are not accountable to Canadians; they are accountable to Parliament through the departmental and Ministerial structure.

Every executive interviewed could describe their standard hierarchical accountability, reinforced by the mandatory performance assessments and performance pay system currently in place. As well, horizontal accountability to colleagues was consistently noted. The latter could be argued to reflect the increased attention to cohesive and collective management.

Executives interviewed also noted their downward accountability to staff, often described in terms of being accountable to provide the resources, environment, infrastructure, clear communications and directions necessary for staff to function effectively. Finally, executives noted a strong sense of personal accountability tied to their intrinsic values and ethics, ‘look myself in the mirror’ accountability. It could be argued that these personal values reflect executives’ self-selection for public service, and are key sources of personal motivation, including implementing RBM.

Executives reported a wide-spread perception that accountability, at least the responsibility that matters to the ‘centre,’ was principally negative accountability; do not let the minister/programme/department/government become the source of negative media coverage, or worse a political scandal. Furthermore, as noted in the literature review, recent Canadian political scandals have tended to result from input and process failures, not output or outcomes failures (Good, 2004b). Thus, as expected, executive attention tended to focus on the need for compliance with accountability rules and regulations which was often perceived to be ‘micro-management’. For example:

- *I think it is management of risk at the zero tolerance level (respondent: HC-14)*
- *Within health the accountabilities are twisted. You are not accountable for health, you are accountable for the delivery of a programme which follows all the rules...(respondent: HC-21)*
- *Value for Canadians? I would say no value. Well, OK, a little value I guess, but at this level of attention, it is more like killing an ant with a hammer (respondent: HC-28)*

- *Rather than dealing with these issues on an exceptional basis, they're dealing with it on a generalized basis (respondent: HC-34)*
- *It is almost an insult – it's like they expect us to steal \$100 and think nothing of risking our careers to do it.... (respondent: HC-9)*
- *I carefully review each contract now... whereas previously, I would have relied on my manager or programme officer (respondent: HC-3).*

Interestingly, each area complained about the level of reporting – regions to headquarters, branch to departmental level, and departmental to central agencies.

Executives commented positively on the link between effective operational planning and accountability for results. However, the issue of *funding flowing in little pieces of money from all over the place (respondent: HC-15)* was also raised. As well, [the requirement] *in our branch, we have to do detailed work-plans [down to the task level] for everything (respondent: HC-17)* was seen by the regions as drawing resources from programme delivery to administrative requirements and encouraging micro-management by Ottawa. One executive commented that *the headquarter – region – First Nation structures and processes are not in sync with the results the branch is trying to achieve (respondent: HC-24)*. Other executives noted the failure to identify and systematically collect the data needed for subsequent programme evaluations, in order to be accountable for outputs and outcomes. Comments included the need to provide (from the centre) necessary resources to collect and analyze this data.

One interesting point was the general failure to bind accountability to consequences, either personal or organizational, except in the rarest of occasions. Several executives

commented on the recent attention to budget deficits in several regions: *Within several regions of this branch, (budget deficits) had become operating norms, with no consequences attached. If you do not have a clear message – like come in on budget or else – and consequences for failure - then why would you think already busy people would focus on what has been, up to recently, an administrative item.... (respondent: HC-24), If I was ‘ADM for a day’, heads would roll, that would send the right message! (respondent: HC-19).*

Having discussed changes and influences on executive management and accountability, this chapter will next discuss examine the Health Case study through the lens of Public Value theory.

## **5.5 Public Value - Services**

Health Case study executives confirmed the importance of managing resources: budgets, employees and capital assets. This was not seen as a new requirement. Executives agreed that economy and efficiency remain key public sector goals in the provision of services and products and confirmed that systems were in place to assist them in managing. As well, participants identified the critical importance of following internal process requirements, although sometimes to the detriment of results.

As background, within the Health case study, health programmes could broadly be divided into two streams, prevention programme such as Stop-Smoking, Head-start, or Environmental Protection and Treatment Programmes, for example, Non-Insured Health Benefits (NIHB), Diabetes Treatment or Tuberculosis tracking. Certain



programmes address both aspects of health, such as Dentistry and Eye Care. In addition, the branch executive management, the Assistant Deputy Ministers, professional practice divisions such as the Office of Nursing and Office of Medical Services, and other directorates ensure effective corporate management including planning, audit, evaluation, contracts and negotiation. Adding to this complexity, programmes can also be classified by who provides the end or direct service, which can range from First Nations band employee to independent professional or federal employee; and also be classified by funding arrangement, which can also range from direct (paid by federal government on a per-service basis) or through First Nation band block or transfer funding<sup>52</sup>.

As a result of this variety of programmes, service providers and funding mechanisms, executives report considerable diversity in their attention to services, reflecting programme responsibilities ranging from service as the primary focus to other areas where programme delivery is a transferred responsibility, and Service is not an executive responsibility. In areas where service is directly provided by employees, executives agreed that strong client service delivery has a positive impact on both programme outcomes and on public perceptions and value.

For example, the largest branch programme, the Non-Insured Health Benefits (NIHB) programme consumes approximately 50 per cent of the branch's budget (approximately \$ 800 million Canadian). NIHB is a medical drug and benefits insurance programme for First Nations, provided by the federal government at no direct cost to individual First Nations people. Similar to private sector health

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<sup>52</sup> First Nation programme funding is through one of four types: Stacked, Integrated, Transfer or Self-governance, with greater autonomy as one moves from left to right.

insurers<sup>53</sup>, NIHB has limited control over expenditures<sup>54</sup>, which are authorized by medical professionals. Furthermore, NIHB typically reimburses expenses already incurred and pays the service provider, not the First Nations client (i.e. pharmacists and dentists). Within NIHB, economical and efficient provision of services is the primary programme outcomes. It is readily apparent that measuring the ultimate impact of NIHB on health outcomes is not possible, while noting that Public Trust is enhanced through consistent, fair and equitable treatment of clients.

The Health Case study included interviews to gather ‘corporate’ perceptions. In corporate roles, the primary responsibility is to provide the infrastructure necessary for programme delivery, including HR, finance, IT, etc. Often operating as gatekeepers, corporate systems must also verify that procedures are being followed, and demonstrate accountability. The outputs are frequently policies and procedures, frameworks or reports while the outcomes are mostly intangible such as culture, probity and fairness:

- *My primary function is advisory. As you know, I do not have any line authority, responsible for the resulting choices, but I'm held responsible to make sure that I present (to the management team) timely and accurate information, solid analysis, and my recommendations (respondent: HC-2)*
- *My function is kind of like insurance, no one really wants to have to use insurance, but we all want to have it when something goes wrong... (respondent: HC-25)*

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<sup>53</sup> In Canada, primary health coverage is free. Individual Canadians can choose to purchase additional insurance. For example, Blue Cross is one commercial Canadian insurer, while GSMIP is the equivalent federal employee supplemental health insurance. This programme offers equivalent insurance to First Nations at no direct cost to individuals (i.e. no insurance premiums).

<sup>54</sup> NIHB does have some control, for example which drugs or procedures are approved for reimbursement, and through negotiation of professional fees such as pharmacy dispensing fees.

- *I'm not here to catch (them). I am happiest when we have a clean audit.... Then, we have clearly demonstrated that everyone has followed the prescribed rules and regulations... (respondent: HC-7)*
- *I have to manage, effectively manage small crises so they do not become big crises (respondent: HC-18).*

Similarly, branch policy functions also have different accountabilities

- *...to develop strategies that would be approved, achieve general consensus, and that will work when implemented (respondent: HC-33)*
- *To coordinate the development of strategic goals and priorities (respondent: HC-20).*

Within corporate functions, programmes measure outputs. Similar to the financial management systems, bureaucratic systems are typically in place to monitor the service or output levels, depending, of course, on the nature of the programme or service.

## **5.6 Public Value - Outcomes**

There was general agreement that executives should, at least conceptually, be accountable for programme outcomes in addition to historical accountability of resources, process, and outputs. Health executives also agreed that outcomes or result-based management had potential to improve programmes or management for programmes, and consistently supported the concept.

Discussion with health executives confirmed general themes from the literature, that health is widely accepted, in practice and academic literature, as the end-product of a complex set of inter-related programmes, personal choices and environmental

impacts. First Nation and Inuit Health Branch programmes were widely believed, by the executives interviewed, to make a positive contribution to health outcomes.

However, at the same time, the impact on health outcomes from external factors such as economic well-being, education, environment and personal choices was fully acknowledged. As well, other programmes are offered by provincial governments and NGOs (ex. The Canadian Cancer Society). Thus, as executives interviewed suggested, the contribution attributable to branch programmes is often unknown.

At the macro level, the desired long term health programme outcomes are broadly known - the prevention of health problems and effective treatment of ill health.

Regarding the former, it can be argued that significant difficulty exists in determining and documenting 'non-occurrences.' Traditional scientific experiments demand the presence of a control group. However, ethical considerations preclude this practice with humans. Similarly, health interventions frequently require significant timeframes to monitor. For example, the long term impact of stop-smoking programs may require decades to assess. Lastly, it was noted that it is often very difficult or impossible to establish causal relationships and attribution, both in terms of the underlying cause and the effectiveness of the intervention. At the same time, executives noted that certain programme outcomes areas are much easier to monitor, for example, tobacco usage (e.g. longitudinal survey, receipts from 'sin' tax, etc.) or incidents of positive AIDS/HIV tests, which are monitored and reported nationally.

A number of interviewed executives addressed the need for defining clear objectives and goals. *For me, accountability is knowing what you want to achieve, knowing the resources and measures you want to put in place in order to achieve those results,*

*and then actually doing that (respondent: HC-29).* Executives spoke of the difficulty in addressing what can be conflicting priorities. Within the Health Case, executives suggested that major macro-level programme objectives included improving First Nation's health, increasing First Nation self-governance, reducing health inequities, and working collaboratively with other departments and levels of government. However, a number of regional executives suggested that the highest branch priority was (at that time) balancing the budget or avoiding a budget deficit.

When addressing Results-based Management in general, executives' comments included:

- *Are we there in terms of Results-based Management? Our primary goal to improve health outcomes for First Nations. I do not think we are fully focused on Results, there are too many other objectives 'muddying' the field.... (respondent: HC-5)*
- *It forces you to think beyond the process and the outputs. And it gets you to identify what the outcomes are, if you can! (respondent: HC-1)*
- *First, they (politicians and senior management) would have to be very clear on what results they want us to achieve... Now if they do this, then they would be accountable for achieving these goals... no more 'wiggle-room' (respondent: HC-26)*
- *Results for who? You know, there is often a world of difference between what citizens, clients, service providers, (programme) managers, and politicians see as the results we are aiming for... (respondent: HC-12).*

When asked specifically whether FNIHB was using Results-based Management in managing health outcomes; there was a wide variety of responses:

- *No (respondent: HC-15)*
- *We're trying (respondent: HC-25)*
- *Sometimes, we just don't have sufficient funds/resources to achieve everything we need to do to achieve a given set of results... (respondent: HC-24)*
- *We can have all the Results-based Management that we want, then we run up against transfer (a First Nation funding mechanism) where data is no longer provided to us (respondent: HC-6).*

### **5.6.1 Difficulty of Measuring Health Outcomes**

Given the diversity of federal health programmes and services offered through this branch, coupled with the complex and multiple delivery mechanisms, executives identified a number of issues surrounding the difficulty in measuring and establishing outcomes. Nevertheless, executives were also clear that this did not preclude using Results-based Management within health care, but rather that some realistic assessment of where it is feasible is required.

The analysis of the interview data revealed a wide range of issues, from the role of multiple stakeholders and service delivery agents, to data collection, analysis, and outright 'gaming' of results. For the purposes of this thesis, the exact nature of these difficulties is relatively less important than the overall perception by executives of significant and inherent difficulties in assessing results of health programmes. Three key themes, among with five themes of a more minor nature, emerged.

First, as noted earlier, health outcomes are the end result of a complex interplay of individual choices, genes and environmental impacts. Numerous programmes, funded by federal and provincial governments, and NGOs, and often delivered through independent professionals, make attribution of results to specific contributor(s) difficult and often impossible to ascertain. As well, preventative (as compared to treatment oriented) health programmes are perceived as harder to measure; *How do you measure something that did not happen?* (respondent: HC-12).

Second, a large number of measurement issues were identified, which varied widely depending on the programme, funding and delivery process, and service delivery method. Issues included:

- Difficulties in identifying, agreeing with stakeholders and acquiring sound data
- Extensive privacy concerns and legislative issues regarding personal health information
- Interpreting data correctly – lack of epidemiologists or skilled employees
- Measuring of non-event (preventative programmes).

Third, every executive was fully aware of numerous studies which consistently conclude that First Nation people continue to have lower, sometimes much lower, health outcomes than Canadians in general. Within health, time lags between actions and improvements in health outcomes are frequently decades (e.g. a smoking cessation programme leading to reduced lung cancer rates). Improving health outcomes requires long-term effort. Executive comments included:

- *I do what I can to move the yard sticks (make progress)... But, it's so hard to measure it even over a decade... (respondent: HC-34)*
- *Maybe what I can do in this job is just put processes in place so people can have a dialogue (respondent: HC-13)*
- *Help First Nation people understand their choices, and the long-term impact of their choices (respondent: HC-9).*

Issues of a more minor nature, but that still consistently emerged from the interview analysis:

- Data Analysis issues including:
  - Counting versus understanding
  - Perception of a limited availability of skilled analysts and epidemiologists
  - Difficulty in acquiring and establishing baseline data
- Incompatibility and inconsistency between corporate systems and ‘unfriendly’ system interfaces required to extract data
- Dysfunctional Behaviour including intentional manipulation of outputs, outcomes and data, and ‘Managing to the measures’
- Risk adverse environment with an adverse politics and a perceivably aggressive media.

It should be noted that reliable long-term health outcome data is generally available from external sources – life expectancy, quality of life indicators, disease rates, etc. In Canada, Statistics Canada and National Aboriginal Health Organization (NAHO) are two organizations, among many, who coordinate or conduct national and longitudinal health surveys. Executives, when asked, were broadly aware of such



reports and information, but did not make use of them in managing. An exception was noted within the Policy function, where there was a much greater awareness and use of this material in developing health policy.

## **5.7 Public Value - Trust**

Without digressing into a full discussion of Health care economics, primary health care is free for Canadians<sup>55</sup>. Doctors, hospitals, emergency treatment do not require user payment. *When Canadians, and not just First Nations, talk of their entitlements to health, they are talking about what they perceive as a fundamental right, and not as a client... (respondent: HC-2)*. Faced with functionally unlimited demand, governments, as funding providers, limit the supply of services. Recalling that health is the number one public survey concern, the foregoing creates stress on public trust concerning health issues.

Canadian health expenditures have increased substantially – the highest growth rate for public programme financing<sup>56</sup> - to cover rapidly rising costs. As well, a significant number of new or expanded First Nation health programmes have been announced in budget speeches or the Speech from the Throne which opens each session of Parliament<sup>57</sup>.

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<sup>55</sup> It should be noted that many elements of health care are not generally covered by the government, for example: pharmaceutical drugs, dental, vision, non-emergency transportation, etc. Although programmes often do exist to cover or partially cover such expenses for the elderly, those on social assistance, etc.

<sup>56</sup> Statistics Canada reports overall health expenditures rose from \$90.1 billion in 1999, to \$121.4 billion in 2003 (Statistics Canada, 2005).

<sup>57</sup> Major First Nations health funding, policy and programme announcements found in Canadian Parliament's Speech from the Throne and Annual Budgets, include Home and Community Care \$100M/yr, Sustainability Funding \$1,000M/6 yrs, Suicide Prevention \$45M/5 yrs.

Executives were pragmatic, but stressed the need to clarify to stakeholders, Parliament, First Nations, and programme recipients whether the branch's overall goal is to provide the best health care within a given resource base or to identify and actively seek the resources necessary to achieve a specific health outcome. The comment, *A clear message may not increase client satisfaction, but it contributes to increased public trust (respondent: HC-18)*, summarizes a number of executive's comments. Similarly, executives interviewed report that Canadians, for a variety of reasons, are seeking greater assurances of Value for Money and probity in all government expenditure.

Regional executives said their major contribution to increased public trust was through the relationship developed with stakeholders, which they describe as critical given the multiple programmes, funding mechanisms and service delivery functions. The foundation of relationships is broadly seen as effective, meaningful and honest communication.

- *Regular communication, transparency, sharing information with them (respondent: HC-11)*
- *We have to find better ways of working together, rather than the tendency of the federal government to act paternalistically, sometimes in subtle ways, sometimes not... (respondent: HC-32)*
- *There is a huge element in personal confidence, personal trust, and personal acceptance (by First Nations) that's the key (respondent: HC-13).*

Given the lack of more formal client feedback mechanisms, these informal contacts provide much of the management information regarding programme service delivery and outputs.

Key elements of public trust, equity, fairness and consistency of treatment were stressed as critical in delivering national public sector programmes. It was also clearly noted that achieving equity sometimes requires different approaches, funding levels or treatment (e.g. transportation costs differences between isolated and urban community). This, it was suggested, requires some degree of managerial flexibility in determining what would be fair and equal.

### **5.7.1 Accountability and Reporting**

Public trust was widely perceived to be enhanced through proper accountability and transparent reporting. Executives, when asked how they discharged their accountability and how they demonstrated that they had acted appropriately and achieved results, tended to focus on internal process accountability. This accountability was typically described as the prudent use of financial resources, meeting budgets and monitoring accountability of service delivery agents, and notably not achievement of outputs or outcomes. For example, *I've always said I keep public money with greater attention than I keep my own money (respondent: HC-31)*.

Given the branch scandal in 2000, executive attention almost naturally focused on accountability for following rules and regulations in operating programmes.

*Regardless of the results you achieve, in the public sector, how you get your results is critical (respondent: HC-1)*. Executives widely noted that public trust is not increased through disregard for public sector probity and equity, even to those benefiting from the breach of rules.

The interviews also explored the contribution of consultations in developing and maintaining trust. Within FNIHB, this aspect of trust was perceived to have a long and difficult history.

- *The history of consultation [in FNIHB] has been extremely poor, although in fairness the federal government has made real progress in moving from a rather paternalistic attitude to a willingness to work together with First Nations (respondent: HC-7)*
- *Consultation can certainly improve public trust, However, all too often what we call consultations is really information sharing. Consultations have to occur before the preferred solution has been identified... (respondent: HC-17)*
- *Gone are the days when a public servant can sit in their office and design a programme without talking to stakeholders (respondent: HC-10).*

Executives discussed the impact on trust through partnerships with First Nations, but found that the imbalance of power, (*When one party controls first base (respondent: HC-28)*), to be a significant deterrent in those processes. However, in one region where First Nation health care funding is actively and formally co-managed by First Nations and regional executives, a high degree of satisfaction is reported by both sides. (Note – the research made no attempt to confirm this opinion from the First Nation’s perspective).

On a related issue, during the mid to late 1990s, the federal government policy of First Nations Self-Governance (on-reserve) saw the emergence of ‘transfer funding’ where health programme funds were bundled or block-funded, with First Nations Bands (reserves) given flexibility to allocate funds to address specific health issues.

Approximately 50 per cent of reserves have adopted this financial arrangement. Transfer funding requires significantly reduced programme accountability, limited to audited confirmation that mandatory programmes were delivered and that all funds were expended on health issues. One trend noted by regional executives was the tendency of new or expanded programmes targeted funding – funding which must be used for the stated purpose only – greatly reducing both regional and First Nations on-reserve flexibility. This was perceived by regional staff and also by First Nations clients<sup>58</sup> as increasing both standardization and administrative controls, and reducing programme flexibility. Regional executives suggested that linear accountability, by programme dollar, fails to address the complex interplay of factors and influences in achieving health outcomes and reinforces the confusion over overall desired outcomes.

Executives interviewed indicated that public trust can be enhanced through reporting. However, other than the routine annual reports to Parliament which most executives recognized as having limited to no value for average Canadians or stakeholders, external accountability was through direct and frequent contact with clients and stakeholders. It was noted that a number of executives were not cognizant of several annual programme reports produced by Directorates within the Branch, although admittedly these executives were appointed within the previous two years (more experienced branch executives were aware).

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<sup>58</sup> Targeted programme funding inevitably requires additional reporting and accountability requirements. While somewhat external to this research, the Auditor General of Canada has been highly critical of the excessive reporting requirements of First Nations bands - both in terms of volume of reports and the failure of the government to do anything with the reports once received (Auditor General of Canada, 2002c).

In analysing discussion of programme reporting, a fairly high degree of cynicism was noted. For example:

- *The biggest downfall in government is in reporting... (respondent: HC-20)*
- *There are sure a lot of required reports... First Nation reserves to regional offices, regions to headquarters, headquarters to central agencies. But you have got to ask yourself one thing, what happens as a result of reporting? If there's no follow-up, no potential for improvements... (respondent: HC-70)*
- *I sure hope that the clients do not base their trust of us on the way and level of our public reporting.... (respondent: HC-19).*

Although some potential for improvement was also noted. *I think the internet and technology are vastly changing how we interact with clients, including accountability and reporting. (respondent: HC-8).*

A different aspect of reporting, reporting and accountability of First Nation service providers to the federal government, as compared to accountability by the federal government, was the subject of considerable executive dissatisfaction:

- *We demand all of these reports from First Nation (programme delivery) but what do we give them in return. Meaningful feedback? I'm afraid not... (respondent: HC-13)*
- *The biggest downfall in government probably is reporting, over reporting on one hand... which means that ultimately nothing gets reported on very well.... Coupled with a failure to report what is actually important or meaningful... (respondent: HC-35)*
- *There is a failure to use information currently available (respondent: HC-6).*

As such reports primarily serve governmental accountability requirements, and have limited, at best, value to First Nation stakeholders, such reporting was widely perceived by regional executives to negatively impact trust.

There was some evidence within the Health Case study that the existence of audit and evaluation functions themselves contribute to trust, not serving simply as ‘policing’ and corrective functions, but also to reassure Central Agencies, Parliamentarians and Canadians that funds are being expended prudently and properly and that value for money is achieved for clients and government.

### **5.8 Executive Information and Decision Making**

Health Case study executives reported that their information sources were primarily verbal or informal, estimates ranged from 66 per cent to 90 per cent. Management information is typically acquired through regular staff and management meetings, HR performance discussions, and informal conversations with stakeholders. Significantly less attention, in general, is paid to routine or occasional reports. While internal, corporate functions typically had better data available through enterprise IT systems or as a direct result of internal processes, corporate executives reported only a slightly higher usage of structured information.

The findings from the Health Case study in understanding executive information sources were very similar to those from the Saskatchewan Case study, Section 4.6. No additional or alternative findings were noted, although the examples provided focused on health issues. As such, and for brevity, Table 31 below provides a summary of the Health Case Study on executive information sources.

**Table 31: Executives' Information Sources, Health Case Study**

Source	Comments/Description
Meetings	<ul style="list-style-type: none"> <li>▪ <i>I attend, call, hold regular meetings with my staff, clients, stakeholders, colleagues, management team, boss etc. (respondent: HC-8)</i></li> <li>▪ 'Management by Walking Around'</li> </ul>
Staff	<ul style="list-style-type: none"> <li>▪ A key source of information was direct and subordinate staff – briefings, reports, 'heads-up,' and casual conversations</li> </ul>
Routine Reports	<ul style="list-style-type: none"> <li>▪ <i>Regular reports form an important part of my information sources, but overall, I make limited use of structured information (respondent: HC-18)</i></li> <li>▪ <i>Comments on timing, validity, and usefulness of corporate system information (respondent: HC-21)</i></li> <li>▪ <i>Understanding through-put (process responsibilities) is a critical factor (respondent: HC-3)</i></li> </ul>
Occasional reports	<ul style="list-style-type: none"> <li>▪ Evaluations and assessments</li> <li>▪ Briefing Notes (especially at higher levels of management)</li> <li>▪ Special reports, at executive's request or via general circulation for information</li> <li>▪ Personal reading – external research, reports and information</li> </ul>
In the Field	<ul style="list-style-type: none"> <li>▪ <i>I get a lot of my information from interacting with clients (meetings, conference, formal meetings social and casual contact ) (respondent: HC-32)</i></li> <li>▪ <i>First Nations have become politically astute, and can effectively complain and mount campaigns (respondent: HC-27)</i></li> </ul>
Occasional Feedback	<ul style="list-style-type: none"> <li>▪ Complaints, Letters to the Minister (includes compliments), appeals, court cases</li> <li>▪ Audits, Evaluations, Auditor General assessments</li> <li>▪ External reports and research</li> <li>▪ Stakeholder conferences, reports, requests</li> </ul>

When asked whether executives desired, or believed they would benefit from an automated performance management system, for example, a Balanced Scorecard, responses were generally negative, expressing reservations on several fronts including:

- *Most, but not all programmes, lack current performance measurement and management information (respondent HC-14)*
- Various discussions of the high cost of identifying, acquiring and managing data, including First Nation funding and accountability mechanisms, and privacy issues related to health data



- *Questionable benefits, both in terms of management capacity and the potential for increased accountability without increased flexibility or risk tolerance (respondent: HC-11)*
- *Time lags inherent in health outcomes data (respondent: HC-29)*
- Time and capacity to analyze the data, opportunities to provide contextual information together with the data, and increased risk exposure
- Risks associated with central agency involvement and public access
- *Given the long time horizons in health, not a tool for day-to-day managing for results (respondent: HC-7)*
- Concerns regarding high-level objectives and goals.

Health Case study executives confirmed a significant growth in time pressures, indicating a general perception that workload levels have increased over the last decade. Executives specifically complained of the limited or non-existent time available for critical forward thinking. The potential impact from identifying and participating in developing overall strategic direction was itself reported to be a key intrinsic motivator for executives.

Finally, Health Case study executives confirmed Key Informant interview findings that when and if result-based information is used for internal decision making, especially budgets, it will increase executives' attention on RBM considerably. Only one example of this level of integration was noted during these interviews. Adopting RBM, executives also noted would require a change in the political use of information. However, this was widely perceived to be beyond the scope of executives' ability to influence.

## **5.9 Creating Public Value Through Citizen/Client Input**

As argued, assessing Public Value creation through services, outcomes and trust inherently requires information gathered directly from the end-user, whether client, customer, or citizen. These groups have unique perspectives on programme service delivery, outputs and outcomes.

Within the Health Case study, while both programme and regional executives consider First Nations to be the clients, there is a complete absence of client satisfaction data or surveys, systematic feedback instruments, focus groups, or other methods of assessment. Programme evaluations, conducted every five years, were noted as one possible source of information. This was also true for corporate functions, where the clients are presumably Health Canada executives and/or employees. *In (corporate function) we do have a lot of service standards, but frankly, we have not been measuring our outputs against them... (respondent: HC-30).* The conclusion is that the Canadian public sector culture does not support direct dialogues with programme clients. At all levels, client satisfaction assessment and awareness appears to be based on complaint levels and informal feedback.

The possibility of executives' inability to address or react to client feedback – *why raise expectations needlessly (respondent: HC-16)* – was raised, but discussion noted that executives do have some flexibility and the research concluded that this was spurious.

One possible area of public trust was through consultations related to policy development. Excluding public consultations by Parliamentary Task Forces (outside the scope of executives), consultations were described as:

- *There is a lot of talk about consultations, involving First Nations... now there are (approximately 75) separate and distinct First Nations bands in this region; headquarters seems to think that we can consult with all of them in a week or two... (respondent: HC-22)*
- *First Nations are sick and tired of people in government talking about consultations... when what they see is unidirectional information flows and no opportunity to participate (respondent: HC-4)*
- *I do not think that government knows who the client is.... (respondent: HC-29)*

Similarly, internal consultations addressing changes in corporate functions, were described as either absent or meaningless.

In considering outcomes, executives were asked of external assessments of programme outcomes, or independent evidence of long-term results (e.g. reduced hospital admissions). With few exceptions, executives were unable to identify current information sources. When prompted, most executives were aware of previous programme evaluations, historical health surveys and external reports. However, this information was clearly not current, nor central to their management. In general, such information was perceived to be the primary concern of headquarters' policy analysts or national programme managers, and not a direct source of management information for Health executives.

## **5.10 Health Executive Motivation**

Continuing to explore the apparent disconnection between Executives' support of Results-based Management and the difficulties noted in implementing Results-based Management, especially within the health sector, the researcher questioned whether executive Performance Pay had an impact.

Health Case study executives expressed general dissatisfaction, or at best neutrality, regarding performance pay. Executives confirmed that performance pay is not an economic motivator, nor did it generate public recognition. Organizationally, pay is personal information and these executives stated that they never discuss their ratings with each other. The perceived introduction of quotas by the Treasury Board Secretariat<sup>59</sup> appears to have increased executive dissatisfaction and cynicism, even for executives who received a performance bonus during the last performance appraisal cycle.

On a positive note, executives did report that the introduction of performance pay has brought a much higher level of rigor to the performance appraisal process. In addition to, in some cases, significantly improved feedback, the link to financial rules (related to the payment of the bonuses) is strongly perceived to assist in completion of the appraisal process in a timely manner. Executives consistently valued the increased feedback from their manager, the satisfaction of knowing formally and in writing the level of satisfaction with their performance the previous year. Interestingly, these improvements are also reported as improving attention on subordinate employee appraisals in general.

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<sup>59</sup> As noted earlier, TBS claims that these quotas are guidelines only.

Satisfaction with performance pay did increase with rank. It is argued that two drivers of this finding are that the higher levels of management have greater control and autonomy in achieving results, and secondly, as discussed in the Saskatchewan Case study, the maximum bonus increases with executive level.

Given that the literature suggests that performance pay has had a limited impact, and potentially serving as a disincentive, the research explored executive motivation for public sector employment. Posing the question - 'Why do you work for the federal government?' continued to result in an almost unanimous consistency in their responses – *To make a difference.*

The direct programme nature of Health Case study executives saw a high degree of perceived accountability to clients and Canadians. Health case study executives consistently identified personal values of accountability, in addition to the official, hierarchical accountability and a sense of stewardship.

### **5.11 Summary - Health Case Study**

Executives agreed that there has been a shift in the management philosophy and culture of the Canadian federal government, with senior executives and Parliamentarians increasingly asking 'results' questions and gaining familiarity with Logic Models and other 'results' tools and frameworks. There has been an initial, but limited, movement towards basing decisions on the evidence or the results obtained. Executives did note that there are intrinsic differences between the public and private sectors - *Some of the things that the public sector does can not be quantified based on immediate outcomes or tangible results (respondent: HC-2).* This increased

awareness appears to be top-down, where it is reported to be a routine subject area at the senior management meetings.

First, within health, the research confirms that for certain programmes it is difficult, if not impossible, to ascertain results or attribute outcomes. This occurs for a variety of reasons, specific to individual programmes. With the presence of multiple stakeholders, it was noted that increased horizontal coordination requires addressing time constraints, systematic restraints, and hierarchical accountability and reward structures.

Second, the fundamental nature of Canadian politics, including risk adversity, in identifying programme outcomes is a significant impediment to RBM. One comment which provided an excellent example of this aspect was:

*So, if we sat down and addressed what the ultimate outcome could be, and we collectively agreed that by some miracle, we could reduce the (disease incidence) to 5 per cent of the population. That would be incredible progress. Now can you imagine what would happen if the Minister of Health stood up in the Parliament and say, we have been wildly successful because only 5 per cent of First Nations now suffer from (disease). There would be a public lynching (respondent: HC-19).*

Within public sector programmes, the only politically acceptable solution is often total eradication, regardless of the impossibility of achieving this. Such behaviour was reported to lead to increased executive cynicism on all aspects of Results-based Management.

Third, health programmes face sustainability issues, with the result that budget management is a central priority within this branch/department. Executives expressed concern over the perceived absence and difficulty of links between budgets and results. For example, *There is a fundamental choice between fixing the amount we can spend and then achieving the best results for this investment, or identifying the needed results, and then using this in making our budget decisions... We have to choose one way or the other.... (respondent: HC-25)*. As one interviewee stated, *the acid test of performance measurement (in support of results-based management) is being able or willing to reallocate resources to higher priorities, or better performing programmes (respondent: HC-34)*. During the health case study, only one example of evidenced based budget reallocation was noted.

Fourth, executives continue to support Results-based Management, and the increased use of evidence based decision making for both health care and management of health care. Health research does have a long history of evidence-based decision making including the standard double blind clinical study. So in one sense, Results-based Management is already integrated into the professional culture of medical practitioners. Although, in fairness, this may not be reflective of health managers, as the health management cadre may not have previously been health practitioners.

An absence of structured client satisfaction surveys of any kind, internal or external, was noted. The claim that informal feedback and complaints provide executives with a sense of satisfaction levels lacks credibility, given the relative ease of acquiring more rigorous data which clearly would assist in assessing programmes.

Finally, programme executives themselves reported a personal accountability to the public and clients for programmes. It was noted that discussions over desired outcomes could itself lead to improvements in programmes delivery and outcomes, as well as increasing trust. Executives articulated the need for stakeholder involvement in the selection of performance indicators.

Interestingly, interviewees also expressed an openness for increased accountability for outcomes, as long as it was tied to the necessary managerial flexibility to influence results. *Hold me accountable for what I have control over, the ability to influence, but hold me fully accountable... (respondent: HC-30).*

In summary, while executives appeared to perceive the potential for Results-based Management and supported the concept, they collectively expressed a general sense that Results-based Management within the Health sector was extremely difficult and often impossible to achieve.



## 6 Senior Executive Interviews

This Chapter will present the findings from the analysis of the Senior Executive interviews.

The Senior Executive interviews consisted of ten interviews with very senior mandarins, Deputy Ministers (DM) and Assistant Deputy Ministers (ADM) from both ‘central agency’ and line departments. The contribution of the Senior Executive interviews in the overall research design was to capture and examine the perspectives of senior executives and to validate the research findings from the Health and Saskatchewan case studies. The overall case selection logic was summarized in Table 25.

The Senior Executive interviews were conducted following the identical Interview Guide as the other case studies (Appendix C). These interviews were scheduled at the end of the data collection phase, permitting discussion of the emerging research findings from the two case studies. This discussion occurred at the end of each interview. To fully capture the senior executive perspective, the five interviews with Assistant Deputy Ministers from the Health and Saskatchewan case studies were merged with this data prior to conducting the analysis. Thus, a total of fifteen interviews were included in this analysis.

This focus of this chapter is to present the findings and analysis on key differences between senior (DM, ADM levels) and other executives (Director, Director General levels) and to validate findings. During the analysis, seven key themes emerged:

- Mandate
- RBM Slow Progress
- Public Value theory
- Intra-departmental differences
- Accountability and RBM
- The Logic Model
- Information and RBM

For readability, all direct quotes from the research interviews are in *italics*. While direct quotes are attributed to one interview, unless specifically noted otherwise, quotes were selected as representative of themes, opinions or comments emerging from multiple interviews.

## **6.1 Background**

The Key Informant interviews (Section 3.4) suggested that an examination of senior executive perspectives (DMs and ADMs) would be of interest. This was subsequently incorporated into the research design. Notably, executives employed at these levels are not focused on a programme, or group of programmes, but rather are responsible for either a full policy area or an entire department.

It can be argued that the flexibility of more senior positions is considerably greater than that of Director and Director General positions. *Having come up from within the*

*system, I know that there are real differences between executive levels, both in responsibilities and flexibility (respondent: SE-6).*

## **6.2 Mandate**

At the senior executive level, executives noted that their overall mandate is often clearer than when disaggregating objectives to the programme level, *I understand the mandate of this department, at the highest level, it is sometimes easier to understand than at the programme level (respondent: SE-7).* As well, as a result of their organizational position, they have excellent links to the political level, government wide policy direction, and cross-departmental contacts. *The view from the top (respondent: SE-3).* These are all aspects which lower level executives acknowledged can be frustrating.

Senior executives interviewed suggested that it was frequently easier to determine the current state of an overall policy area, such as health, employment or agriculture than for a programme. For the former, national data on macro level indicators are tracked and publicly reported by Statistics Canada. One specific example addressed health. *We have a clear mandate to continue to improve Canadians' longevity and the overall quality of health delivery. Compare this to trying to understand the specific mandate, and contribution of a specific programme, say to improve safe sex practices (respondent: SE-5).*

### **6.3 RBM - Slow Progress**

This group confirmed that progress in Managing for Results has been slow and inconsistent between departments. *There's progress, but I think there's more to do... (respondent: SE-11)*. Executives confirmed that certain programmes are simply not suitable for Results-based Management. For those programmes, it is the programme's processes and outputs which are critical to manage. Noting signs of progress, one suggested that, *[A]t the moment, a large part of government is engaged in results-based planning, not results based management (respondent: SE-2)*.

When presented with the research Logic Model (Figure 14, page 212) these executives agreed with its components and conclusions. A couple of representative quotes include, *Those are very perceptive, and accurate questions.... (respondent: SE-13)* and, *I think that some of it relates to trying to determine what are the results for which we want to be accountable (respondent: SE-9)*. Executives also understood the need for managerial flexibility in moving to Results-based Management. *It's obvious that you can't hold someone accountable for something for which they have limited control over... (respondent: SE-13)*.

### **6.4 Public Value Theory**

In examining the senior executives' perceptions regarding Public Value and RBM within the Service and Outcome elements, senior executives confirmed the findings from the Saskatchewan and Health case studies. There was naturally a certain diversity in perspective, but analysis led the researcher to conclude that fundamental differences were absent.

Interestingly, the Trust component of Public Value did have increased understanding, focus and attention at these levels, *Trust is absolutely key (respondent: SE-8)*. As expected, senior executives expressed an increased level of concern regarding the impact of declining trust in general. *We are the stewards of public trust...and, without trust Canada becomes something other than a democracy (respondent: SE-4)*, as well the limited potential for increased administrative requirements, imposed by the centre, increasing public trust.

It was also clear from the discussions that senior executives' vision of trust extended far beyond the clients' trust in a programme. Trust was perceived as having key role in both Parliament's and Canadians' confidence in government. *You cannot have an effective public sector without public trust (respondent: SE-2)* and, *Trust is the end result of a long, long process, not the result of a government programme in creating trust (respondent: SE-15)*. On a related topic, these interviewees also discussed the difficulty in attempting to balance the trust-needs of Parliament versus programme clients, *it is like having two demanding lovers at the same time (respondent: SE-2)*.

## **6.5 Intra-Departmental Differences**

A number of senior executives interviewed suggested that the differing degree of adaptation of RBM across government could be partially attributable to the diversity of public sector programmes, even within departments. *In this department, we have literally hundreds of programmes, ranging from full and direct programme control and delivery, to areas where the federal government frankly plays a relatively minor and supportive role (respondent: SE-10)*.

Similarly, and directly confirming findings from the Saskatchewan Case study, the Senior Executive interviewees acknowledged a wide range of adaptation of Results-based Management between departments, ranging from limited progress to meaningful adaptation of this concept. *There is certainly a wide range, or degree of adaptation of RBM (respondent: SE-4).* Senior Executives agreed that departments with clear mandates, such as Corrections, RCMP (national police), PSC (external hiring) and Taxation, appear to have adopted Results-based Management to a greater degree than departments with a more ‘social’ mandate, such as Health, Agriculture, Indian and Northern Affairs. As well, the topic of leadership, in the context of RBM, was also a frequent topic of discussion.

Interviewees agreed that the level of service delivery control would play a role in executives’ willingness to adopt RBM, for example, *Long experience has taught me the difference between simply instructing an employee to focus on, for example, some aspect of the service delivery of a programme, and the complexity added in negotiating with another stakeholder to accomplish this same objective – especially when it comes to my personal accountability for results (respondent: SE-8).*

Not included within the Case Study analysis were a small number of interviews with senior executives of federal Special Operating Agencies (SOA)<sup>60</sup>. Such agencies operate at ‘arms-length’ from the government, and are not bound by government regulations on hiring, purchasing, finance<sup>61</sup>, etc. Agencies are expected to be

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<sup>60</sup> This aspect of the original, preliminary research design was removed when it quickly became apparent that SOA executive perspectives were closer to the private sector than the public sector, perhaps reflecting the SOA’s profit making or cost-recovery requirements. A potential subject for future research.

<sup>61</sup> For example, funds do not fundamentally lapse at the end of each fiscal year, as they do with all government departments.

financially independent, and operate as a quasi-private sector enterprise. The Canadian Post Office and the Farm Credit Corporation are two examples of SOAs. While beyond the scope of this research, these separate interviews did confirm, through triangulation of research findings, that clear mandates and objectives (as required by SOAs) are reflected in greater acceptance and usage of Results-based Management.

## **6.6 Accountability and RBM**

As could be reasonably predicted, senior executives were more cognizant of and engaged by, accountability to Parliament. At the senior executive level, interviewees reported that their primary accountability lies with the Minister and officers of Parliament such as the Auditor General. And, as one interviewee noted, *Accountability results for a Minister are maybe different than what they would be for an average Canadian. Or for a stakeholder group (respondent: SE-7).* Executives interviewed also commented on the need for accountability on management issues, values and ethics, and programme outcomes. *Unlike business, it's not what you achieve. Public sector success rests strongly on how you achieve it (respondent: SE-7).*

Senior executives confirmed the need for expanded or modified accountability instruments in support of Results-based Management, *Frankly, I don't think we have it right yet (respondent: SE-6).* They did confirm that progress towards this goal was actively underway, a prediction that has been partially confirmed through policy and process changes supporting Results-based Management announced since completing these interviews. Executives also noted the requirement for a stronger link between

annual budgets and results. While inherently difficult and certainly a long term goal in itself, a stronger link would support the implementation of RBM significantly.

Lastly, senior executives reported that, *The realities of politics is a daily reality at this level (respondent: SE-1)*, and can be a serious impediment to Results-based Management.

It was reported that the closer proximity and accountability to Ministers and Parliament also comes at a cost of greater distance from programme clients. At this level, client interaction occurs principally at the national policy level, and almost never at the individual client level. *Frankly, I basically never meet [clients], except on rare occasions when I am touring [a client site] (respondent: SE-7)*.

## **6.7 The Logic Model**

Each Senior Executive interview included discussion of the Logic Model developed within the context of this research (presented as Figure 15, page 270). This model continued to find wide-spread acceptance at this level, with executives interviewed suggesting that it clearly revealed many of the outstanding issues in implementing RBM. They also confirmed that the integration of RBM must balance accountability for results with the necessary authority, flexibility and autonomy to influence outcomes, *The heart of RBM (respondent: SE-10)*.

## **6.8 Information and RBM**

The nation's capital, Ottawa, is the home to the great majority of ADMs and DMs.

As a result of their organizational positions, and assisted by this geographic



proximity, senior executives confirmed their improved access to information, including current cross-departmental, emerging policy and political focuses, and management trends. Senior executives also noted a broader perspective on the impact of external drivers. *By the time you become a senior executive, you've had a chance to see how (such external influences) work at lower levels (respondent: SE-9).* This was reported to be a key difference between their current positions and earlier employment at lower executive levels, *The view from the top (respondent: SE-6).*

This research confirmed the limited usage of structured information by senior executives. When asked what per cent of their management information was written and routinely generated, as compared with verbal, informal or casual information, senior executives' estimates ranged from a minimum of 60 per cent, up to 90 per cent informal or verbal. Similar to the other case studies, greater use of formal or structured information tended to correlate with programme responsibility for process functions such as issuing cheques, routine inspections, or processing tax forms. Senior executives from social service areas such as health or farm-income support reported relatively lower levels of use of structured information in managing.

It can be argued that the increased access to information and context makes RBM relatively more attractive as a management and accountability tool for senior executives. As one interviewee indicated, *As we roll up the various and inevitable programme successes and failures, a more balanced picture emerges. Contrast this to a single programme, where funding might be at-risk due to poor performance (respondent: SE-12).*

One other theme that arose frequently was that programme budgets are more flexible at this level – senior executives have greater authority to reallocate funds between programmes and even between policy areas, and they have full control of when to seek increased or new programme funds from Parliament or the Treasury Board Secretariat. Although, senior executives were also fully aware of the limited availability of this option.

## **6.9 Summary – Senior Executive Interviews**

This chapter has reported on the research findings from the Senior Executive interviews. These interviews, by virtue of using the same interview questionnaire as the other two case studies, have contributed a senior executive perspective, as noted above. In addition, discussion of the initial research findings from the two major case studies at the end of each of each interview has served as a key validation of the research findings.

Having presented the findings from the case study analysis and interviews with senior executives, the thesis will next explore how these findings serve to answer the research sub-topic in Chapter 7 – Discussion.

## 7 Discussion

### ***7.1 Revisiting the Research Question and Objectives***

Recalling that the primary research proposition of this thesis is:

**How does Public Value Theory help to explain the limited progress in implementing Results-based Management within programmes in the Canadian federal public sector?**

with the following objectives or sub-research questions:

1. To explore the progress of RBM through case studies in order to allow analysis and comparison between one major branch of Health Canada, the Saskatchewan region, and interviews with senior executives
2. To explore, in particular, the view of executives within elements of the Canadian public sector.

This chapter will consider what has been learned from the research.

The chapter will begin by exploring the contribution to understanding offered through exploration of the research sub-topics identified:

1. To explore the role of Public Value's Service component to Results-based Management
2. To explore the role of Public Value's Outcome component to RBM
3. To explore the role of Public Value's Trust component to RBM
4. Are there other factors that influence the adaptation of RBM?

This will be followed by an examination of management theories and other emergent findings from the research. The chapter's structure is:

- Public Value - Services
- Public Value - Outcomes
  - Difficulties in measuring outcomes
  - Managerial Flexibility and the Logic Model concept
- Public Value – Trust
  - Programme accountability and reporting
  - Citizen/Client feedback – A curious absence
- Summarizing Public Value contribution to understanding RBM
- Applying and examining other management theories
- Revisiting Moore’s Strategic Triangle
- Other factors impacting executive adaptation of RBM
  - Executive pay and rewards
  - Executive motivation
  - Executive information sources
- Additional analysis of research interviews
- Future of Results-based Management and accountability.

This chapter continues to use *italics* to indicate direct interview quotes, and the term ‘executive,’ unless otherwise specified, will refer to comments, findings and conclusions emerging from the research interviews. Except where stated otherwise, this material draws on similar conclusions reached independently in the case studies. For readability, references to ‘case studies’ are intended to refer to the Health and Saskatchewan case studies and the Senior Executive interviews.

## **7.2 Public Value Service and RBM**

Recalling that theory suggests that Public Value Service is created through cost effective provision of high quality, efficient and effective programme delivery (Moore, 1995) that also incorporates key public sector values such as probity and equity (Kelly et al., 2002), the evidence suggests Public Value theory does assist in understanding Results-based Management from a Service perspective.

It is self-evident that the provision of programmes and services, generally to Canadians, is necessary to achieve results or outcomes. In providing programmes, research interviewees were unanimous that management of budgets, employees and capital assets, as well as the management of systems and processes required for direct service provision (outputs) remain central to effective public sector management. Similar to the private sector, economic and efficient programme delivery was also noted by executives as critical to ongoing programme sustainability. However, as noted in the literature (Allison, 1997; Smith, 2004), executives interviewed stressed that public sector programmes must also address issues such as impartiality, fairness and equitable service provision, which are seen as integral to the creation of Public Value.

Noting the impact of fraudulent, and media inflated political scandals in Canada over the last decade, the research found that executives are fully cognizant of the importance of following internal process requirements in service delivery, even to the detriment of results. Executives suggested that such controls had increased in importance, as evidenced through additional accountability requirements, and argued that programme delivery must reflect key public sector values, regardless of results.

Triangulation of these findings included one internal study, Barriers to Implementing Modern Comptrollership<sup>62</sup> (Industry Canada, 2002), which found that sound management practices are important, but not important enough to be given priority over other tasks. Notably, more than half of managers surveyed indicated that they lacked the time to manage properly, and didn't have the resources and tools to do a good job (Treasury Board of Canada, 2003e). These problems, it can be argued, would limit creation of Public Value within the Service element.

The research findings from the case studies suggested that executives are more willing to be measured on aspects of their work environment where they have greater control. It was noted in the case studies, especially the Saskatchewan case study, that departments with a 'process' mandate and/or increased control of service delivery function reported a greater integration of Results-based Management. Examples of departments with control over service delivery included RCMP (national police force), Corrections Canada (prisons) and Canadian Revenue Agency (taxation). It is further argued that greater control of service delivery, programme outputs and/or internal processes leads directly to the availability of sound performance data, which in turn can support the integration of Results-based Management. Conversely, its absence can be argued to constrain RBM integration.

The case studies also replicated this general finding at the programme level. For example, one health programme with repetitive, standardized service delivery functions appeared to have adopted RBM to a greater degree than other health

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<sup>62</sup> Modern Comptrollership (Treasury Board of Canada, 2003e) includes performance management as one of ten themes under this initiative. The Barriers to Modern Comptrollership survey involved 16 focus groups and 1,186 survey respondents. The sampling framework for the e-mail survey was managers, including but not limited to executives, and functional specialists. Response rate was noted as 19 per cent.

programmes. Similar programme-level examples included telephone call centres, meat inspection agencies and passport offices; all which tended to report greater use of RBM. As well, Health Case study executives also indicated difficulty in finding an appropriate set of performance measures, particularly when working with outside partners. Triangulation of this finding was found in a separate TBS study (Treasury Board of Canada, 2003e).

In summary, given the intrinsic nature of the service provision element to attainment of results, it can be stated that the Service aspect of Public Value theory does assist in understanding implementation of Results-based Management.

### ***7.3 Public Value Outcomes and RBM***

It can be argued that Public Value Outcome offers the greatest potential explanatory power in understanding Results-based Management.

Executives clearly understood that to be a ‘results-based manager’ explicitly required understanding and measuring programme outcomes. Analysing and interpreting the research findings, executives suggested that key conditions that supported RBM included clear programme objectives and sufficient resources and managerial flexibility to achieve them, access to timely results information including client feedback, accountability instruments linked to managerial flexibility and control, public reporting with easy public access to supplemental resource information, and finally, improved linking of results to personal motivation.

However, the research findings also demonstrated that executives as a whole were doing relatively little to actively manage for results in practical, meaningful ways.

Why was this? The following sections discuss two key themes which emerged from the data<sup>63</sup>:

1. Difficulties in measuring outcomes
2. A level of managerial flexibility sufficient to impact programme outcomes

Each is discussed below.

### **7.3.1 Difficulty of Measuring Outcomes**

It is argued that one cannot speak of implementing Results-based Management or discuss Public Value Outcomes without access to information on the programme results being achieved; RBM implicitly requires measurement of outcomes. In discussing this topic with interviewees, a number of central issues emerged concerning the difficulties in measuring programme outcomes. As noted in Sections 4.4.1, 5.6.1, and 6.8, central issues included identification of desired results, attribution, various measurement difficulties, and the presence of a highly risk-adverse political culture. Others issues were noted less frequently.

It is suggested that for the purposes of this thesis the exact natures of these difficulties are relatively less important than the overall perception by executives of significant and inherent difficulties in assessing programme results. Executives were also clear that such difficulties do not preclude using Results-based Management, but that a

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<sup>63</sup> It was tempting to consider Leadership as key to changing to a 'results' culture; an idea which is thoroughly supported in the academic and practitioner literature. However, executive level employees are themselves the leaders. Thus, it can be argued that the Leadership issue centres on their own personal motivation rather than on leadership from higher level executives.



realistic assessment of suitability is required, along with acceptance of the occasional political use of performance information.

External research confirmed the research findings that executives see performance measurement as difficult (Thomas, 2005), with some activities lending themselves more readily to measurement than others<sup>64</sup> (Auditor General of Canada, 2005).

Executives, especially in the Health case study, noted some difficulty in determining an appropriate number of performance measures, including a tendency towards excessive measurement, particularly in programmes with higher political risk.

As a result, and as suggested in the literature review chapter, a certain amount of gaming of measures was predicted and did in fact emerge during several interviews.

Interestingly, this gaming was rationalized, at least within executive discourse, as a rational response. *If the centre provides [a certain level of resources], and tells me I must achieve an irrationally high productivity, and ties my bonus and career advancement to it, then the results are predictable...* (respondent: HC-21). This was also noted when failing to convince headquarters of the lack of utility of specific performance measures. *Well if they won't listen to reason, I'll just give them what they want, who's got time to argue* (respondent: SC-6).

While executives interviewed identified a number of legitimate concerns surrounding the absence of programme outcome information, to some extent this appears to be a 'horse and cart' argument. The data will not appear by itself, nor will concerns be

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<sup>64</sup> In one external study, managers (including but not limited to executives) in focus groups noted that there are barriers to performance measurement in areas where measures are less meaningful, or where the results of programme investments may emerge slowly (Treasury Board of Canada, 2003e).

addressed in an abstract setting. Rather consensus on outcome and measurement issues will emerge only in response to the executives' initial demand for timely results information.

### **7.3.2 Managerial Flexibility and the Logic Model Concept**

In creating Public Value through sound programme management at the Outcome, as well as at the Service and Trust levels, a degree of managerial flexibility must be present. This section will discuss executives' perceptions on the level of flexibility inherent in the current (2004) management culture.

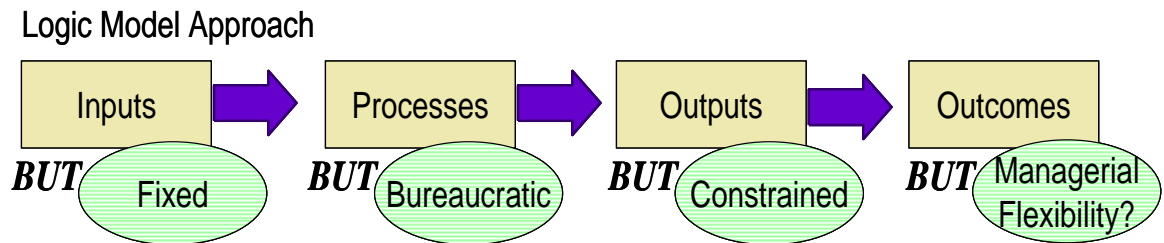
As noted earlier in Section 4.9, after approximately the first 15 to 20 interviews, in order to assist executives in defining and explaining how they 'operationalise' Results-based Management, the Logic Model reproduced as Figure 15, below, was developed. The Logic Model concept was and remains (as of 2005) a key tool in advancing Results-based Management<sup>65</sup>. The interviews confirmed that all executives were familiar with this concept.

This model was discussed at the end of the remaining 60 interviews. There was widespread, and frankly enthusiastic, acknowledgement of the potential for this model to explain the current culture and environment as executives engaged in Results-based Management. Each component of this model will be discussed in the following sections.

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<sup>65</sup> For example, a programme logic model is required in all funding submissions to TBS (Treasury Board of Canada, 2002a).

**Figure 15: A Logic Model of Constraints for Results-based Management**



### 7.3.2.1 Input Levels

Within the context of this model, two general themes emerged in the interviews linking inputs and Results-based Management - those relating to resource levels themselves, and those concerned with the management of resources.

Without delving into the complexity of Canadian government budget allocations, it is sufficient for the purpose of this research to state that most programmes automatically receive an annual funding allocation, typically adjusted for inflationary pressures<sup>66</sup> (Perrin, 2003). At the department and branch levels, some internal flexibility does exist to meet changing programme demand levels, both nationally and regionally. However, executives considered the concept of fixed budgets realistic for most programmes, and confirmed that these resource levels directly impact the level of services possible, regardless of programme demand.

Addressing the management of resources, executives noted that the requirement for sound management of resources is not new. Executives were also acutely aware of the importance of maintaining public and Parliament's confidence to avoid budget reductions and programme termination. However, the regional perspective was

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<sup>66</sup> A minority of programmes provide mandatory benefits to all entitled clients (e.g. Canadian Unemployment Insurance). For these, the enabling legislation specifies that sufficient funds must be available and cannot be limited by budget pressures.

typically that this was principally an Ottawa issue, not a regional one. To the extent that it resonated personally for executives, it was mostly from a negative perspective; the requirement to avoid fraud, political scandals, criticism by the Auditor General, etc.

### 7.3.2.2 *'Red-Taped' Processes*

Executives agreed that a well run bureaucracy must support key principles of probity, consistency, accountability and equity. This was also supported in the literature (Savoie, 1994; Weber, 1997). Interviewees also noted that bureaucracy remains a cornerstone of an effective public service management. However, at least from the perspective of executives interviewed, the current level of forms, approvals, rules and regulations, and documentation (collectively referred to as 'red tape') were considered to be excessive, serving principally to demonstrate compliance with various administrative rules and requirements. All executives acknowledged the importance of controls, including their link to public trust. However, interviewees noted that these controls, imposed by Parliament, central-agencies and departments, have increased over the last five years, which was perceived as contrary to the objectives of RBM.

Interviewed executives suggested that excessive bureaucracy generates several key organizational problems including:

- consuming large amounts of staff and management resources which are then unavailable for programme management and delivery
- reducing managerial flexibility to address unique situations, forcing a 'one size fits all' approach

- increasing staff frustration due to the slowness of the process and level of paperwork required
- declining staff, including executives', morale, generated by a perceived lack of trust in public servants.

As well, many executives considered there to be a conflict between the insistence on fairness, transparency and accountability and the demand for timeliness and responsiveness.

These findings have been confirmed in other research on the Canadian public sector. For example, the 2002 Public Sector Employee Survey reported that fully one third of executives indicate that their work suffers because of too many approval stages (Treasury Board of Canada, 2002b:Question 12C). It was noted that senior executives were less critical, although this may reflect the lesser impact of increased accountability on them<sup>67</sup>.

Finally, executives reported that the message received through several recent public sector and political scandals was clear; when failing to follow internal processes, the outputs and outcomes achieved can easily become irrelevant.

### *7.3.2.3 Outputs and Legislation*

It can be argued that the bureaucratic culture requires that executives remain within legislative/regulatory authority, even when evidence exists that other approaches outside the legislative authority could be beneficial to outcomes. However, legislative

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<sup>67</sup> The Assistant Deputy Minister (ADM) level often provides the accountability by verifying or 'sign-off'. For an ADM this is a minor administrative procedure, one of literally dozens of forms and documents they sign-off each day. Informally, ADMs indicated that they trust their staff, as they do not have the personal time or resources to cross-check every transaction. For the sub-ordinate executive each layer of sign-off leads to increased delays, frustration, a perceived loss of trust, etc.

and regulatory<sup>68</sup> limitations were generally acknowledged as a relatively minor limitation to Results-based Management and Public Value creation for most programmes.

In many cases, programme demand consistently exceeds resource limits or supply; this was especially prevalent within the Health Case Study. The failure to link resources to achievable outputs was considered by many executives to be a major stumbling block in meaningful Results-based Management, including accountability for outcomes.

#### 7.3.2.4 Outcomes

In each case study, executives argued that outcomes, the final quadrant of this RBM Logic Model, are at least partially a function of:

- Relatively fixed budgets - *(government) is a lot more about achieving the best outcomes possible with a fixed budget than about setting the desired outcomes and determining the budget necessary to achieve them (respondent: SE-2)*
- Significant administrative restrictions - human resource and contracting regulations were most frequently noted in the interviews as impacting programme delivery
- Certain legislative/regulatory limitations.

Furthermore, executives consistently suggested that the capacity and authority to adjust, adapt and target programme resources, process and outputs had been reduced over the previous five years, noting a tendency for greater centralization and increased accountability, including micro-accountability. This increased ‘micro-accountability’

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<sup>68</sup> The modification of legislation requires Parliamentary action, while regulatory changes can be approved within the bureaucracy, which is a much simpler process.

was broadly seen as reducing programme flexibility and equity. However, executives were equally clear that these limitations and constraints in no way reduced the importance, within all aspects of this Logic Model, of sound management practices and principles.

There were similar comments regarding executive accountability for programme outcomes. Without latitude for decision-making with reasonable potential to influence outcomes, accountability for outcomes was perceived to be simply a farce.

For certain programmes, including many of the health programmes, a subset of executives interviewed found that the clarity of programme objectives or desired results were weak. In expanding on this thought, executives suggested that Parliamentarians desired results that were artificially high and not connected to resource levels, that the presence of multiple stakeholders and/or partners was not fully recognized, and that a tendency to see individual programmes in isolation rather than as part of a collective whole in achieving outcomes was a problem. In addition, for a minority of programmes, potentially conflicting objectives were not prioritized.

#### *7.3.2.5 Summary, the RBM Logic Model*

In summary, this logic model was widely approved by executives interviewed. It successfully captured a key executive perception that meaningful management and accountability for results can only be achieved when coupled with sufficient managerial flexibility to impact the results achieved. *I think that over my career, there has always been this tension and trade-off between 'let the manager manage' and the desire for centralized control – sometimes this pendulum moved one way, sometimes the other...(respondent: HC-3).* This empirically confirms a key research

finding in response to the question of other impacts for Results-based Management. Notably, a recent USA study reached similar conclusions (Moynihan, 2005).

Secondly, for certain programmes, a disconnection between desired outcomes and resource levels was noted; *You know, sometimes there is a tendency to forget that delivering (this programme) takes money, cold hard cash. We can do a great job managing and delivering... but the budget sets the absolute limit of how much we can deliver – and it is certainly beyond my scope of decisions (respondent: HC-13).*

While not widespread, executives did identify a number of cases where sufficient resources were not present to meet the official programme targets permitting at best, attainment of a lower level of achievement and potentially leading to other predictable, but dysfunctional behaviour.

### **7.3.3 Summary, Public Value Outcomes**

Summarizing Section 7.3, executives acknowledged that Public Value Outcomes are linked to RBM. Interviewees believed that actively managing for results, which itself requires some degree of managerial flexibility to be meaningful, has the potential to improve programme performance. As a minor aside, the use of the Logic Model proved to be an excellent communication tool in discussing these concepts with executives. This section has also identified several significant constraints in operationalizing RBM. The research concludes that Public Value Outcomes does assist in understanding the limited progress in implementation of Results-based Management.



## **7.4 Public Value Trust and RBM**

Public Value theory suggests that Trust is at the centre of the citizen-state relationship, giving legitimacy to government programmes and actions (Moore, 1995). While it would be an oversimplification to speak of trust as a measurable, concrete entity (Bhattacharya et al., 1998), Kelly et al. (2002) suggest that Public Value is increased through a higher level of trust between citizens and government. However, this research suggests that Public Value Trust is not well linked to Results-based Management, at least within the perceptions and actions of those executive interviewed.

Two themes emerged during the research analysis regarding public trust: trust associated with a programme or group of programmes; and overall trust in government. While executives acknowledged the importance of maintaining public trust in ‘their’ programme, typically they did not comment on how their programme contributed to the larger picture of Canadians’ overall trust in the public sector. The exception was the potential for decreasing public trust through unethical or illegal actions.

Executive’s trust in their superiors and parliamentarians was found to be somewhat limited in a number of the interviews. While far from universal, this distrust emerged more frequently in regional interviews, where increased centralization was seen to be in conflict with RBM’s requirement for greater managerial flexibility. In addition, internal trust was also clearly adversely affected by a series of scandals (all headquarters based) in the early 2000s, widely reported in the public media. As the literature notes (Good, 2004b), central agencies and Parliament have tended to react to

these scandals by imposing greater control. In addition to the direct loss of autonomy, a number of executives interviewed expressed a sense or feeling that they are no longer trusted. *You would almost think that I was willing to risk my career by [awarding a contract improperly] in exchange for a ticket to a hockey game or a free meal... (Respondent: HC-18).*

Returning to the discussion of trust at a programme level, two further sub-themes emerged from the analysis. The first was under the broad heading of accountability and reporting, and the second related to programme client and stakeholder interaction.

#### **7.4.1 Programme Accountability and Reporting**

Executives interviewed suggested that public trust could be enhanced through increased, meaningful reporting at the public level. However, in addition to addressing difficulties in measuring resources, outputs, and outcomes, executives noted that results reporting must also overcome a risk-averse and error-free government culture. These findings were confirmed in recent literature (Johnsen, 2005). Similarly, one recent internal study reported that “the overall perception was that departments are averse to risk and that managers who take risks are not rewarded” (Treasury Board of Canada, 2003e:2).

Executives were aware of the limited value of (then) current reporting levels, and confirmed CCAF-FCVI (2002) findings related to the importance of accurate, useful and valid public reporting, (included earlier as Figure 8). Improved reporting was perceived by interviewees to have the potential to increase public trust. However, this issue was consistently seen to be a headquarters’ problem, not a regional one.

As could be predicted, the research did note differences in executives' focus on reporting between headquarters and regions. At the regional level, executives were typically focused on programme delivery, with reporting considered a minor issue, and very limited external reporting being found. Headquarters staff were widely acknowledged as having the lead in departmental reporting to central agencies and annual reporting to Parliament. Senior Executives interviewed spoke of differences between reporting to Central Agencies and Parliament and reporting to the general public.

Considering accountability, it could be argued that Results-based Management's increased emphasis on outcomes has expanded executives' programme accountability. For the individual executive, formal accountability is typically defined in their annual performance appraisal process. However, given the multitude of stakeholders common to most public sector programmes, enhanced accountability for outcomes must be tied to team and stakeholder effort, which may involve other levels of government, stakeholders, and external partners (Marsden, 2003). These accountabilities, interviewed executives suggested, should include relationship building, team processes and the ability to work together, all of which are very difficult areas to quantify and objectively measure. Furthermore, the research interviews identified a relative lack of consequences for results – for either poor or high performance – at programme or personal levels.

Finally, one interesting conclusion, empirically demonstrated in these interviews, was that executives were not at all reluctant to accept increased accountability for results, as long as a corresponding degree of flexibility was also present.

#### **7.4.2 Citizen/Client Feedback – a Curious Absence**

It is argued that both Results-based Management and Public Value creation inherently require information gathered directly from clients, stakeholders, and/or citizens in assessing programme service delivery, output and outcomes. This is supported in the literature (Moore, 1995; Benington, 2005). However, at least at the executive level, this information was conspicuous by its absence.

The research revealed an almost complete absence of client satisfaction data or client surveys, systematic feedback instruments, focus groups, or other structured sources of client/stakeholder programme assessment. This was true regardless of executive function or level, regional, headquarters or corporate. The research conclusion is that public sector implementation of Results-based Management has failed to generate dialogue with these client groups. Similar findings were noted in another external study, where participants noted a fundamental lack of measurement and therefore information regarding clients' expectations, needs, performance indicators, or client data in general (Treasury Board of Canada, 2003e).

Explanations offered by executives included that citizens/clients are insufficiently informed to reach sound conclusions regarding service quality. *Citizens cannot see the big picture (respondent: HC-25)*. While other executives suggested that they are constrained in their ability to react to client feedback. *Why raise expectations needlessly? (respondent: HC-28)*. However, further discussion confirmed that executives did have some flexibility, so this possibility was moot. A number of executives noted that results of client surveys are accessible to the public and media

under the Access to Information Law of Canada, and could be potential sources of political embarrassment or conflict<sup>69</sup>.

In summary, this research concluded that client feedback was generally absent, and therefore not a current source of managerial information for Results-based Management. The interviews confirmed that this finding can also be extended to other external information sources on programme performance including applied research, external reports, and programme evaluations. The latter appears to be used primarily for accountability, with limited use in managing<sup>70</sup>.

### **7.4.3 Summary of Public Value Trust**

Reviewing the contribution of Section 7.4 Trust in understanding the limited progress in implementing RBM, the research finds that Trust, in general, made a smaller contribution than Service or Outcomes in understanding implementation of Results-based Management. Similarly, the interviews confirmed that limited attention, in terms of executives' time, was focused on trust issues. When asked directly, executives typically would report activities which centred on 'Value and Ethics' programmes required by the headquarters and central agencies<sup>71</sup>.

For executives at the lower and mid-levels, what did not emerge from the research data was a sense of personal commitment to increased public trust in government.

Rather, to the extent that overall public trust resonated with executives, they generally

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<sup>69</sup> Under the Canadian federal *Access to Information Act*, performance information would be subject to release upon request, regardless of the quality of the data, results achieved and/or political desirability of release.

<sup>70</sup> The latter point is somewhat contrary to the relevant section of the Evaluation Policy (Treasury Board of Canada, 2001a).

<sup>71</sup> A number of cynical comments regarding mandatory retraining for every manager (including executives) as the central agency response to one scandal were noted in the interviews.

perceived it as externally generated, the result of others actions, influenced greatly by media, politicians, and headquarters. They saw themselves with little or no ability to influence public trust, at least positively. Further analysis suggested that the most senior level of executives did not share this view and demonstrated improved understanding of this admittedly complex area of public sector management.

At the same time, in interpreting this data, executives interviewed appeared to possess a high degree of personal integrity. As will be discussed further in Section 7.7.2, executives spoke eloquently and at some length of their 'calling to public service' and the personal values that they bring to their jobs. To some extent, Trust, within a Public Value context, did not resonate with executives because they already see themselves as stewards of public trust, and furthermore they see these as principally intrinsic values that are difficult to change. *You either are trustworthy or you're not. Really, how can you develop a programme to make someone more trustworthy?* (respondent: SE-3).

From a completely different perspective, that of internal trust, analysis revealed a degree of mistrust over the potential use of results information, both internally and at the political level. Similar concerns over client feedback information were also noted. As well, and again as noted earlier, executives interviewed expressed concern over increased personal accountability for results without sufficient managerial flexibility to influence results, but they also expressed a willingness to accept greater accountability if linked to greater flexibility.

## **7.5 Summarizing Public Value's Contribution to**

### ***Understanding RBM***

Having discussed the role of the individual elements, this section will consider the overall contribution of Public Value theory in understanding the limited progress noted in implementing RBM. What has been learned?

At the macro level, the research concluded that, within the perception of those executive interviewed, creation of public value is a key overall objective of public sector programmes. For clarity, it should be noted that interviewees were not asked directly for their perceptions of Public Value theory as Key Stakeholder interviews confirmed that 'Public Value' was not part of the Canadian public sector lexicon. Rather, this research conclusion is based on interpretation and analysis of the data.

Engaging the lens of Public Value theory to increase understanding of RBM, the research concluded that the Service, Outcome and Trust components did not have equal weight in creating Public Value. As noted in the preceding sections, Service and Outcomes were perceived by executives interviewed as having stronger links to RBM, while Trust was weaker. Each is summarized below.

Service, and the sound management of programme delivery, has a long history within the public sector. Executives interviewed agreed that without sound management of programme resources, process and outputs based on key public sector values of economy, efficiency, effectiveness and equity, outcomes frequently become irrelevant. These values are central to achieving and maintaining public value. While a number of concerns regarding the measurement of services were advanced, and

client feedback was notable by its absence, Service was seen as central in understanding implementation issues for RBM.

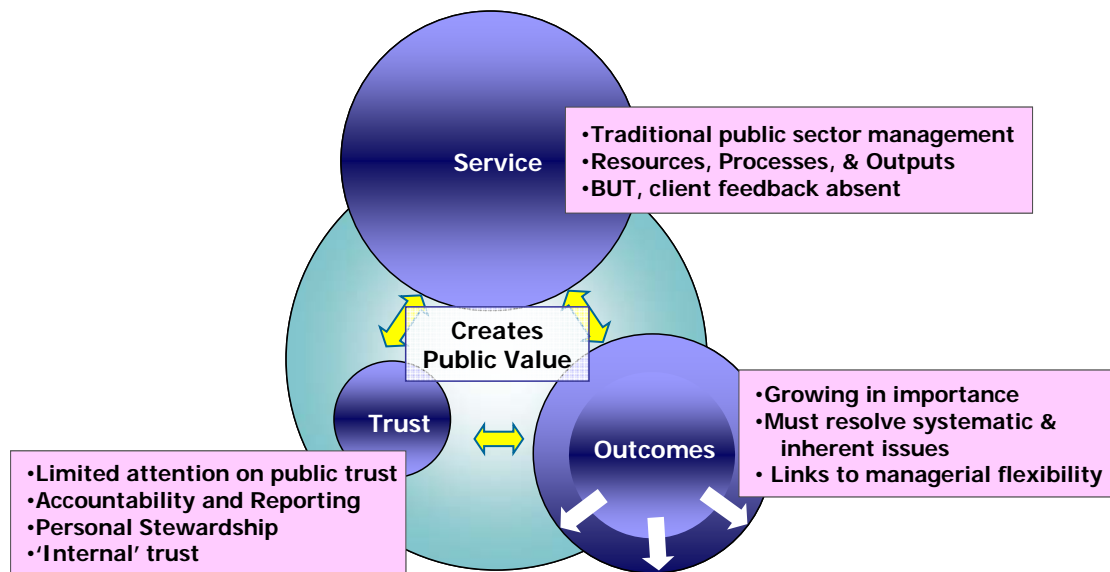
Similarly, Outcome was acknowledged as clearly linked to RBM implementation. Interviewees believed that actively managing for results, which itself requires some degree of managerial flexibility to be meaningful, has the potential to improve programme performance. A number of constraints were identified. However, executives did believe that outcomes have, and will continue to grow in, importance (further discussed in Section 7.9). The research concludes that Public Value Outcomes assists in understanding the limited progress in implementation of Results-based Management.

Finally, Trust had limited executive attention. Executives interviewed could rarely articulate what they actually did to influence public trust, saw themselves principally as stewards of public trust in a passive, not an active role, and expressed some limitations of their own trust of senior executives or Parliament. Trust, for executives, had a relatively limited application that focused primarily on public accountability, reporting and the absence of scandals.

Figure 16, below provides a visual depiction of these findings.



**Figure 16: A Conceptual Map of RBM Constraints, Using Public Value Theory**



From a different perspective, Figure 16 could also be considered a conceptual map of the failings of RBM, or RBM implementation, as examined through the lens of Public Value theory. Thus, RBM (in 2004) in the Canadian federal government has been relatively successful in terms of managing Service results, has struggled to address outcome measurement issues and increase managerial flexibility to manage for results, and, while acknowledging the cultural contribution of Value and Ethics programmes, has made little progress in increasing executive attention on Trust. As such, Figure 16 is argued to be a significant analytical and empirical contribution of this research.

Having considered Public Value theory and concluded that while it does assist in understanding many aspects of Results-based Management, it was apparent that certain limitations to RBM implementation had been identified which, it is argued, do

not fall within the explanatory power of Public Value theory. Specifically, these limitations are programme executive compensation, motivation, and information sources, each of which will be addressed in Section 7.7. Prior to the aforementioned discussion, the thesis will first consider the contribution of other management theories in understanding Results-based Management implementation in the following section.

## ***7.6 Assessing the Contribution of Other Management***

### ***Theories***

As introduced in Section 2.3.3 of the Literature Review, this section will explore the contribution of other managerial theories including Principal/Agent, Public Choice and Strategic Triangle theories in understanding RBM implementation.

#### **7.6.1 Principal/Agent**

Recall that Principal/Agent theory addresses the potential for conflicting goals and objectives of public servants (as agents) and politicians (as principals) (Box, 1999:23). At one level, the research interviews suggested that the complexities of Principal/Agent theory do not over-ride the apparent compatibility of the long-term objectives of both the principals and the agents, which is to make a difference for Canadians. Executives, perhaps by nature of their position in the organization, are fully cognizant of the need for public accountability and probity in achieving consistent service for clients. However, as both case studies noted, there is a significant level of frustration by what is widely seen as an overly burdensome level of administrative control and micro-managing, a ‘red-tape’ approach to accountability.

Academic and practitioner literature document the relative imbalance of power predicted by Principal/Agent theory. Within the federal government, when added to the significant difficulty of principals, or their representatives (especially the Office of the Auditor General) to monitor and understand complex national programme<sup>72</sup> activities, outputs, and outcomes (Auditor General of Canada, 2002b; Treasury Board of Canada, 2003e), it would appear that practitioners (agents) have a distinct advantage (Aucoin and Jarvis, 2005). This was indirectly confirmed in interviews, where executives suggested that their own personal values and ethics were paramount in maintaining programme integrity; *there's always some way to get around the rules...*

Examining Results-based Management from the perspective of increasing internal control will, interviewed executives suggest, be resisted when not partnered with sufficient managerial flexibility, the opportunity to participate in defining goals and targets, and removal of excessive administrative controls.

In summary, Principal - Agent theory confirms the research findings related to vague and conflicting programme objectives, the greater tendency of regional executives to be client-focused, and the costs of monitoring agents; all of which are sources of resistance to implementing Results-based Management.

### **7.6.2 Public Choice Theory**

Public Choice Theory applies the economic principles of self-interested individuals and the marketplace to individuals' actions in collective decision making (Kaboolian,

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<sup>72</sup> For example, the evaluation of one (of 30) major programmes noted in the Health Case study required over one year and in excess of \$ 1 million (Can \$) to complete.

1998). In the marketplace, although most people base some of their actions on concern for others, the dominant motive; whether they are employers, employees, or consumers, is a concern for themselves. Public choice economists make the same assumption - that although people acting in the political marketplace have some concern for others, their main motive, whether they are voters, politicians, lobbyists, or bureaucrats, is self-interest (Whiteside, 2005).

For the purposes of this research, it could be argued that Results-based Management's demonstration of results supports stable or increased budgets. Even a failure to achieve results, if they could be tied to insufficient budgets, may generate political pressure to increase budgets. However, as the research reveals a rather limited take-up of Results-based Management, this remains a relatively theoretical discussion, although an interesting area for future research.

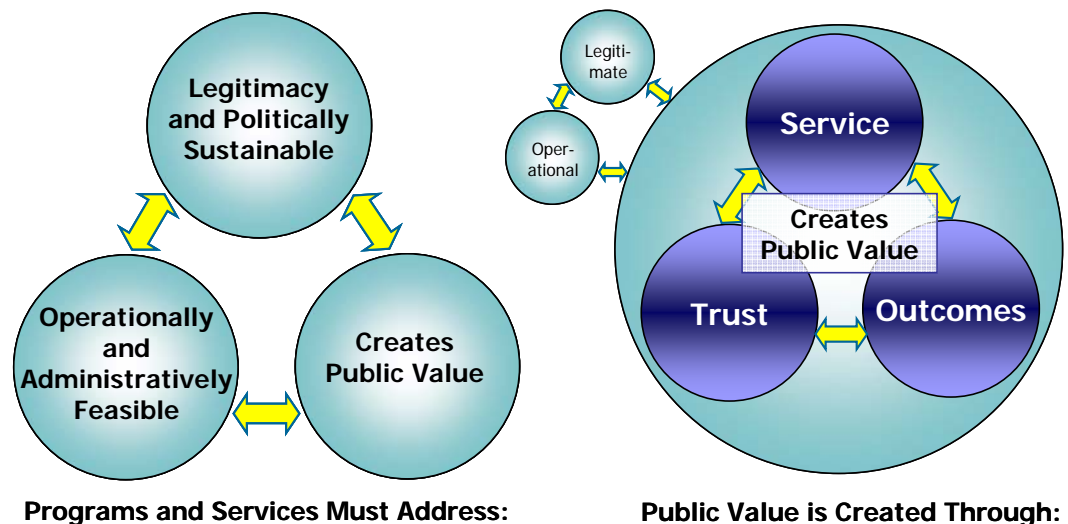
Secondly, Public Choice's focus on self-interested individuals is not supported by the research findings, in which executives claim to be strongly motivated by public service. Given that financial self-interest would be better served through private sector employment, where higher financial rewards were available (Strong, 1998), no evidence was found that would link Public Choice theory with increased personal power or promotions through Results-based Management.

In summary, Public Choice Theory does not contribute to an improved understanding of Results-based Management.

### 7.6.3 Moore's Strategic Triangle

Having confirmed the role of Public Value theory to Results-based Management and identified a number of constraints not covered by this theory, the research almost naturally considered the role of Moore's Strategic Triangle. As noted in Figure 1, repeated below as Figure 17, Public Value is one third of the Strategic Triangle, the others parts being Organizational Capability, and Legitimacy and Political Sustainability (Moore, 1995). The contribution from each will be discussed in turn.

**Figure 17: Moore's Public Sector Strategic Triangle and Public Value Model**



#### 7.6.3.1 Operationally and Administratively Feasible

The research interviews included many references to the organization's capacity in discussing the feasibility of RBM. Executives suggested that Public Value Service and Outcome, and to a lesser extent Trust, must be linked to adequate resource levels, employee skills and training, and data collection systems to implement and support RBM. These aspects and linkages were generally perceived to be weak at the time of the interviews.

Executives were specifically questioned (Interview Guide, Question 6) on organizational support for Results-based Management: policies, tools, frameworks, training. Many respondents, especially regional ones, found organizational support to be insufficient or of limited value. Similarly, the majority of executives indicated that corporate information systems were at best user-unfriendly and offered limited value in engaging in Results-based Management. In summary, concerns were frequently expressed over the organization's current capacity to embrace Results-based Management more fully.

It was noteworthy that executives, especially in the Health Case study, expressed concern over the availability of employees skilled in data collection and analysis, including trained epidemiologists. As these skills are normally acquired through university degrees and/or professional training, the ability to address this gap through internal training was limited. As well, these skills were perceived to be in high demand by other employers.

#### *7.6.3.2 Legitimacy and Political Sustainable*

The research interviews contained numerous comments relating to Legitimacy and Political Sustainability. In fact, it was a rare interview that did not touch on these points at some point during the discussion. All executives were aware of the importance of maintaining programme legitimacy, including the requirement to manage programmes and risks at the political level. During the interviews, these tasks were frequently perceived as a joint responsibility of clients, stakeholders and public servants, in demonstrating both need and results achieved. However, this concern was often expressed in negative terms (avoid scandal), rather than positive

(demonstrate success). The research suggests that this reflects a failure to recognize or operationalise this potential benefit of Results-based Management.

In summary, the research findings support the argument that the understanding of limitations and implementation issues surrounding Results-based Management is increased when Public Value Theory's parent theory, the Strategic Triangle (Moore, 1995) is included.

## ***7.7 Other Factors Impacting Executive Adaptation of RBM***

Are there other factors that influence the adaptation of Results-based Management?

This was the fourth research sub-topic. In analysing the research data, two other themes emerged. The first considered executives' intrinsic motivation and reward systems, as they relate to Results-based Management, and the second detailed a discussion of executive information sources and accountability issues.

These issues represent emergent research findings developed during the course of the case studies, as supported by the literature on case study research (Yin, 2003b) and reported in Sections 4.8 and 5.10.

### **7.7.1 Executive Pay and Rewards**

As discussed, the research noted an apparent disconnection between the perceived value of Results-based Management and the limited progress in its implementation. In exploring the potential role of performance pay, the thesis will present the performance pay issue first, followed by general motivation, which mirrors the manner in which the research itself evolved.

When asked about their performance pay, executives consistently expressed general, and in many cases increasing, dissatisfaction; *There is almost a fundamental disconnect between why I became a public servant and the idea of performance pay (respondent: HC-19)*. Each case study confirmed that performance pay was not an economic motivator, nor did it generate public recognition. As noted, the perceived introduction of quotas has increased executive dissatisfaction with performance pay; *You know in this [area] we have ten or eleven 'seasoned' executives, each with half a dozen years in their current job. Just how do we identify someone who is not performing to meet our new guidelines? It even begs the question why we have not done something by now about this 'problem' (laughs) (respondent: SC-27)*.

The degree of consistency of executive dissatisfaction with performance pay suggests that either performance pay is not appropriate for the public sector, or that its implementation is fundamentally flawed within the Canadian federal government. These findings were broadly supported in the practitioner (Boyle, 2001) and academic literature (Kohn, 1993). As well, a recent internal survey (Appendix F) revealed only 50 per cent of public sector respondents believed that the function of management was valued within their work environment, and only 29 per cent agreed that management and performance were tied to rewards and recognition (Treasury Board of Canada, 2002b).

On a positive note, executives did report that the introduction of performance pay has brought a much higher level of rigor to the performance appraisal process. In addition to, in some cases, greatly improved feedback, the link to financial rules (related to budgets and timing of bonus payments) was strongly perceived to assist in completion



of the appraisal process in a timely manner. Executives consistently valued this increased feedback and expressed satisfaction in receiving formal, written assessments of their performance; *There is a real motivational value in hearing formally that I have done a good job (respondent: SC-7)*. Interestingly, these improvements were also reported as improving the practice of employee appraisals in general, including employees not eligible for performance bonuses.

Satisfaction with performance pay does increase with rank. It is argued that two drivers of this phenomenon are that the higher levels of management have greater control and autonomy in achieving results; *As you 'climb the ranks', your discretionary authority certainly increases (respondent: SE-2)*. Secondly, Directors and Director General levels (classified EX-1 to 3) receive a maximum bonus of 10 per cent and a reported system-wide average of 7 per cent, while Assistant Deputy Ministers receive a maximum of 15 per cent (Deputy Ministers can receive up to 25 per cent). The literature broadly suggests that a potential bonus of 10 per cent of base salary is required to have an impact (Kohn, 1993; OECD, 1997). This is the maximum allowed for the EX 1 to 3 levels under the current system, received by only 17 per cent of executives during the most recent appraisal cycle (Treasury Board of Canada, 2004).

The research concludes that performance pay, at least as it is currently practiced<sup>73</sup>, does a poor job of supporting Results-based Management.

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<sup>73</sup> Given the consistency of this general dissatisfaction with performance pay, additional research was undertaken to better understand the internal drivers underlying performance pay, locate supporting material (academic or practitioner), and to examine evaluations of its effectiveness. Within this sub-research stream, interviews were conducted with members of the Advisory Committee of Executive Retention and Compensation (which recommended the current version of executive performance pay), TBS employees responsible for policies and overall monitoring, and representatives from the

### 7.7.2 Executive Motivation

Given the current dissatisfaction with performance pay, the research sought an explanation of executives' higher-order motivation. Within approximately the first 20 interviews, the question, 'Why do you work for the federal government?' was added to the end of the Interview Guide. The result was absolutely consistent. *To make a difference*. Executives, surprisingly often, revealed a personal calling to public service and stated this as a core value underlying their passion for their jobs.

In this thesis, I argue that achievement of programme outputs, even when accomplished in an economical, efficient and effective manner, have a limited (at best) effect on this intrinsic motivation; programme outcomes are what matters. This, it is suggested, contributes to understanding the disconnect between executives' general support for RBM coupled with their limited progress in implementing RBM.

Interpreting the discussions, analysis suggested that executives were also motivated by personal values of accountability to Canadians<sup>74</sup>, as well as programme clients. Although in the interviews accountability was often positioned in official, hierarchical terms, it was apparent that a personal sense or duty of stewardship existed. Executives consistently agreed that RBM was a useful tool in discharging this accountability to Canadians, including official accountability.

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Association of Professional Executives (APEX). During the course of these interviews and internal document review, no additional practitioner or academic research, related material, or evaluations were identified. This suggests that this is an under-researched area. Currently, (as of 2006), a national survey is underway to further explore this subject by the researcher and APEX.

<sup>74</sup> Although all executives acknowledged that their primary, official accountability was to Parliament, this was clearly not a motivational driver. Rather, motivation was linked to citizen accountability.

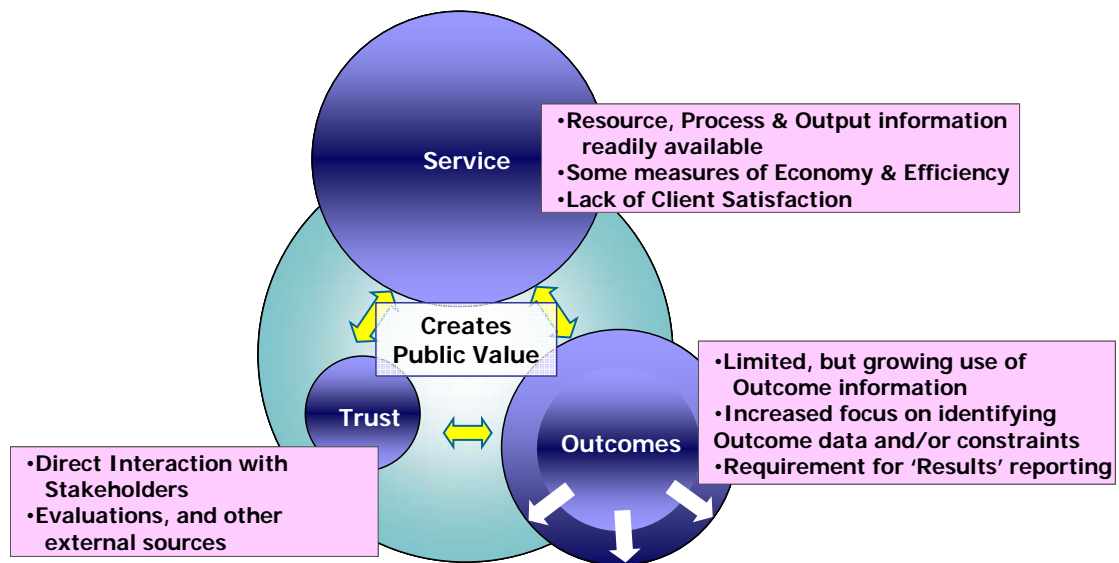
In summary, this research argues that a natural link between the attainment of results and executive's desire to 'make a difference' exists.

### **7.7.3 Executive Information Sources**

As noted in the literature (Mintzberg and Bourgault, 2000), this research confirmed that public sector executives do not make extensive use of formal or structured information in managing. Such information typically serves an accountability and reporting function. Day-to-day management is accomplished primarily through verbal and informal information, with estimates ranging from 50 per cent to 90 per cent of executives' time, increasing with more senior positions. Interestingly, these findings were consistent across regional, headquarters and corporate level executives.

Within their admittedly limited use of programme data or information noted by executives interviewed, information sources identified in the interviews were considered through the lens of Public Value theory. (Note that executive awareness of information sources would not necessarily translate into their use of such information.) In summarising this analysis, executives identified numerous Service level information sources, but (excluding client feedback), have only a limited awareness of Outcome information sources, and few Trust information sources. It is argued that these findings support the research findings noted in 7.5. For comparison, it could be argued that these findings are easily mapped onto Figure 16, as follows.

**Figure 18: Information Sources and Public Value Theory**



While partially external to the primary research question, this does beg the question of the utility of Performance Management systems in increasing executives' capacity to manage, as it can be argued that the heart of Results-based Management is improved management, not simply increased accountability (Hatry et al., 2003; Treasury Board of Canada, 2003a). Given that performance management systems have matured, the greatest obstacles to the integration of measurement and management are now human and cultural, not analytical and technical (Thomas, 2005:16).

Interpreting the research findings, one is struck, not by inherent structure limitations and obstacles in acquiring outcome information, although for many programmes this would not be a simple task, but rather by a risk-adverse culture, heavily influenced by political realities, coupled with a perceived lack of benefits in adopting RBM.

Nevertheless, without the availability of timely and 'user-friendly' performance and results information, it is difficult to conceptualize how RBM can be integrated into

managerial or accountability functions, even when acknowledging the cultural impediments to its use.

#### **7.7.4 Accountability, Results-based Management and Public Value**

This research has focused on Results-based Management as a management tool or philosophy in actively managing for results and the contribution of Public Value in understanding implementation limitations. Briefly considering the link to accountability, executives agreed that they could, at least conceptually, be held accountable for their contribution towards increased public value in each of the Service, Outcome and Trust elements. At the same time, executives indicated that objective measurement would often be difficult, if not impossible.

There was a general consensus that results-based accountability frameworks have lagged behind RBM implementation efforts. Senior Executive interviews noted that a mature accountability framework would have the capacity to address the various external issues identified by this research in implementing Results-based Management: attribution and causality, managerial flexibility, and measurement issues. Political issues were often mentioned too. *There is a dichotomy in public service – we would be a lot more willing to increase accountability and transparency to the average Canadian, if we could only bypass the political dangers involved (respondent: SE-32).* Executives also noted the absence of links between budgets and results, both for solid programme results, as well as for weak performers. This link was seen as inherently difficult, requiring political leadership, but would support the implementation of Results-based Management significantly.

Senior Executive interviewees did indicate that changes in accountability instruments were forthcoming to better address these issues, arguably reflecting their enhanced access to emerging policies.

In summary, RBM, in addition to its call to actively ‘manage’ for results, could serve to document and demonstrate accountability for the Public Value, Services and Outcomes achieved.

### ***7.8 Additional Analysis of Interview Data***

In attempting to maximize the overall utility of this research data, additional analysis was undertaken. In conducting this aspect of the research, the seventy-nine interviews were repeatedly combined and re-grouped into new categories, specifically: headquarters/regional, corporate, gender-based, and by length of service.

Especially relevant in interpreting and understanding the following findings, it should be noted that Canadian federal government executives are a fairly homogeneous group. This can be traced to a number of underlying causes including:

- All executives are hired and promoted by the Public Service Commission, not individual departments<sup>75</sup>, and must demonstrate a series of core competencies
- Executives are corporately ‘owned,’ and are not employees of a department
- Relatively few executives are hired from outside the public sector. Thus, most have been exposed to an extensive socialization process while ‘moving up the ranks’

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<sup>75</sup> Since 2004, the time of these interviews, this policy has changed.

- There is fairly extensive executive training, consistent corporate management, horizontal activity and communications (management retreats, etc.) which increase with executive rank.

By regrouping interviews into these categories, location (region or headquarters), type of work (programme, policy or corporate), and executive level were masked or distributed across the new categories. These were the categories that the research design predicted were most relevant to this research, and an underlying driver of case study selection.

While, the comparison of regional and headquarters interviews lead to somewhat predictable findings, which are reported below in Section 7.8.1, the additional research did not lead to any new or additional findings, although, it might be argued that the absence of differences is itself an interesting finding. The underlying method considerations for this aspect of the research were discussed in Section 3.7.4. and the analysis methods were identical to those used in the case studies.

### **7.8.1 Analysis of Regional/Headquarters Differences**

It can be argued that differences between headquarters and regions could be expected to occur. To some extent this is inherent in the differing nature of the work, with regions focused on programme delivery and headquarters focused on national programme management, accountability and reporting. This logic is supported in the literature (Carroll and Siegel, 1999).

However, it is questionable whether any observed differences noted in this supplemental analysis can be attributed to regional/headquarters differences. As noted, one of the key purposes of the Health case study was to study a national

program, including regional/headquarters differences. These findings were presented in Chapter 5. In combining interview data and re-grouping by headquarter/region location, what effectively resulted was that Saskatchewan Case study interviews were merged with 'regional' Health Case study interviews, and Senior Executives interviews combined with 'headquarters' health interviews. Obviously, there were significant differences in the level of executives 'added' to the two datasets.

Within these limitations, the research did find differences. Regional executives, as expected, were much more aware of Service aspects of RBM and had a greater focus on meeting clients' need. A number of regional executives perceived RBM to be a headquarters or Ottawa-based initiative linked to accountability, with limited value to programme delivery or Outcomes. Similarly, a failure to negotiate programme Outcomes was noted in a number of interviews. In terms of RBM support, regional executives reported a lower degree of training, less expert 'RBM' implementation advice, and fewer opportunities to share government-wide experience in implementing RBM.

Headquarters executives, especially senior executives, were more aware of Trust issues, probably reflecting their greater role in accountability and reporting. A number of comments addressed RBM and national equity issues. A much stronger political sensitivity reflects headquarters' lead role in political and central agency interactions. The analysis suggests that headquarter executives, in general, had a greater awareness of RBM's potential in demonstrating 'Value-for-Money' to stakeholders and Parliamentarians.



It could be argued that RBM may have somewhat different meanings for these two groups, with headquarters perceiving RBM as principally an accountability and reporting instrument, and regions seeing it as an administrative requirement of limited, and somewhat questionable value in a programme delivery environment. Effectively, very few executives perceived its value as a day-to-day management tool in actively managing for results, and this view was not dependent on executive location (region versus headquarters). Both groups agreed that RBM implementation must be driven from the departmental and Central Agency level, not the regions.

However, it cannot be asserted that these findings reflect true regional/headquarters differences. The argument can equally be made that these findings reflect different executive perspectives related to organizational position.

### **7.8.2 Analysis of Corporate Executives**

Extracting and examining interview data with executives charged with 'corporate' functions revealed RBM implementation issues similar to those noted for programmes. This included difficulties of establishing and measuring outcomes for corporate functions. Corporate executives expressed a consistent opinion that the results that mattered were programme results, and they noted their supportive role in achieving those programme results. Even within highly process-oriented corporate programmes, such as hiring or financial reporting, and where service level standards (SLS) had been established and agreed upon, analysis revealed that SLS served more of an accountability function, an objective standard to assess internal complaints and criticisms by. Of interest, monitoring against service level standards was not a source of current results information for day-to-day management.

Similar to their programme colleagues, corporate executives did not monitor client satisfaction on a regular or ongoing basis. Notwithstanding the occasional evaluation of corporate programmes, client satisfaction feedback was limited to informal comments at management meetings and specific operational complaints.

While, as could be reasonably expected by their geographic location and cross-programme functions, corporate executives did demonstrate a greater awareness of RBM concepts and principles. Perhaps as a result of their corporate responsibility for accountability and reporting, corporate executives were also more cognizant of Trust issues. Nevertheless, this group saw Results-based Management as principally an accountability instrument, not as a day-to-day management tool. Of interest, within corporate functions, data is always readily available and could not be considered to be an issue. In summary, based on the corporate executives interviewed, no greater progress of RBM implementation was observed or noted.

### **7.8.3 Gender-based Analysis**

No differences attributable to gender were found. Both males and females expressed a fairly consistent distribution of opinions and responses to the interview questions. This was considered to be normal, given the above noted homogeneous nature of executive employment. Within each group, there appeared to be an equal diversity of assessments of the utility of RBM, ranging from enthusiastic to cynical. No gender-bias was apparent in the analysis.

### **7.8.4 Analysis by Length of Service**

As could be reasonably predicted, executive employment requires a fairly extensive career path. This takes time. As Appendix A notes, only a handful of executives had

less than 10 years of public service<sup>76</sup>, and they were typically recruited in mid-career from outside of the public sector. As well, again predictably, executive employment correlated to age and length of service, with only two of seventy nine interviewees under 40 years of age, and the majority over fifty years old. (For details on demographic analysis, see Note on Demographic Data, end of Appendix A).

Within the context of these research interviews, no additional findings could be attributed to length of service.

One other demographic variable was initially considered, 'length of service in their current position.' However, initial analysis revealed that regional executives had longer service at their current positions than headquarters, which would bias any research findings along a regional/headquarters split. This was broadly seen by regional executives to reflect reduced regional opportunities for promotion or transfer. *If I was promoted, it would mean moving to Ottawa, and my family and I are not willing to relocate at this time in our lives (respondent: SC-23).* As such, it was not possible to draw additional conclusions related to length of service that were independent of regional/headquarters division.

## **7.9 The Future of Results-based Management and Accountability**

At the conclusion of each interview, executives were asked for their impressions or predictions of the future of Results-based Management and accountability. It can be

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<sup>76</sup> Interviewees were asked to include public service employment at any level of government (federal, provincial, or municipal), but to exclude NGO and private sector employment.

argued that these perceptions will reflect the overall priority executives will attach to these issues.

Executives reported that they expect Results-based Management to grow in importance within the Canadian federal government. While impediments must be overcome (*You can't go out and adopt a new philosophy [of management] and hold on the old one at the same time (respondent: HC-15)*), executives generally perceived the value of RBM, *Canadians deserve to know what results we are achieving with their tax dollars (respondent: SE-6)*. Executives believe the federal government will continue to focus on programme outcomes; *It so intuitive to Parliamentarians and Canadians that you cannot go back (respondent: SE-12)*.

Executives also expect personal and programme accountability to expand in importance. However, current levels of accountability, while broadly acknowledged as critical to public trust and value, were noted as high to excessive with a number of comments focused on 'micro-accountability' rather than output or outcome accountability. Executives expressed a concerted desire for greater flexibility coupled with meaningful accountability for their choices.

A summary of executive comments responses and comments on the future directions of Results-based Management and Accountability can be found in Appendix F.

## **7.10 Summary - Discussion**

Overall, the research analysis and findings have confirmed interviewees' perspectives that Result-based Management has the potential to improve programme results or the

management of programmes. In all case studies, executives confirmed that this concept had merit, and contributed, or had the potential to contribute to the creation of value for Canadians. However, limited progress was clearly acknowledged which both Public Value theory and Strategic Triangle have assisted in understanding. As well, a stronger integration of the role of executive motivation, accountability and information sources could improve the implementation of RBM into the management culture.

This chapter has discussed the research findings against the research sub-propositions, including several emergent findings. The following chapter, Conclusions, will continue this discussion by responding to the original research proposition.

## 8 Conclusions

### 8.1 Findings of the Research Proposition

Returning to the primary research proposition:

**How does Public Value Theory help to explain the limited progress in implementing Results-based Management within programmes in the Canadian federal public sector?**

In order to address the aforementioned research question, the following research sub-topics guided the research. They were:

- To explore the role of Public Value's Service component to Results-based Management
- To explore the role of Public Value's Outcome component to RBM
- To explore the role of Public Value's Trust component to RBM
- Are there other factors that influence the adaptation of RBM?

In assessing or addressing this overall research question and sub-topics, the research sought:

- To explore the progress of RBM through case studies in order to allow analysis of and comparisons between one major operational branch of Health Canada, the Saskatchewan region, and interviews with senior executives, and
- To explore, in particular, the view of executives within these different sectors of the Canadian public sector.

This chapter will first consider the contribution to knowledge that this thesis has made in understanding limitations of RBM implementation, as examined through the lens of Public Value and Strategic Triangle theories. This will be followed by the presentation of additional findings which emerged during the research analysis. The chapter is organized as follows:

- Contribution to Knowledge – Public Value Theory
  - Executive influence and Control
- Contribution to Knowledge – Emergent Findings
  - Managerial Flexibility
  - Service Delivery Control and Clarity of Programme Objectives
  - Difficulties in Measuring Outcomes
  - Accountability Aligned to Results
  - Executive Motivation
- Summary of Emergent Findings – Five Barriers to Implementing RBM
- Theoretical Implications of Research Findings
- Practitioner Implications of Research Findings
- Limitations of the Research
- Future Research
- Concluding Remarks

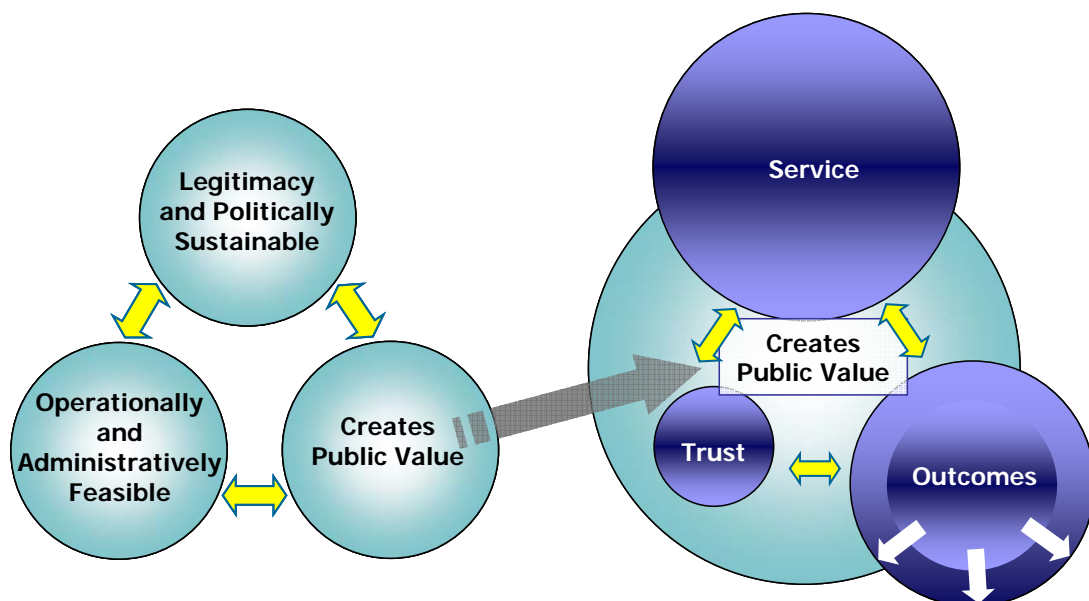
## ***8.2 Contribution to Knowledge – Public Value Theory***

As discussed in Chapter 7, the thesis has found that the elements of Public Value theory contribute to an increased understanding of the constraints in adopting Results-based Management. However, these findings could not be considered sufficient, in

and of themselves, to achieving a full understanding of the issues. The inclusion of Moore's Strategic Triangle, of which Public Value forms one triad, increases the explanatory powers and understanding of current limitations of Results-based Management within sectors of the Canadian federal public sector.

As noted in Section 7.5, the research concluded that the components of Public Value theory: Service, Outcomes and Trust, each have explanatory powers in understanding RBM or its implementation. However, they do not have an equal weight in their contribution to increased understanding. Figure 19, below, replicates the conceptual map of RBM constraints, as seen through the lens of Public Value theory. The diagram shows Service as the most important element, Outcomes increasing, and Trust with limited relevance. Collectively, the diagram seeks to identify the location of constraints in implementing Results-based Management within the Canadian public sector.

**Figure 19: A Conceptual Map of RBM Constraints, Using Public Value Theory**





The research also found that incorporating Strategic Triangle theory contributes to a fuller understanding of RBM implementation issues. Specifically, Legitimacy and Political Sustainability incorporates the degree of stakeholder consensus on desired results, the political clarity of programme objectives, and the overall programme funding levels into RBM. Similarly, Operational and Administrative Feasibility incorporates the level of organizational support, training, knowledge, and experience in Results-based Management, which were noted to be weaker in the regions. Executives' control of programme service delivery would also fall under this aspect of the theory.

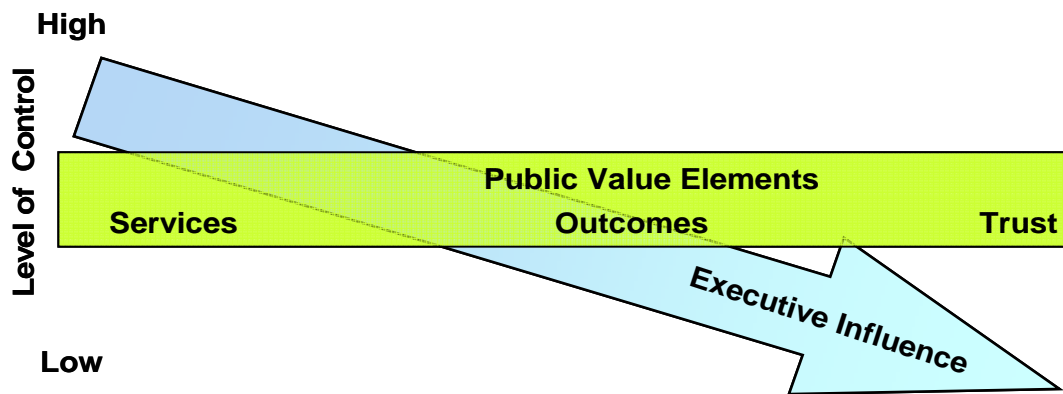
### **8.2.1 Executive Influence and Control**

A second contribution of Public Value theory to understanding RBM integration was linked to the executives' degree of control or sphere of influence. Examined through the lens of Public Value theory, it can be argued that as one moves from drivers of Service to drivers of Trust, the ability and direct control of executive to 'create' public value declines rapidly<sup>77</sup>. Specifically, analysis suggested that executives have relatively greater control of programme service and service delivery elements, and less control in influencing Trust. This is shown in Figure 20. These findings also support the research conclusion that departments with increased control of service delivery, reported a greater degree of RBM implementation, discussed in Section 8.3.2, below.

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<sup>77</sup> Admittedly, this does exclude the potential for reducing public trust as a result of being caught breaching public trust (fraudulent, theft, etc.), for example, the Health Canada scandal currently before the courts (in 2005).

**Figure 20: Public Value and Managerial Impact**



It is suggested that executives will logically focus their efforts on those aspects of programmes and services on which they have the largest potential ability for influence or control. Considered through the lens of Public Value theory, executives interviewed clearly perceived that their greatest influence was over programme Services, while influence over Outcomes was perceived to have a number of significant constraints, and their impact on public or programme Trust was considered negligible. The latter excluded the frequently mentioned possibility of decreasing public trust through unethical or illegal actions.

While a tautology, if one were able to understand the specific elements of a programme that citizens' value in term of the services they receive, specific outcomes desired and achieved, and the drivers of legitimacy of public sector activities, then executives would focus on aspects of these drivers of Public Value, at least the ones within their control. Similarly, performance measures and reporting could build on these elements, further supporting increased levels of trust and legitimacy. These findings are also supported by literature, e.g. (Moore, 1995; 2000; Smith, 2004; Grigg and Mager, 2005).

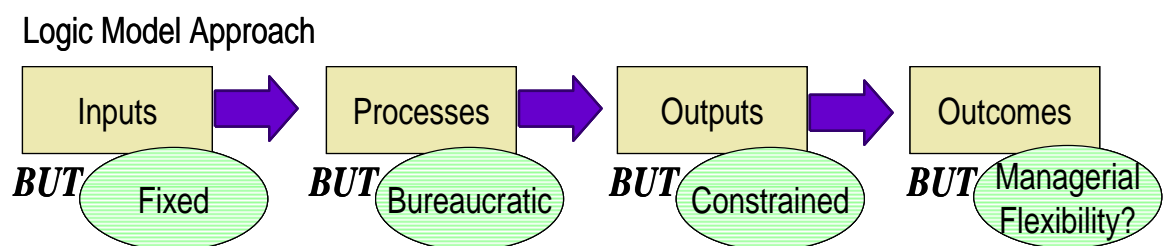
### 8.3 Contributions to Knowledge – Emergent Findings

In addition to research findings linked to the application of Public Value and the Strategic Triangle theories, several key findings have emerged from the analysis of the research data. This section discusses five areas: managerial flexibility, service control and mandate, difficulty of measuring outcomes, accountability linked to results, and executive motivation. Each of which, it is argued, contributes to a greater understanding of the limitations of RBM and its implementation and has been presented earlier in the thesis.

#### 8.3.1 Managerial Flexibility

Arguably, the most interesting emergent finding from this research was the requirement for greater integration between Results-based Management and executives' ability to react to changing circumstances and opportunities, in simple terms, the 'management' elements of Results-based Management. As noted in Section 4.9, the Logic Model concept emerged from the early research interviews and was discussed during the remaining 60 interviews. This Logic Model is reproduced as Figure 21 below. During the interviews, executives validated the model and confirmed that the model described the then current (2004) situation well.

**Figure 21: A Logic Model of Constraints for Results-based Management**



Thus, the research was able to conclude that in terms of personal accountability, one can logically argue that executives can, and will only, accept accountability for achieving or increasing programme results in which they have been provided sufficient discretionary power. Similarly, it can be argued that dysfunction behaviour (gaming, etc.) can be reasonably expected if personal accountability is linked to results without sufficient managerial discretion to impact programme results.

The use of the Logic Model enabled the research to conclude that Managing for Results must be accompanied by sufficient managerial flexibility at the resource, process and output levels. Conversely, the absence of sufficient flexibility can be predicted to result in avoidance tactics by executives.

Thus, this research can conclude that one constraint of RBM implementation rests on systematic and inherent limitations of executives' power to create public value, including managerial flexibility.

### **8.3.2 Service Delivery Control and Clarity of Programme Objectives**

Drawing primarily on the Saskatchewan Case Study confirmed by Senior Executive interviews, it can be concluded that two key predictors of greater Results-based Management are clarity of programme mandate/desired results and control of programme service delivery. This was discussed in various sections including 4.4 and 6.5 and 7.2. Table 32, below, presents the overall conclusions in a 2x2 matrix format which suggests that programmes with employee-based service delivery have greater managerial flexibility and control of service delivery itself, leading to reduced risk in setting and measuring programme objectives.

Similarly, clarity of programme mandate and prioritization of desired results permits increased managerial focus on the achievement of these goals, while reducing risk, including political risk, regarding achievement of other secondary goals. Especially for social programmes, certain executives felt that identification of desired outcomes was weak and that there were occasionally unrealistic targets.

**Table 32: Programme Mandate and Service Delivery and RBM**

		Clarity of Programme Mandate / Objectives (Desired Results)	
		Low	High
Control of Service Delivery	Low	<b>X</b>	<b>±</b>
	High	<b>±</b>	<b>√</b>

(‘±’ refers to partial support for RBM)

The research concluded that executives managing programmes where objectives were clearer and/or those executives with internal or greater control of programme delivery expressed an increased willingness to embrace RBM and to accept accountability for results, as compared to executives managing programmes where these conditions were weaker or absent. It can be argued that the former conditions support executives in implementing RBM and accepting accountability for public value creation.

### **8.3.3 Difficulties in Measuring Outcomes**

As discussed earlier in Sections 4.4.1 and 5.6.1, as well as 7.3.1 of the Discussion chapter, executives frequently noted difficulties in establishing and measuring programme outcomes, including attribution issues. As discussed during interviews, executives were also clear that these concerns did not preclude using Results-based Management, but rather revealed the need for realistic assessment of the feasibility and limitations of RBM by headquarters, central agencies and Parliament. It was also

argued that the perception of the difficulties in measuring outcomes is of greater importance than the exact nature of these difficulties in understanding the limited progress in implementing RBM.

Furthermore, it is argued to be self-evident that assessing and understanding programme results implicitly requires direct programme recipient feedback – client input. (Note, client feedback would also assist in monitoring Service aspects.) Nevertheless, the research concludes that there is an almost complete absence of client sourced information. The conclusion can only be that Results-based Management in the Canadian government has failed to generate dialogue with these groups. This was found to be true across all executive functions: regional, headquarters, and corporate.

The research revealed that client satisfaction is clearly an underutilized information source. This finding has not, itself, led to specific conclusions or understanding of why this key information remains absent. It remains a potential area of future research. A possible starting hypothesis might include political risk, inability to respond to feedback, and cultural impediments. A secondary effect of the absence of client feedback is, it can be argued, to remove or reduce the voice of the direct programme recipient from policy deliberations. In summary, client feedback has the potential, as the research has demonstrated, to positively impact several elements of Public Value creation.

#### **8.3.4 Accountability Aligned to Results**

The importance of aligning accountability and results was discussed in section 7.7.4 of the Discussion chapter, with detailed findings noted in Sections 5.7.1 and 6.6 of the

case studies. This was true of both individual accountability and programme accountability for results.

At the programme level, executives perceived a relative absence of links between programme outcomes and budgets. This was true for programmes with strong results as well as weaker performers. At the individual accountability level, executives interviewed expressed a general consensus that results-based personal accountability frameworks have lagged behind RBM implementation efforts. This was also confirmed in the Senior Executives interviews.

In summary, executives agreed on the difficulty of making this link, which was fully acknowledged as inherently difficult and requiring political leadership. Nevertheless, executives interviewed also noted the potential benefits that an increased use of results-based information would have. The threat of programme budget cuts or potential for increased budgets, executives agreed, would generate a lot of interest and attention in implementing RBM.

Improved reporting of such accountability and results information was also widely seen to have potential in demonstrating public value to Parliament, Canadians and programme stakeholders.

### **8.3.5 Executive Motivation**

One key research conclusion, not incorporated into Public Value or Strategic Triangle theories, was executive motivation. Improved understanding of motivation, as applied to RBM has, it could be argued, the potential to improve the ‘take-up’ of RBM.

The research noted two related findings, first that executives were intrinsically motivated to achieve results, as compared with output levels or compliance with administrative requirements. In one sense, executives are predisposed to engaging in RBM. No evidence was found that current RBM policies have considered or addressed the existing desire to ‘make a difference’ for Canadians.

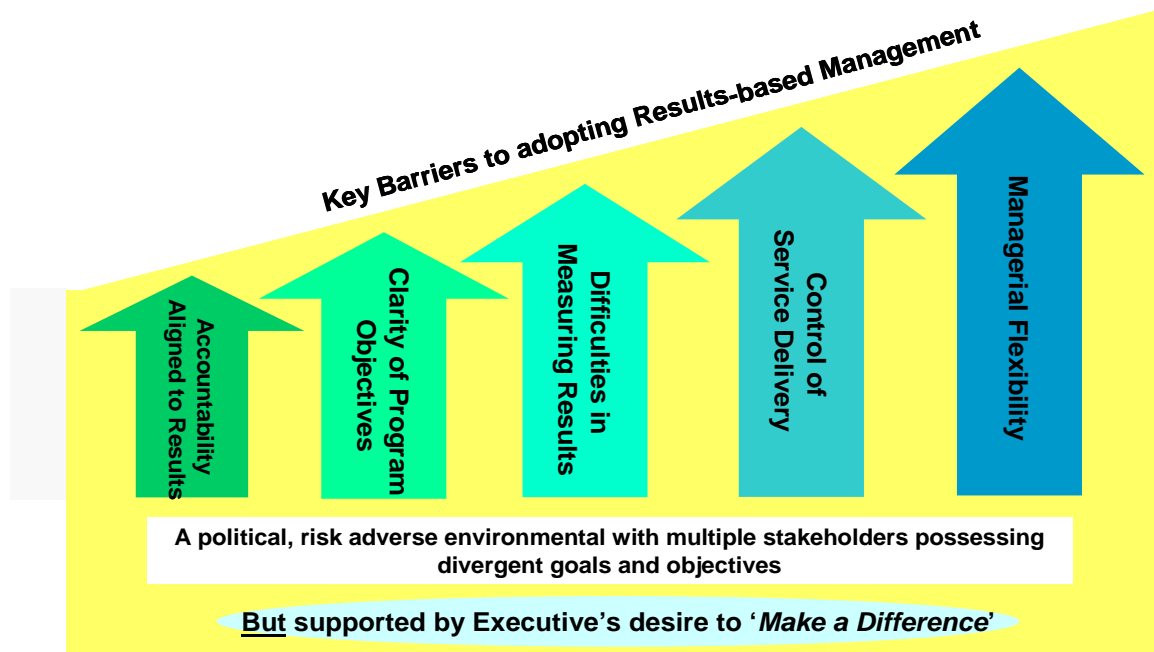
The second finding addresses the role of executive performance pay. As noted in the case studies and discussion chapters, performance pay has met with limited success to-date. The research findings suggest that the intrinsic motivation of public sector executives is not complemented by performance pay. Further research into performance pay and its impact on executive motivation is currently underway.

#### ***8.4 Summary of Emergent Findings - Five Barriers to Implementing RBM***

Having considered certain conditions which executives suggested support RBM in Section 7.7, Figure 22 considers the absence of such conditions and advances five key barriers identified by executives interviewed, which effectively limit the implementation of Results-based Management. They are: accountability aligned to results, control of service delivery, difficulties in measuring results, clarity of programme objectives and managerial flexibility, as well as the contribution of the overall environment. Each of these barriers has been discussed in either a Case Study or Discussion chapters, and this figure attempts to summarize these discussions. While each item is important in itself, the ordering on this graph does attempt to reflect the relative attention and weight given these items by interviewees.



**Figure 22: Five Barriers to Adapting RBM Within a Public Sector Environment**



In considering possible solutions to these limitations, one is struck by the limited potential of executives to intervene. Of the five, Difficulty in Measuring Results is the only area where potential for greater executive effort may pay dividends, and where progress has, in fact, been made (Thomas, 2005). For the remaining four limitations, it is argued that solutions would appear to lie principally at the political or central agency level.

Executives noted that, for certain programmes, it was not possible to overcome these barriers. For these programmes, standard bureaucratic processes and controls rather than outcomes or results, were noted to be the optimum management technique.

## **8.5 Theoretical Implications of the Research Findings**

The thesis's primary theoretical contribution centres around the differing utility and applicability of Public Value Theory's components, as discussed in Section 8.2 above, where empirical evidence from the three case studies suggests that Service and Output components have a much stronger impact than Trust. Figure 19 visually summaries this contribution.

In addition, and as supported by the methodological literature on exploratory case study research (Flowler, 2002; Yin, 2003b), theoretical implications within exploratory research can also serve to identify areas where existing theory is weak or absent.

While Results-based Management theories generally support RBM's use as both a management and accountability tool (Meyer and Gupta, 1994; Ingraham and Moynihan, 1999; Gow, 2004; Hatry et al., 2003), executive use of RBM remains an under-researched topic (Eggleton et al., 2001; Behn, 2002; Radnor and McGuire, 2004). This research has identified a number of pragmatic constraints, summarized in Figure 22, which could form the basis for development or refinement of theories of RBM and its implementation. One key contribution is the requirement for a stronger linkage between executive accountability for results and executive managerial control, as noted in Figure 14: A Logic Model of Constraints for Results-based Management. As well, RBM as a day-to-day management tool was found to have limited executive utility, suggesting that RBM theories are not currently (2004) sufficiently robust to explain the empirical reality of these case studies.

Secondly, as the literature review noted, in a private sector context, client feedback is an integral aspect of the performance feedback loop, both directly through clients surveys and indirectly through purchase choices (Conroy, 2001). Given the quasi-free nature of public sector services and products, one could argue that satisfaction surveys or other feedback mechanisms would have a greater role and stronger appeal in adopting a RBM perspective (Dinsdale and Marson, 1999; Bouckaert and Van de Walle, 2003). Instead, at least within these three case studies, the opposite appears to be the case, as discussed in Sections 7.4.2 and 8.3.3. The absence of theory to address or explain this observed phenomenon would appear to be a prime area for development of an explanatory theory.

Finally, this research has also attempted to make a theoretical contribution to the subject of executive performance pay (Vroom, 1964; Kohn, 1993; Jorjani, 2004). As noted earlier (Section 7.7.1), the research findings suggest that performance pay would appear to have limited potential within a public sector environment. While the topic has received broad general coverage, it can be argued that refinements to theories of performance pay within a public sector environment are required.

In summary, I would argue that this research has made several theoretical contributions, and, as exploratory research has identified several theoretical areas where empirical evidence has suggested current (2004) theories are weak or absent. Several topics suitable for additional research will be discussed in Section 8.8.

## **8.6 Practitioner Implications of Research Findings**

This section will briefly assess these research findings from a practitioner perspective, thus considering the contribution of the research at the functional or operational level.

It seeks to respond to the Academic/Practitioner gap (Swamidass, 1991).

First, at the political and central agency level:

- Executives will act rationally and will resist or game any measures which are not reasonable, or for which the executives have little control or ability to influence
- In the face of a highly risk adverse culture, with limited rewards for success but considerable punishment for failure, public disclosure of poor programme results will have limited appeal, which can be predicted to result in selective reporting
- Greater use of Results information, internally or politically, would enhance RBM credibility with executives
- Greater understanding of programme diversity within the Canadian public sector, and acknowledgement that RBM cannot be implemented as a 'one size fits all' model.

At the executive level:

- Results-based Management is only meaningful to the degree that managerial flexibility is present within a programme
- Executives' motivation to 'make a difference' is not well understood and concerns over performance pay reflects this reality
- The absence of client feedback is a core limitation to RBM

- Significant information gaps for outputs and outcome data exist, even where corporate systems contain raw data. In addition, executives report limited use of structured information in managing
- Time requirements to achieve outcomes remain a central issue
- The current systematic limits and constraints in public reporting, especially those linked to telling a public performance story. It can be argued that the reporting system itself must change to support RBM. However, this change must be led by central agencies and politicians.

### ***8.7 Limitations of the Research***

The section summarizes certain limitations of these research findings.

First, this research was an exploratory case study, reflecting the fact that this body of knowledge was not well developed. As with any exploratory study, the research proposition generates new questions and hypotheses – which can only be addressed through further research (Yin, 2003a). Acknowledging the explicit focus on linking Public Value theory and Results-based Management, and noting the open-ended fourth sub-topic which actively sought out other contributing factors, the possibility remains that this thesis failed to identify all relevant or critical factors in integrating RBM within a public sector environment.

Secondly, this study examines the impacts, limitations and constraints of Results-based Management from the executives' perspective. As noted earlier, other stakeholder groups, citizens, managers or politicians, would hold different and potentially conflicting viewpoints. Of particular note, for this research the researcher

specifically decided not to incorporate the perspectives of politicians or Ministers. This was based on the considerable differences between the respective roles and differing experience, and ambitions of politicians and public servants.

There are limitations inherent in the research methods. While there were no discernible grounds for believing any of the following to be true, and although such possibilities were actively considered during the course of the research, the possibility remains that:

- Research findings were primarily based on interviews with seventy-nine executives, who may not be reflective of the executive cadre as a whole
- Interviews were conducted during 2004, which in historical hindsight, may be a time of great change, and thus atypical
- A sub-group of executives may have been intentionally blocking or actively resisting Results-based Management. There would be strong political and professional disincentives to reveal personal blocking strategies and such executives might not have been completely honest.

Because the thesis uses a case study approach, the generalization of findings is theoretical rather than statistical (Yin, 2003b). As with any study of one geographical area and one national programme, generalizations to the rest of the public sector should be made with the greatest of caution. In particular, the diversity and breadth of the Canadian public sector can be reasonably predicted to generate a full spectrum of take-up of the Results-based Management initiative. This would also be reflected in the role of stakeholders, the degree of politically powerful client groups, and even local leadership.

## **8.8 Future Research**

This work, as an exploratory case study, has generated an expanded foundation of knowledge and opens up several avenues for future research on Results-based Management and Public Value theory. A few suggestions follow.

### **Results-based Management**

It would be interesting to conduct a longitudinal study of a department for which the research predicts the probability of success in adopting Results-based Management, perhaps using an Action Research approach. Similarly, research contrasting the experiences of a SOA such as Canada Post or Farm Credit Corporation, where a significantly greater degree of managerial flexibility is present, would compliment this research.

The research noted, and the literature confirmed, the critical importance of the political level in integrating Results-based Management, as linked in the Strategic Triangle to Public Value. The role of the political level in RBM would also be an area worthy of fuller exploration.

### **Executive Motivation**

Executive motivation to work in the public sector is an under-researched area. During the Literature Review, no material was located addressing this topic within Canada. Frankly, this was somewhat surprising given the current executive recruitment and retention issue in the Canadian federal government<sup>78</sup>. As noted, the research suggests

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<sup>78</sup> In North America, 'baby-boomers' are approaching retirement age, and the next cohort or demographic group is smaller, resulting in concern over finding and attracting the next generation of public sector executives.

a link between intrinsic motivation - to make a difference - and Results-based Management, which is worthy of follow-up research. At this writing (2006), the author is actively engaged in a national survey of federal public sector executives to further explore this topic<sup>79</sup>, including refining current public sector theory on performance pay.

### **Accountability**

A number of executives, including senior executives, indicated that the accountability framework is not fully aligned with RBM. This is also supported by the current literature (Ehrenworth, 2005). This research did not have the opportunity to explore this issue fully, although executives, including senior executives, acknowledged this as a significant barrier to increased integration of RBM.

### **Client Feedback**

One final additional area of personal interest would be to undertake further research on the almost complete absence of direct programme client feedback. Such research could serve to identify the underlying causes of this curious phenomenon, curious given the general consensus that such information is both useful and required for effective and meaningful RBM. The research objective would be to develop an explanatory theory(s) suitable for empirical testing.

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<sup>79</sup> In June 2006, a national survey on federal public sector executive performance pay was undertaken in conjunction with Association of Public Sector Executives (APEX).



## **8.9 Concluding Remarks**

If nothing else, this thesis confirmed that “Government is first and foremost about an endless series of contradictions and dichotomies; it is in constant search for productive trade-offs and defensible compromises across many competing and praiseworthy objectives” (Good, 2004b:xv).

In closing, similar to the executives who spoke eloquently of their career choice in the public service, I too feel a personal calling to public service, reflected in thirty-two years of public sector employment. It is my hope that this thesis will be able to ‘make a (small) difference’ in our collective understanding of how Results-based Management can be further advanced within the Canadian federal government, as well as within the broader public sector.

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## 10.1 Appendix A – Interview Lists, by Case Study

### 10.1.1 Key Informant Interview List

Assigned Code	Level	EX Level	Gender	Employer
KI-1	Director General	EX-2 or 3	Male	Department
KI-2	Director	EX-1	Male	Department
KI-3	Director	EX-1	Male	Department
KI-4	Director	EX-1	Male	Department
KI-5	Director	EX-1	Female	Central Agency
KI-6	Director General	EX 2 or 3	Male	Central Agency
KI-7	Director	EX 1	Female	Central Agency
KI-8	Assistant Deputy Minister	EX 4 or 5	Female	Central Agency
KI-9	Director	EX-1	Male	Central Agency
KI-10	Consultant – internal	EX-1	Female	Headquarters
KI-11	Consultant – internal	EX-1	Male	Headquarters
KI-12	Consultant – external	NA	Female	Private Sector
KI-13	Consultant – external	NA	Female	Private Sector
KI-14	Consultant – external	NA	Male	Private Sector
KI-15	Academic	NA	Male	University
KI-16	Academic	NA	Female	University

NA – Not applicable



### 10.1.2 Health Case Study Interview list

Respondent Code	Level	EX Level	Gender	Location (Headquarter or Region)	Years of Service
HC-1	Assistant Deputy Minister	EX 4 or 5	Total: males-2 female-1	Headquarters	30+
HC-2	Assistant Deputy Minister	EX 4 or 5		Headquarters	25-30
HC-3	Assistant Deputy Minister	EX 4 or 5		Headquarters	25-30
HC-4	Director General	EX 2 or 3	Male	Headquarters	20-25
HC-5	Director General	EX 2 or 3	Female	Headquarters	20-25
HC-6	Director General	EX 2 or 3	Male	Headquarters	5-10
HC-7	Director General	EX 2 or 3	Male	Headquarters	30+
HC-8	Director General	EX 2 or 3	Female	Headquarters	15-20
HC-9	Director General	EX 2 or 3	Female	Headquarters	30+
HC-10	Regional Director	EX 2 or 3	Female	Region	10-15
HC-11	Regional Director	EX 2 or 3	Male	Region	30+
HC-12	Regional Director	EX 2 or 3	Male	Region	5-10
HC-13	Regional Director	EX 2 or 3	Female	Region	20-25
HC-14	Regional Director	EX 2 or 3	Male	Region	0-5
HC-15	Regional Director	EX 2 or 3	Male	Region	20-25
HC-16	Regional Director	EX 2 or 3	Female	Region	10-15
HC-17	Regional Director	EX 2 or 3	Female	Region	20-25
HC-18	Director	EX 1	Male	Headquarters	30+
HC-19	Director	EX 1	Female	Region	10-15
HC-20	Director	EX 1	Male	Headquarters	25-30
HC-21	Director	EX 1	Male	Headquarters	5-10
HC-22	Director	EX 1	Male	Headquarters	25-30
HC-23	Director	EX 1	Female	Headquarters	0-5
HC-24	Director	EX 1	Female	Region	30+
HC-25	Director	EX 1	Female	Headquarters	30+
HC-26	Director	EX 1	Female	Region	20-25

<b>Respon- dent Code</b>	<b>Level</b>	<b>EX Level</b>	<b>Gender</b>	<b>Location (Headquarter or Region)</b>	<b>Years of Service</b>
HC-27	Director	EX 1	Female	Headquarters	15-20
HC-28	Director	EX 1	Male	Headquarters	20-25
HC-29	Director	EX 1	Female	Headquarters	10-15
HC-30	Director	EX 1	Female	Headquarters	10-15
HC-31	Director	EX 1	Female	Headquarters	15-20
HC-32	Director	EX 1	Male	Region	15-20
HC-33	Director	EX 1	Male	Headquarters	10-15
HC-34	Director	EX 1	Female	Headquarters	15-20
HC-35	Director	EX 1	Female	Region	30+
HC-36	Director	EX 1	Female	Headquarters	5-10
HC-37	Director	EX 1	Male	Region	20-25
<b>Total: 37 Interview</b>	<b>EX4 or 5: 3 interviews</b> <b>EX2 or 3: 14 interviews</b> <b>EX1: 20 interviews</b>		<b>Male: 21</b> <b>Female: 16</b>	<b>Region: 14</b> <b>Headquarters : 23</b>	<b>0-5: 3</b> <b>5-10: 3</b> <b>10-15: 6</b> <b>15-20: 5</b> <b>20-25: 8</b> <b>25-30: 4</b> <b>30+: 8</b>

### 10.1.3 Saskatchewan Case Study Interview List

Respondent Code	Level	EX Level	Gender	Location (HQ or Region)	Years of Service
SC-1	Director	EX-1	Female	Region	30+
SC-2	Director General	EX 2 or 3	Female	Region	30+
SC-3	Director General	EX 2 or 3	Male	Region	30+
SC-4	Director	EX-1	Male	Region	25-30
SC-5	Director General	EX 2 or 3	Female	Region	15-20
SC-6	Director	EX-1	Male	Region	30+
SC-7	Assistant Deputy Minister	EX 4 or 5	Female	Region	30+
SC-8	Director General	EX 2 or 3	Female	Region	5-10
SC-9	Director	EX-1	Male	Region	30+
SC-10	Director	EX-1	Male	Region	25-30
SC-11	Director	EX-1	Male	Region	30+
SC-12	Director	EX-1	Male	Region	15-20
SC-13	Director	EX-1	Male	Region	10-15
SC-14	Director	EX-1	Female	Region	20-25
SC-15	Director	EX-1	Male	Region	30+
SC-16	Director General	EX 2 or 3	Male	Region	25-30
SC-17	Director	EX-1	Male	Region	5-10
SC-18	Director	EX-1	Male	Region	30+
SC-19	Director General	EX 2 or 3	Female	Region	0-5
SC-20	Director General	EX 2 or 3	Male	Region	25-30
SC-21	Director	EX-1	Female	Region	15-20
SC-22	Director General	EX-1	Male	Region	25-30
SC-23	Director	EX-1	Male	Region	15-20
SC-24	Assistant Deputy Minister	EX 4 or 5	Male	Region	15-20
SC-25	Director	EX-1	Female	Region	5-10
SC-26	Director General	EX 2 or 3	Male	Region	15-20
SC-27	Director	EX-1	Female	Region	10-15
SC-28	Director	EX-1	Male	Region	15-20
SC-29	Director	EX-1	Female	Region	30+
SC-30	Director General	EX 2 or 3	Male	Region	25-30
SC-31	Director	EX-1	Male	Region	25-30
SC-32	Director	EX-1	Male	Region	15-20
<b>Totals</b>	<b>EX4 or 5: 2 interviews</b> <b>EX2 or 3: 10 interviews</b> <b>EX1: 20 interviews</b>		<b>Male: 21</b> <b>Female: 11</b>	<b>Region:</b> <b>ALL</b> <b>Headquarters: 0</b>	<b>0-10: 4</b> <b>10-15: 2</b> <b>15-20: 7</b> <b>20-25: 9</b> <b>30: +: 10</b>

### 10.1.4 Senior Executive Interview List

<b>Respondent Code</b>	<b>Level</b>	<b>EX Level</b>	<b>Gender</b>	<b>Location (Headquarter or Region)</b>	<b>Years of Service</b>
SE-1	Deputy Minister	DM	Female	Headquarters	15-20
SE-2	Assistant Deputy Minister	EX-4 or 5	Male	Headquarters	30+
SE-3	Assistant Deputy Minister	EX-4 or 5	Male	Headquarters	25-30
SE-4	Assistant Deputy Minister	EX-4 or 5	Female	Headquarters	15-20
SE-5	Assistant Deputy Minister	EX-4 or 5	Male	Headquarters	30+
SE-6	Deputy Minister	DM	Male	Headquarters	30+
SE-7	Special Advisor - ADM equivalent	EX-4 or 5	Male	Headquarters	25+
SE-8	Deputy Minister	DM	Female	Headquarters	30+
SE-9	Assistant Deputy Minister	EX-4 or 5	Male	Headquarters	25+
SE-10	Assistant Deputy Minister	EX-4 or 5	Male	Headquarters	20-25
SE-11	Assistant Deputy Minister	EX-4 or 5	Male	Headquarters	30+
SE-12	Special Advisor - ADM equivalent	EX-4 or 5	Female	Headquarters	25-30
SE-13	Assistant Deputy Minister	EX-4 or 5	Male	Headquarters	25-30
SE-14	Assistant Deputy Minister	EX-4 or 5	Female	Region	15-20
SE-15	Assistant Deputy Minister	EX-4 or 5	Male	Region	30+

Note: SE-11 to SE-15 are codes for the Assistant Deputy Minister interviews from the Health and Saskatchewan case studies which were merged with the ten interviews to capture the senior executive perspective.

**Notes on Demographic Data:**

At the start of each interview a small amount of demographic information was collected. This included sex (visual observation), length of public service, length of executive service, and length of time in current position. This demographic data was collected by ranges only (e.g. 15-20 years of service). As noted in 7.8, while analysis was performed based on this information, no additional research findings or conclusions were reached.

The 'length of public service' data was grouped into 5 year intervals and is included in Appendix A and reported above.

The 'length of executive service' data was categorized into Limited service 0-5 years, Medium service 5 – 10 years, and Long service 10+ years. The 'length of executive service' data was not reported in Appendix A as it could potentially lead to the identification of individual interviewees (few senior executives have limited experience).

The 'length of time in current position' data was categorized into Newcomer 0-2 years, Medium 3 – 5 years, and Experienced 6+ years. This data was not reported above as it could potentially lead to the identification of individual interviewees.

Finally, for completeness, the single reference to executives' age found in this thesis (under 40 years old versus over 50 years old) was a derived value. As age can be a sensitive topic, the data was based partly on visual observation, and partly on years of service. In most cases, the age range was clear. In the few cases where it was not obvious, some tactic was employed to find out (how old were you when you joined the public service, age of any children, ask directly, etc.). However, the age data was not used in the research analysis.

## **10.2 Appendix B – Interview Request Documentation**

The following letters were sent via email, after an initial telephone contact with the Executive or Executive's Assistant/Secretary. If required, three to five days later, the researcher would follow up with the executive to enquire whether they would agree to be interviewed.

### **The covering email/letter –**

This email seeks your participation in an interview to gather perceptions and views on public sector managerial accountability, especially the effects of the government's focus on Results or Outcome-Based Management on your accountability. Attached, is a one-page description of this research.

The interviews are anonymous in that attribution of your comments is not part of the research design. The interviews typically are 35 - 45 minutes, and I am pleased to report that executives find the interviews interesting and stimulating, and indicate that they enjoy the opportunity to reflect on the direction of the federal government on these issues.

Personally, a long service, career public servant, I am on assignment with the Saskatchewan Region of Health Canada, First Nations and Inuit Health Branch, working out of the Regina office.

I would greatly appreciate your agreeing to be interviewed, and value your input into this research.

Thank you in advance for considering this request.

David Try  
306 780 8263 (w)  
306 737 5377 (cel)

david\_try@hc-sc.gc.ca

(See attached file: Research Description and Interview Request Letter)

**The attached Research Proposal –**

(Date)

Re: Research on Results-based Management and changing public sector accountabilities

Sir/Madam:

I am a career public servant currently employed with Health Canada, Saskatchewan Regional Office. As well, I am a part time Ph.D. student at Warwick Business School, Warwick University, UK.

This letter seeks your participation for a one-hour interview to capture your experiences relating to the changing nature of managerial accountability within the Canadian Public Sector, the research topic of my thesis. As a long service (30 years) public servant myself, this research seeks to capture how executives are reacting to these changes, as well as identify information sources and systems which have assisted you.

I am seeking to interview each federal executive 'EX' in Saskatchewan [*or First Nations and Inuit Health Branch for the other case study*]. I would greatly appreciate your agreeing to contribute your knowledge, experience and understanding to my research. Only through gathering a wide diversity of opinions can the research make meaningful contributions toward future improvements.

Interest in this research has been expressed by 'central agencies', including the Treasury Board and Auditor General. At the conclusion of the project, I will prepare an executive summary of the research for government, and would be pleased to provide a copy to you.

In closing, your personal contribution is invaluable to improving understanding of these changes. In turn, I believe that this research will contribute knowledge and insights into a government-wide management initiative, of interest to you professionally, as well corporately. Should you agree, I would be pleased to meet with you at a time and location which would minimise your inconvenience.

Thank you for your consideration of my request.

David Try  
Director Planning and Policy  
Saskatchewan Regional Office  
First Nations and Inuit Health Branch  
Health Canada  
(306) 780-8263  
[david\\_try@hc-sc.gc.ca](mailto:david_try@hc-sc.gc.ca)

### **10.3 Appendix C – Interview Questions and Guide**

Within the public sector, and building on an understanding of management activities, the thesis will examine the changing accountability requirements of NPM and specifically RBM. Case Study research in the Canadian public sector will lead to the development of a conceptual framework assessing the potential contribution of Performance Management in addressing these changing accountability requirements.

#### ***Reminder to Self - Research Statement***

#### **Does Public Value Theory explain the limited progress in implementing Results-based Management within the Canadian federal public sector?**

In order to address the aforementioned research question, the following research sub-topics were identified from the literature review and Key Informant interviews to guide the research. They are:

- To explore the role of Public Value's Service component to Results-based Management
- To explore the role of Public Value's Outcome component to Results-based Management
- To explore the role of Public Value's Trust component to Results-based Management
- Are there other factors that influence the adaptation of Results-based Management?

#### **SECTION 0 – INTRODUCTION (5 minutes)**

- Permission to record
- Why I am here
- Set scope – responses not limited to their current job, include any previous experience
- Four sections –
  - Introduction (5 min)
  - NPM (5-10 min)
  - RBM (10-15min)
  - Your use of RBM (10-15min)

#### **Ice-Breakers**

Describe the key characteristics of your business, organization, and job

#### **SECTION I – NPM (5 – 10 minutes)**

SECTION GOAL - The initial phase of the research will develop a sound understanding of changing context of the Canadian PS management, especially the adoption of NPM/RBM.

***I would like to talk with you about changes in the management context / environment you are currently operating in.....***



1. Over the last five to 10 years do you believe that MANAGEMENT in the public sector has changed? In what ways?
  - 1.1. Accountability
  - 1.2. RBM/Outcomes
  - 1.3. Citizen focus
  - 1.4. Values and Ethics
  - 1.5. Financial Focus
  - 1.6. Scope of authority
  - 1.7. Internal Changes - *Results for Canadians, TBS Mgmt Acct Framework, RMAFs*
  - 1.8. REMEMBER TO PARK - Personal feelings about work/workload
2. How would you define ACCOUNTABILITY as a public sector manager?
3. Do you believe that manager's accountability has changed over the last five years? How?
  - 3.1. Watch for types of accountability (mgmt, legal, parl, fin./resource)

**SECTION II – RMB (10 -15 minutes)**

SECTION GOAL – Focusing on RBM, the research will explore the value, develop hypothesis of the potential application-added in applying RBM, including role of performance management tools or systems to support manager's information use and requirements under RBM.

*Next, I would like to discuss the role of Results-based Management/Outcome based management within your operating environment*

Discuss/agree on definition of RESULTS-BASED MANAGEMENT

4. Do you believe RBM improves government programmes or management?
  - 4.1. Accountability
  - 4.2. Management control
  - 4.3. Control of costs
  - 4.4. Communications
  - 4.5. Evaluation
  - 4.6. Other
5. Is your organization using RBM information? How and for What?
  - 5.1. Accountability
  - 5.2. Management control
  - 5.3. Control costs
  - 5.4. Communications
  - 5.5. Evidence based decisions
  - 5.6. Supports Evaluations
  - 5.7. to adjust ongoing operations
  - 5.8. strategic planning
  - 5.9. developing policies
  - 5.10. allocation resources

- 5.11. More effective public sector management
  - 5.12. More knowledge of what works/what doesn't
6. What tangible support do you see to build and strengthen the adaptation of RBM within *Dept/Branch*? What support would you like to have?
- 6.1. Leadership
  - 6.2. Crisis/demand for change
  - 6.3. Forced to
  - 6.4. Develop strong tools to support

**(Accountability) -- On a more personal level,**

7. Exactly what are you accountable for?
- 7.1. Inputs
  - 7.2. Activities
  - 7.3. Outputs
  - 7.4. Outcomes
8. Who are you accountable to?
- 8.1. Canadians
  - 8.2. Parliament
  - 8.3. Central Agencies
  - 8.4. DM/AMD
  - 8.5. Current boss
  - 8.6. Stakeholder
9. Overall, How do you discharge your responsibility for accountability?
- 9.1. I don't
  - 9.2. Not required
  - 9.3. Reporting
  - 9.4. PM system

**SECTION III (10 -15 minutes)**

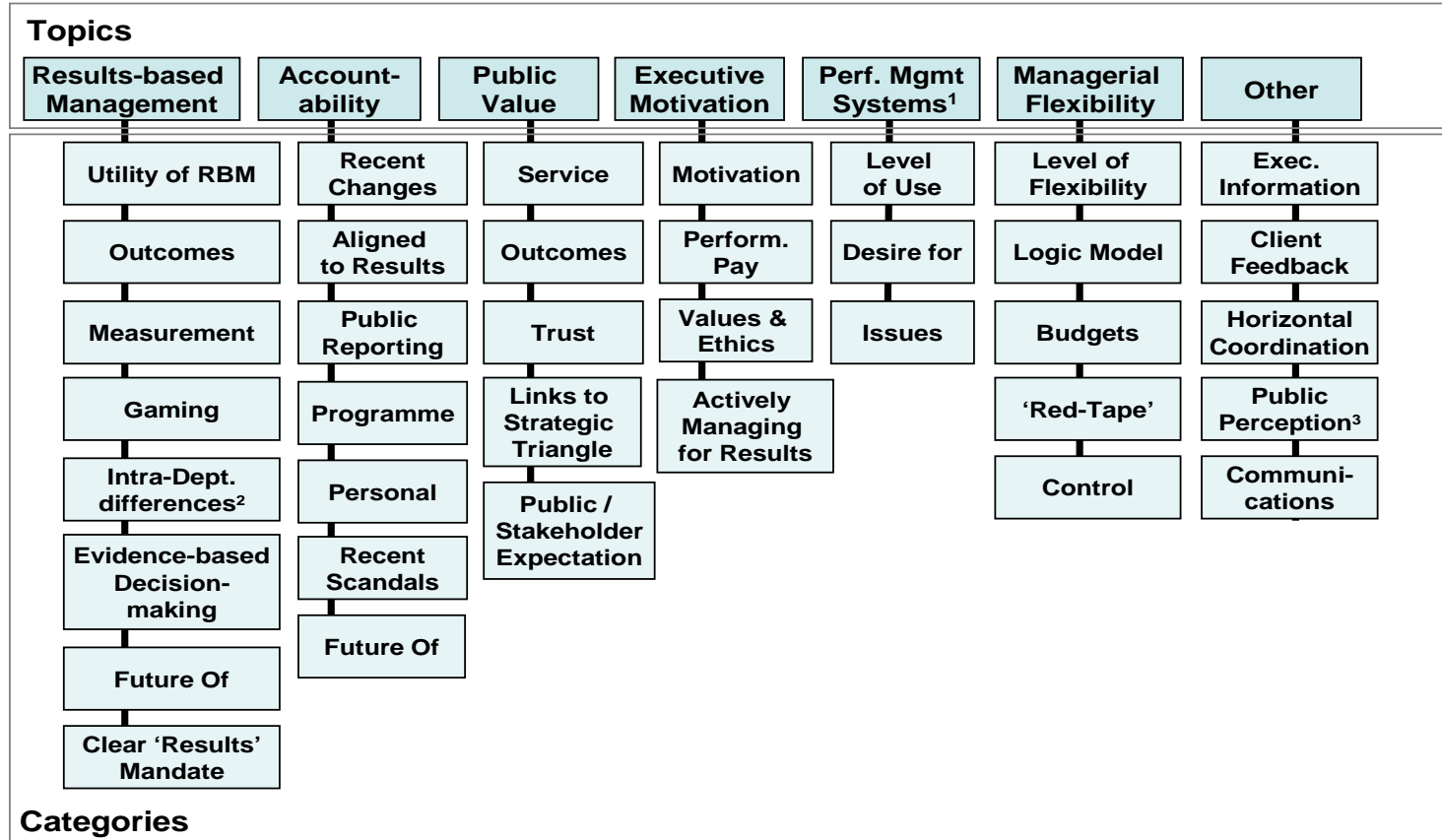
SECTION GOAL - including role of performance management tools or systems to support manager's information use and requirements under RBM.

Next, I would like to discuss how you use or integrate RBM into your management style/activities

10. Where do you get your management information from?
- 10.1. Executive Information System (EIS)
  - 10.2. Financial System (SAP)
  - 10.3. HR (Peoplesoft)
  - 10.4. Program Output reports
  - 10.5. Surveys – intermediate outcomes
  - 10.6. Independent data – Statistic Canada, external surveys
11. Do you use a Performance Management System? Do you perceive that a PM system would improve your management capacity?
12. Results presumably have something to do with your client's satisfactions

- 12.1. Who are your clients?
- 12.2. Are they happy?
- 12.3. What would make them happier?
- 12.4. Do you measure client impacts (program outcomes) and client satisfaction?  
How?
  
13. Within the context of RBM - Overall, in the next couple of years, how do you see your role as a manager changing?
  - 13.1. Accountability
  - 13.2. Integrating RBM
  
14. Do you have any concluding comments on Accountability or RBM?
  
15. Discussion of Performance Pay
  - 15.1. Economic value
  - 15.2. 'Status' value
  - 15.3. Fairness of assessments
  - 15.4. Lack of consequences for poor performance
  
16. Discussion of personal motivation to work as a public servant
  
17. Discussion of the 'Logic Model'
  - If Inputs (resources) are fixed, processes red taped, outputs occasionally constrained by legislation - Can accountability for outcomes be meaningful within this current degree of managerial flexibility?

## 10.4 Appendix D – Nested Analysis Topics and Categories



## 10.5 Appendix E – Sample Extract from an Interview Analysis

A sample of the interpretivist method used in analysing the research interviews. Researcher is identified as ‘DT’ and Interviewee is ‘I’.

Speaker	Line No.	Interview Transcript	Topic/Category
DT	78	We started by just talking a minute ago about was your organization using results based information how	
	79	and for what. We were just talking about; you started to say something about this using it to confirm with	
	80	staff, I think was the last thing I heard you saying.	
I	81	Using, yeah, demonstrating to staff that it can be a tool	<i>RBM-uses EX information</i>
DT	82	And getting money from Ottawa to ‘do’ RBM?	
I	83	Yes, getting results of, which for them which would include resources, increased resources from Ottawa,	<i>RBM – Inputs, Staff</i>
	84	and you know demonstrating to them that based on, um, the kinds of evidence and results that we can	<i>HQ assistance</i>
	85	demonstrate, that we really can demonstrate those things and that we will get results. There is going to be	<i>RBM – Uses</i>
	86	greater buy in from the staff and, and greater willingness to, really actively use those kinds of processes	<i>Communication</i>
	87		
DT	88	Hw much support do you see Ottawa providing at the branch level or even at the departmental level? And	
	89	even at the government level, but I’m more interested in support for you/your organization	
I	90	Yeah, yeah, not a great deal. Again it’s, I think it’s, you know the situation here with my own staff is	<i>HQ support for RBM</i>
	91	probably quite similar to what is happening in Ottawa, in that again there is a lip service paid to it, but I’m	
	92	not always sure that there’s real genuine commitment to it, and or that that commitment translates, you know	<i>HQ/Region dif.</i>
	93	into basing decisions on the evidence or the results that are obtained, um, I don’t see a whole lot of evidence	
	94	of that. Some, some sectors I do, or some particularly for example, Business Management Director, I think	<i>RBM uses</i>
	95	there is more of that happening, but across all of the directorates I don’t see a whole lot of evidence use in	
	96	this position	
DT	97	I will be interviewing the DGs and I’ll ask them!	
I	98	Yeah, yeah, it would be interesting to know what they say. They probably say the same thing about us.	<i>HQ – Region dif</i>
DT	99	Well, if you, if you, well what direction or guidance or support would you like to see?	

Speaker	Line No.	Interview Transcript	Topic/Category
I	100 101 102 103 104 105 106 107	Well, I guess I mean, the best way for me to say, so you know when I came into this job, I met with my senior managers, for I don't know 45 minutes when I first started, first day on the job or something. The ADM came out um about a month after this for about a half a day, of which we spent about an hour together, and basically other than that I haven't seen anybody. I mean there's, and I mean I recognize that at the level that I came in you're expected to be able to hit the ground running, which is true and I did, but it would be nice to have support from Ottawa, not only people calling and saying how are you doing out there? And, and you know by providing for example, example of it, and, and, giving me you know a framework in which to apply those processes at my own level	<i>Personal performance</i>  <i>Motivation</i> <i>Perf. Pay</i> <i>RBM – support</i> <i>RBM –</i> <i>Outcomes</i>
	108 109 110	But saying you know there are some things and some ways that we do business here, and, and evidence based decision making is one of them, or results based decision making is one of them, and we want to sit down and we want to talk to clients about what that really looks like in terms of how we do business.	<i>Evidence-based</i> <i>Client Feedback</i>

## **Appendix E (Con't) - Sample Category Coding Sheet**

**Case – Health Case**

**Topic – EX Motivation**

**Category – Value and Ethics**

Interview reference 1: Line 45, 52

Interview reference 3: Line 165

Interview reference 4: Line 76

Interview reference 7: Line 237, 252

Interview reference 9: Line 12, 132

Interview reference 13: Line 87, 93, 159, 166, 178

Interview reference 16: Line 64

Interview reference 17: Line 34

Interview reference 19: Line 112, 130, 137

Interview reference 20: Line 221

Interview reference 22: Line 14

Interview reference 26: Line 55

Interview reference 27: Line 72, 78, 89

Interview reference 30: Line 118

Interview reference 33: Line 32

Interview reference 36: Line 91, 101

### Notes:

- References were initially recorded in respondent-order because that is the way they were printed out and analyzed. I tended to keep this order as it made it physically easier to reference material.
- Line count numbers refer to the first line only; quotes may extend for several lines.

## **10.6 Appendix F – Overview of Public Service Surveys 1999 and 2002**

The 2002 Public Service Employee Survey marks the second time that the Public Service of Canada has endeavoured to seek the opinion of all of its employees on a wide variety of workplace issues. It follows up on the first survey, conducted in 1999. It is believed that Canada is the only country in the world to systematically survey all of its federal public service employees. Response rates were just over 104,000 (1999) and 94,000 (2002) respectively.

The 2002 survey posed 114 questions on issues ranging from an employee's work environment to skills and career development and labour-management relations. They were developed in consideration of well-regarded organizational principles and practices. From the outset, the survey was co-developed by large, medium and small departments, agencies, central agencies, public service bargaining agents, Statistics Canada and outside experts.

Thirty-nine questions were repeated from the first Public Service Employee Survey in 1999, showing improvement in thirty-six. New questions were added on topics such as service to clients, work-life balance and official languages. Other questions were refined from 1999 to obtain a clearer picture of issues requiring greater analysis

Of particular interest to this research, the survey included responses from results 2,000 plus executives who completed this survey, representing approximately half of all executives. The analysis of this sub-group was used in triangulating certain aspects of the thesis research.

Additional information, analysis and results are located at <http://www.survey-sondage.gc.ca/2002/menu-e.html>.



## 10.7 Appendix G - Executive Comments on the Future Direction for Results-based Management and Accountability

Topic	Comments/Description
Results-based Management	<ul style="list-style-type: none"> <li>▪ <i>I believe in RBM. It makes us really think why we're doing these things. I sure hope that this is going to continue</i></li> <li>▪ Cultural Change:</li> <li>▪ <i>Start collecting and interpreting information for reasons other than just showing how we spent the money</i></li> <li>▪ Link to longer term strategy, planning, and policy development</li> <li>▪ Identify a few key priorities/results and consistently work towards them, we cannot be everything to everybody</li> <li>▪ <i>Big government is over... We are going to learn how to reallocate funds a lot better, and to do that we need to know what we do well, what we do OK, and what we do poorly</i></li> <li>▪ Comments on the requirement for solid leadership from headquarter, Senior Executives, Central Agencies, and Parliament</li> <li>▪ Comments related to direct costs to measure results: data collection, data analysts, performance management systems <i>In government today, I do not think that we have the tools and systems to be Results-based. And my experience with information systems (Finance, IT) is far from positive.</i></li> <li>▪ Comments on need to resolve difference between results of social programmes versus more process Programmes</li> <li>▪ <i>I would love to be accountable for results – of course I need the resources to be able to achieve them. That is certainly one problem today, the absence of this link</i></li> </ul>
Accountability	<ul style="list-style-type: none"> <li>▪ <i>Accountability is a corner-stone of public service... we are always going to be accountability to the public</i></li> <li>▪ <i>Results has at least the potential to help us move from a fixation on accountability for budges to incorporate outputs and outcomes...</i></li> <li>▪ <i>I am very concerned about the current tendency to move back to what I would call a rules-based environment</i></li> <li>▪ Comments - results leads to improved accountability, the results speak for themselves</li> <li>▪ <i>The pendulum of accountability is at an extreme again, I hope it swings back to the centre a bit</i></li> <li>▪ <i>It is hard to see how you could be held accountable for outcomes given all of the other factors</i></li> <li>▪ <i>There is a fundamental disconnect between values and ethics and excessive control infrastructure, e.g. when the ADM needs approval for the expenditures for coffee and muffins for a (public service) conference</i></li> <li>▪ <i>Accountability has to become bi-directional</i></li> <li>▪ The need to move away from micro-accountability and excessive 'red-tape' to a focus on the compliance with administrative rules</li> <li>▪ <i>We do need basic controls.... But, I am accountable to myself – to be able to look myself in the mirror... There is no system that can't be broken... So, it's all about personal values and ethics. And I think that they've taken the wrong road here. It's frankly insulting sometimes.....</i></li> </ul>

Source: Compilation of interviews from all Case Studies