# ACHIEVING HIGH PERFORMANCE IN THE PUBLIC SECTOR

## What Needs to Be Done?

ANDRÉ A. DE WAAL
*Center for Organizational Performance*

**ABSTRACT:** *In the past few decades, various attempts have been made to improve performance in the public sector. These improvement programs have had mixed and sometimes even detrimental results. Consequently, there is an increasing demand for methods that enable organizations to achieve sustainable high performance. One such a method is offered by the high performance organization framework, describing the five success factors that create a high performance organization (HPO). By focusing on these HPO factors, public sector organizations could increase their chance of becoming high performing considerably. Research on HPOs shows that public sector organizations worldwide score significantly lower on the HPO factors than excellent (predominantly private sector) organizations do, which suggests that the public sector holds a great deal of room for improvement. Further, HPO research identified six specific public sector improvement themes that need to be addressed to improve the scores on the HPO factors in public organizations: (a) identifying the profile of an excellent public sector manager, (b) strengthening the resoluteness of management, (c) excelling in the core competence of public sector organizations (i.e., client dedication), (d) improving the performance management process of the organization, (e) improving process management within the organization, and (f) increasing the quality of the workforce. If governments focused their attention on improving these themes, high-performance governmental organizations would be created that add significant value to society. This paper describes the HPO framework and the results of applying this framework in the public sector worldwide.*

**KEYWORDS:** *framework, high performance organizations, management, the Netherlands, quality*

Ever since the publication of the book *Reinventing Government* (Osborne & Gaebler, 1992), interest in effectiveness and efficiency of the public sector has been growing. New public management (NPM; Politt, 2003) attracted most attention,

reaching its high point in many countries at the beginning of this century (Smidt, 2007). An important goal of NPM was to make public agencies more transparent by applying performance management. Studies in the public sector showed that by implementing performance management, public sector organizations were more likely to achieve their objectives, provide better services to citizens and companies, and improve their overall efficiency (De Waal & Kerklaan, 2004; Executive Session on Public Sector Performance Management, 2001; Moriarty & Kennedy, 2002; National Partnership for Reinventing Government, 1999; U.S. General Accounting Office, 1999). The aim of performance management in the public sector was to make objectives, performance, and (used) resources explicitly clear; integrate financial and nonfinancial information; integrate the policy and budget cycles; and improve quality, accessibility, and information content of the management information. The existing budgeting system, which mainly focused on resource application, needed to be replaced by a budgeting system with an explicit link to the objectives to be achieved, the required resources to achieve them, and the expected and realized results (De Waal & Kerklaan, 2004). Other NPM programs focused on the need for public agencies and politicians to show better results faster to diminish the growing dissatisfaction among citizens with governmental performance; others proposed further development of performance management in public agencies.

Despite its popularity, NPM also had its detractors, including Savoie, who called NPM a "flawed concept" (2005, p. 593), and Radin (2006), who stated that the advocates of NPM—especially the performance part—too easily gloss over the problems with performance management in the public sector. In fact, it is now generally acknowledged that many of these improvement programs, although still often in place, have had, at best, mixed results and have often failed to achieve their main objective of improving public service (Alford & Hughes, 2008; Balaguer-Coll & Prior, 2009; Bogt, 2008; Fryer, Antony, & Ogden, 2009; Moynihan, 2006; Smidt, 2007). An interesting study (Tambulasi, 2009) found that implementing NPM reforms actually led to increased levels of corruption in local government. Kirby even suggested that a crisis of government exists because "faith in the ability of the State to govern well has all but disappeared" (2009, p. 1). He argued that government tries to play down the disappointing results with a variety of methods such as moving goalposts (i.e., changing preset targets to less ambitious levels), using public relations to spin bad performance into acceptable results, and using complex structures, procedures, and language so people cannot follow and do not really understand what the government has achieved. However, this myriad of smoke-screen techniques cannot hide that government's performance is in urgent need of improvement and that managers of governmental bodies have to explore the possibilities to increase governmental results in a sustainable way. In this respect, new ways to improve the performance of governmental organiza-

tions are needed. One possibility is offered by the high performance organization (HPO) framework. This article describes the HPO framework and the results of applying this framework in the public sector worldwide. Specifically, six improvement themes that need to be addressed by public management to transform their organizations into high performance governmental organizations are discussed. The article concludes with a practical example of applying the HPO framework by evaluating the recently published Dutch Public Service Reform Memorandum and identifying the additional improvement actions that have to be taken.

## The HPO Framework

In the wake of Peters and Waterman's (1982) landmark study *In Search Of Excellence* **<<AU: Peters and Waterman (1982) does not appear in reference list. Add there or delete here.>>**and the bestsellers *Built To Last* (Collins & Porras, 1997) **<<AU: Check date. 1997 (text) or 1994 (reference list)?>>** and *Good to Great* (Collins, 2001), a strong interest has existed in identifying the characteristics of HPOs. This interest has grown even more because of the rapid changes in the competitive environment of companies, forcing them to "adapt faster and faster to growing international demands for flexibility and speed and to compete simultaneously on the basis of development cycle time, price, quality, flexibility, fast and reliable delivery, and after-sales support for their products" (Kasarda & Rondinelli, 1998). **<<AU: Provide page number or reword to avoid direct quote.>>** As a result of the changes in industry and society, governmental agencies too are subject to change. They must rapidly reshape themselves into nimble and flexible organizations that focus attention on the interests of stakeholders (Pollitt, 2003; Zeppou & Sotirakou, 2002). As a consequence, an increasing amount of literature describes high performance frameworks and the characteristics of HPOs in recent years. The study described in this paper is founded on the HPO framework, developed by the author in previous studies (De Waal, 2007, 2008, 2010), which is based on a descriptive review of 290 studies on excellence and high performance and a worldwide survey. In this framework, HPOs are defined as organizations that achieve results—both financial and nonfinancial—that are better than those of their peer group over a period of time of at least 5 to 10 years.

The previous HPO research by De Waal (2007, 2008, 2010) was conducted in two phases. The first phase, a descriptive literature review, consisted of a selection of studies on high performance and excellence to be included in the research. The selection criteria were that the study should

1. aim specifically at identifying HPO factors or best practices;
2. consist of either a survey with a sufficiently large number of respondents so that its results could be assumed to be (fairly) generic or in-depth case studies of several companies so that the results were at least valid for more than one organization;

3. employ triangulation by using more than one research method (e.g., a questionnaire and interviews; Jack & Raturi, 2006); and

4. include written documentation containing an account and justification of the research method, research approach, and selection of the research population, a clear analysis, and clear retraceable conclusions and results, so that the quality of the research method could be assessed.

For the literature search, the Business Source Premier, Emerald, and Science Direct databases were reviewed, and Google was also used to look for relevant sources. Search words used were *high performance*, *excellence*, *high performing organizations*, *high performance managers*, *high performance workforce*, *accountable organization*, *adaptive enterprise*, *agile corporation*, *agile virtual enterprise*, *democratic enterprise*, *flexible organization*, *high-performance work system*, *high reliability organization*, *intelligent enterprise*, *real-time enterprise*, *resilient organization*, *responsive organization*, *robust organization*, and *sustainable organization*. In addition, books were reviewed—mostly from the business and management fields. The literature search was conducted in 2007. Based on the four search criteria, the literature search yielded 290 publications, which satisfied the criteria wholly or partly. The publications were divided into three categories:

- Category A: Publications describing studies that satisfied all four criteria. These studies formed the basis for identifying HPO characteristics.
- Category B: Publications describing studies that satisfied criteria 1 and 2 but not criterion 3, and criterion 4 only partly. The research approach seemed (fairly) thorough, yet no clear description and justification of the method used was mentioned. These studies provided additional input for identifying the HPO characteristics.
- Category C: Publications describing studies that basically satisfied criteria 1 and 2, but not criteria 3 and 4. No basis was, therefore, present for generalizing the study findings. These studies could be used to illustrate the HPO characteristics identified in the first two categories.

The 290 publications were summarized by the author and two research assistants. After that the publications were placed in one of the three categories by the person who had summarized the publication. The designated category was subsequently reviewed and approved by one of the other researchers. Eventually this process resulted in 105 Category A, 66 Category B, and 119 Category C publications. The publication summaries included research method or methods, research population, main findings of the study, and the elements that the authors of the publication indicated as being important for becoming an HPO. All these elements were entered in a matrix. Because authors used different terminologies in their publications, the elements were grouped according to similarity in characteristics. For the first 90 studies, this process was reviewed and repeated by an external academic. The results of this academic review were discussed by

this academic with the author to reach complete agreement on the characteristics. After this process, the weighted importance was calculated for each of the characteristics (i.e., how many times did it occur in the various study categories). Finally, the characteristics that had a weighted importance of at least 6 percent were designated as the HPO characteristics that potentially make up an HPO. The reference list with details about the 290 studies used in the review and the matrixes with detailed scores are available for download in a 254-page white paper (http://papers.ssrn.com/s013/papers.cfm?abstract_id=931873). The research thus satisfied the criteria for good science as given by Srnka and Koeszegi (2007): Data collection was conducted systematically, a structured procedure and documentation of the data analysis was used, and multiple individuals were involved in the process and in quality checks.

The second phase of De Waal's **<<AU: Cite date>>** HPO study consisted of practical research. In this phase, the potential HPO characteristics were included in a questionnaire, which was distributed during management courses, lectures, workshops, and presentations given by the author and colleagues in Europe, North America, Asia, Africa, and South America. The subject matter of these occasions was not only high performance but also performance management, budgeting, and organizational behavior; therefore, in principle, no bias existed in the respondent population. The questionnaire, conducted between 2006 and the beginning of 2007, yielded 2,601 responses originating from approximately 1,300 organizations. The respondents indicated in the questionnaire how well their organizations performed on the various HPO characteristics on a scale of 1 (*very poor*) to 10 (*excellent*) and also how their organizational results compared with their peer group's. Two formulas were used to calculate this competitive performance (Matear, Gray, & Garrett, 2004): (a) relative performance (RP) versus competitors, where RP is calculated as RP = 1 – ([RPT – RPW] / [RPT]), in which RPT = total number of competitors and RPW = number of competitors with worse performance, and (b) historic performance (HP) of the past five years versus competitors' performance of past five years (possible answers: *worse*, *the same*, or *better*). Research has shown that such subjective measures of organizational performance can be considered good indicators of real performance (Bae & Lawler, 2000; Dawes, 1999; Deshpandé, Farley, & Bowman, 2004; Devinney, Richard, Yip, & Johnson, 2005; Dollinger & Golden, 1992; Glaister & Buckley, 1998; Heap & Bolton, 2004; Jing & Avery, 2008; Wall, 2004). Principal component analysis with oblimin rotation and nonparametric Mann–Whitney test revealed the characteristics that had the strongest correlation with organizational performance. These were identified as potential HPO characteristics. In total, this analysis yielded 35 characteristics in five factors that showed a statistically significant correlation with competitive performance (De Waal, 2010).

There is a substantial difference in approach between the aforementioned re-

search by De Waal **<<AU: Cite date(s)>>** and studies such as the ones carried out by Collins (2001) and Peters and Waterman (1982). **<<AU: Add to reference list or delete.>>** In De Waal's research, no selection was made in advance as to the objects or individuals that were to take part in the literature review and practical research to avoid bias and to make the probability of generalization (among others to the public sector) as high as possible (Aken, 2005). In the studies of the other researchers mentioned, and of many others, a selection on the basis of financial analyses was made in advance: Organizations that performed well or excellently in a certain sector were compared to competitors that did not perform as well. These researchers then determined the distinguishing characteristics of excellence based on the comparisons. A point of criticism to the latter approach is that specific organizations were selected for inclusion in the studies could be interpreted as selection bias, which affects the generalization of these studies (Niendorf & Beck, 2008; Resnick & Smunt, 2008). The research described in this article did not make any selection during the literature review nor during the practical work. In the next sections, summarized descriptions per HPO factor are given. Appendix 1 lists the detailed HPO characteristics.

## HPO FACTOR 1: HIGH QUALITY OF MANAGEMENT

The first and foremost HPO factor is the quality of management of the organization. In an HPO management combines many characteristics. It maintains trust relations with people at all organizational levels by valuing employees' loyalty, treating smart people smart, showing people respect, creating and maintaining individual relationships with employees, encouraging belief and trust in others, and treating people fairly. HPO managers live with integrity and are a role model by being honest and sincere, showing commitment, enthusiasm and respect, having a strong set of ethics and standards, being credible and consistent, maintaining a sense of vulnerability and by not being self-complacent. They apply decisive, action-focused decision making by avoiding overanalysis and instead coming up with decisions and effective actions, while at the same time fostering action-taking by others. HPO management coaches and facilitates employees to achieve better results by supporting and helping them, protecting them from outside interference, and by being available. Management holds people responsible for results and is decisive about nonperformers by always focusing on the achievement of results, maintaining clear accountability for performance, and making tough decisions. HPO managers develop an effective, confident, and strong management style by communicating the values and by making sure the organization's strategy is known and embraced by all organizational members.

## HPO FACTOR 2: OPENNESS COUPLED WITH ACTION ORIENTATION

The second HPO factor concerns characteristics that create an open culture in the

organization and use the openness to take dedicated action to achieve results. Management values the opinions of employees by frequently engaging in dialogue with them and involving them in all important business and organizational processes. HPO management allows experiments and mistakes by permitting risk-taking, taking risks themselves, and regarding mistakes as an opportunity to learn. In this respect, management welcomes and stimulates change by continuously striving for renewal, developing dynamic managerial capabilities to enhance flexibility, and being personally involved in change activities. People in an HPO spend a lot of time on communication, knowledge exchange and learning to obtain new ideas to do their work better and make the entire organization performance driven.

## HPO FACTOR 3: LONG-TERM COMMITMENT

The third HPO factor emphasizes that long-term commitment is far more important than short-term gain. This long-term commitment applies to all stakeholders of the organization—that is, not only shareholders but also employees, suppliers, clients, and the society at large. An HPO continuously strives to enhance customer value creation by learning what customers want, understanding their values, building excellent relationships with them, having direct contact with them, involving them, being responsive to them, and focusing on continuously enhancing customer value. An HPO maintains good and long-term relationships with all stakeholders by networking extensively, being generous to society, and creating mutually beneficial opportunities and win–win relationships. An HPO also grows through partnerships with suppliers and customers, thereby turning the organization into an international network corporation. Management of an HPO is committed to the organization for the long haul by balancing common good and personal interest and teaching organizational members to put the needs of the enterprise as a whole first. It grows new management from its own ranks by encouraging people to become leaders, filling positions with internal talent, and promoting leadership from within. An HPO creates a safe and secure workplace by giving people a sense of security (physically and mentally) and job security, and by laying off people only as a last resort.

## HPO FACTOR 4: FOCUS ON CONTINUOUS IMPROVEMENT AND RENEWAL

The fourth HPO factor is very much in line with a trend that has been occupying organizations the past two decades: continuous improvement and innovation. This trend starts with an HPO adopting a strategy that differentiates the company from others in the sector by developing many new opportunities and alternatives to service its clients. After that, the organization will do all it can to execute this unique strategy. It continuously simplifies, improves, and aligns all its processes to develop its ability to respond to events efficiently and effectively and to eliminate

unnecessary procedures, work, and information overload. The company also measures and reports everything that matters, and thus rigorously measures progress, consequently monitors goal fulfillment and confronts the brutal facts. It reports these facts to management and to everyone else in the organization so that all organizational members can access the financial and nonfinancial information they need to drive improvement. People in an HPO feel a moral obligation to strive continuously for the best results. The organization continuously innovates products, processes, and services, thus constantly creating new sources of competitive advantage by rapidly developing new products and services to respond to market changes. It also masters its core competencies and is an innovator in them by deciding and sticking to what the company does best, keeping core competencies inside the firm, and outsourcing noncore competencies.

## HPO FACTOR 5: HIGH QUALITY OF WORKFORCE

Complementary to the first HPO factor, high quality of management, the fifth HPO factor addresses quality of workforce. An HPO makes sure it assembles a diverse and complementary management team and workforce and recruits a workforce with maximum flexibility, to help detect the complexities in operations, and to incite creativity in solving them. An HPO is continuously developing its workforce by training them to be both resilient and flexible, letting them learn from others by entering into partnerships with suppliers and customers, inspiring them to develop their skills so they can accomplish extraordinary results, and holding them responsible for their performance so they will be creative in looking for new productive ways to achieve the desired results.

# HPO in the Public Sector

Closer analysis of the HPO research results shows that the five identified HPO factors are interrelated. That is, when one factor improves, the other factors will also improve. However, it does not mean that the five HPO factors are always equally important or that they can be improved in random order. The emphasis on the HPO factors may shift, depending on the sector, industry, and special circumstances an organization is in. For instance, organizations in the for-profit sector need to focus on all five HPO factors to become and stay an HPO, whereas public sector organizations initially need to concentrate on the HPO factors long-term commitment and quality of management. The difference in HPO emphasis between the public and the private sectors is consistent with the main differences between the two sectors (Andersen & Lawrie, 2002; Moriarty & Kennedy, 2002; Pollitt, 2003):

- *Responsibility structure.* In a private organization, the responsibility structure is relatively simple with a management team and a board of directors. In a public

organization, on the other hand, a political leadership is responsible for formulating the strategy, and a executing leadership is responsible for implementing the strategy. This division of leadership and responsibilities causes many conflicts in public organizations.

- *Resources.* Both public and private organizations have material assets (e.g., capital) and immaterial assets (e.g., employees) at their disposal. Yet, public organizations have an important asset that private organizations do not have, namely, political power, resulting from the activities they perform (e.g., tax collection, law enforcement, environmental legislation).
- *Strategy and added-value creation.* Again, managing this aspect of the organization is relatively simple for private organizations, in which value (i.e., return on investments) must be created for the company's shareholders. For public organizations, added value is defined by supervisory agencies, which often have conflicting interests (e.g., citizens who resist higher taxes versus social security recipients who desire more benefits; Dewatripont, Jewitt, & Tirole, 1999).
- *Clients and customer satisfaction.* Public organizations find it more difficult than private organizations to increase customer satisfaction because they may be forced to act against the immediate interest of their clients. For instance, increasing public security may go against people's freedom of movement. In addition, it is not always clear who exactly the clients of a public agency are. In private sector organizations, customers pay for and receive products or services. In public sector organizations, citizens pay tax without directly benefiting from it. It is also often difficult to define exactly the goals of a public agency and, consequently, measure its results (Thiel & Leeuw, 2002).

The first two differences (responsibility structure and resources) have to do with the HPO factor quality of management, whereas the last two differences concern the HPO factor long-term commitment.

## What Needs to Be Done in the Public Sector

The public sector was adequately represented in the HPO research by the De Waal **<<Cite date(s)>>** as the worldwide survey collected data on 623 public organizations. Consequently, the statistical analysis of the data and the five HPO factors derived from that may be considered relevant to public organizations. The HPO research provides public managers insight into the HPO factors and characteristics that create a high performance governmental organization. Knowledge of the HPO factors enables management to determine the HPO status of their own organization. The HPO status of the public sector worldwide is depicted in Figure 1. No distinction could be made between central and local authorities because the data were anonymous.

Figure 1 is consistent with the observation of the Dutch prime minister, Jan Peter Balkenende, that a culture of mediocrity exists in the public sector (Wal, 2007): the average HPO score for the public sector worldwide is 6.0. Excellent
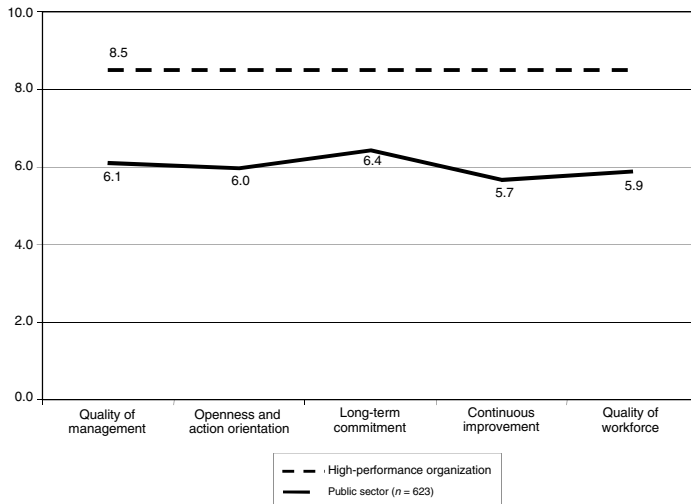
**Figure 1. The HPO Status of the Public Sector Worldwide**

organizations achieve, on average, HPO scores of 8.5, or higher (De Waal, 2008), suggesting plenty of potential for improvement for public sector organizations. Figure 1 shows that the public sector scores relatively high on the HPO factor long-term commitment. Public sector organizations are aimed at servicing the customers (7.0) and they maintain good and long-term relationships with all stakeholders (6.8). These relatively high scores are not surprising considering the nature of public sector organizations. By definition, they must navigate in a high-tension environment with many conflicting interests. Maintaining good relations with all parties is essential.

The detailed results of the HPO survey, as given in Appendix 1, reveal what public sector organizations need to do to raise their overall quality. The HPO scores lower than 6.0, grouped together, indicate six improvement themes. If management of public sector organizations works dedicatedly on these themes in the coming years, an excellent public sector will be created that is ready for future challenges. The six themes are as follows.

  1. *Improve the "aura" of public sector managers* (HPO characteristics 12, 17, 20, 27, and 34). As the HPO factor quality of management is the most important to the public sector, it is of paramount importance that management of public sector organizations work on creating inspirational leadership in the sector. Public sector managers can obtain an "aura of inspiration" by working on being a role model for employees and for each other; coaching their staff and volunteers to achieve extraordinary results and taking the lead in this endeavor themselves; letting their staff and volunteers make mistakes while experimenting and making mistakes themselves; being as effective as possible; and getting everybody, including themselves, to achieve extraordinary results (Pate, Beaumont, & Stewart, 2007).

Public sector managers must become high-performance managers, that is, people who are guided by principles of client focus, continuous improvement, and quality (Angelim & de Aquino Guimarães, 2005; Nanus & Dobbs, 1999). Public sector organizations then must devote themselves to retaining these high-performance managers as long as possible with the organization (Anderson, 2004; Soo-Young & Whitford, 2008).

2. *Strengthen the resoluteness of management* (HPO characteristics 18, 19, and 25). Part of the aura of managers is to be resolute so they can instill confidence in their employees. For this to happen, managers must become more action orientated (Kim, 2010). In addition, managers have to be more decisive regarding nonperformers by dealing with them, within legal boundaries, as quickly and as efficiently as possible. Public sector organizations should set up a training program for management in which training-on-the-job and coaching-on-the-job are the main elements to become more resolute (Wolf & Sherwood, 1981; Yu, 2007).

3. *Become more innovative to be able to service the clients better* (HPO characteristics 1, 7, 8, and 30). The organization has to develop a "manifesto" explaining how the organization will add more and more value to society. This process can be accomplished by developing a strategy that explains what makes the organization unique in its services to society and then continuously improve and renew the core competencies, products, and services so that civilians and companies are serviced as best as possible. This process will increase the social added value that public sector organizations should have at all times (Callahan, 2007; Cole & Parston, 2006).

4. *Improve the performance management process of the organization* (HPO characteristics 5 and 6). The performance management reports need to incorporate the critical success factors and key performance indicators that measure client dedication and the important processes in the organization that increase the performance on client dedication. These reports then must be distributed to everybody in the organization so that all employees are aware of the key areas in which the public sector organization is striving to excel (Callahan, 2007; Mayne & Zapico-Goñi, 1997; Ramseook-Munhurrun, Lukea-Bhiwajee, & Naidoo, 2010).

5. *Improve process management within the organization* (HPO characteristics 3 and 4). Make sure that the processes are really improved, simplified, and aligned to be able to strengthen the organization's client dedication. Set up a training program to accomplish this task and appoint a dedicated process manager who will watch over the quality of the process of improvement (Mihyar, Hayder, & Muhammad, 2007; Ongaro, 2004; Rhee & Rha, 2009; Weeks & Bruns, 2005).

6. *Increase the quality of the workforce* (HPO characteristics 10, 11, and 28). Public sector organizations must concentrate on increasing the quality of employees by training them to become more flexible and resilient and by urging employees to spend more time on communicating and exchanging knowledge and best practices, both inside and outside the organization. In addition, the recruitment process should be aimed at attracting and hiring employees who are willing to

accept responsibility and who want to be challenged by management to achieve extraordinary results. These employees must be coached in such a way that they can eventually transfer to management level (Collins, 2008; Kim, 2010).

## A Practical Example

This section describes a practical example of how the HPO framework can be applied to adjust improvement programs in the public sector (De Waal, 2009). This example originates from the Dutch public sector. In constructive generalization rhetoric, the successful implementation of a new solution, in this case the HPO framework, makes it plausible that the solution will also work in other organizations. The generalization of the HPO framework, in the topology of Lee and Baskerville (2003), is a type TT generalizability, in which the formulation of a theory is based on the synthesis of ideas from a literature review (Lee & Baskerville, 2003, p. 238) and from practical work. As the HPO research discussed earlier included data from over 60 countries and many industries, the HPO factors can be used for generalization (Aken, 1995; Bowman, Farley, & Schmittlein., 2000; Costigan et al., 2005; Davidson, Jaccard, Triandis, Morales, & Diaz-Guerrero, 1976; Deshpandé Farley, & Webster, 2000; Humprey & Scapens, 1992; Lee & Baskerville, 2003; Zagersek, Jaklic, & Stough, 2004) and are thus applicable to the Dutch public sector. The results of this Dutch case study, in turn, can be employed for improving governmental organizations in other countries.

The example concerns the Nota Vernieuwing Rijksdienst (Public Service Reform Memorandum) published by the Dutch government in 2007. The Dutch government aimed to improve the performance of the public service by making better policy plans, reducing compartmentalization of government functions, reducing the civil service workforce, and generally being more efficient (Ministry of Internal Affairs, 2007). The memorandum focused on improving those factors that would make public service organizations truly successful, in the sense that satisfaction among civilians and businesses would increase while the budget stayed the same or decreased. The potential effectiveness of the Public Service Reform Memorandum was evaluated by matching it with the HPO framework.

> A civil service that makes better policies and reduces compartmentalisation of government functions is more efficient and of smaller size. That is the core of the Public Service Reform Memorandum. This memorandum describes the Cabinet program to implement its coalition agreement objective to improve the public service function and at the same time achieve a significant reduction of the public service workforce. (Ministry of Internal Affairs, 2007)

The objectives of the Public Service Reform Memorandum were fairly ambitious. The memorandum outlined a civil service that wanted to work and communicate in a different way, with trust as the guiding principle for policy development, policy deployment, and policy monitoring. Article 8 of the Reform Memorandum

gave a more detailed description by stating that the proposed improvement program aimed to realize a civil service that would respond swiftly and adequately on social challenges; diminish the number of complex rules and administrative burdens; make ready-to-implement policies and dispose of unsuccessful policies; show results and necessary actions; act professionally; be efficient and competent without wasting funds; and be a good employer for ambitious, competent, honest and loyal civil servants. To achieve these objectives, the civil service had to meet multiple requirements at the same time: increase the quality of service, reduce the number of civil servants, and attract a new breed of civil servants described as "the best and the brightest." The eventual result would be a performance-driven civil service. The Cabinet was of the opinion that meeting these requirements all at the same time would not be a problem as "slenderness and fitness of organizations may well go hand in hand" (Article 11 of the memorandum).

The Public Service Reform Memorandum had four main components:
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- *Improve policy making and execution*. In the policy-making process, no longer would governmental bodies but rather society (i.e., civilians, interest groups, political parties) would decide which issues should be subject of policy making. Consequently, governmental units would be grouped together to work together on future topics on a need-to basis. Important elements in the policy making had to be feasibility of execution and high quality of deployment (Article 13).
- *Lower administrative burden, improved enforcement.* Reduction of government interference should result in less rules and regulations for civilians, businesses, and (local) authorities. Enforcement of the remaining regulations would be increasingly delegated to lower government levels (Article 14).
- *Increase efficiency of (operational) management*. Increasing efficiency and effectiveness had to simplify the execution of civil service processes. This step entailed centralization and standardization of services, if it made economically sense, and deployment to lower levels, if it would be more effective, taking into account the differences in nature of (in particular) local authorities (Article 15).
- *Increase competencies of personnel.* Changing the requirements that employees should meet was inherent to changing the civil service. Staff had to keep up with developments, which required investing in training, management development programs, and new compensation schemes. Government employees would no longer be employed by a certain department or authority but by the Dutch government, which would facilitate internal transfers and increase the availability of staff.

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The Dutch government decided to implement the memorandum in stages. In the first stage, the government departments were each required to draw up a plan to improve policy making and policy execution, and reduce the workforce and the operational budget. In the second stage, similar plans were prepared on

interdepartmental level to make sure that the redundancies in people would be carried out proportionally at all organizational levels and the functioning of the entire workforce would improve (Article 12). The Cabinet considered the reform memorandum as a starting point for improvement rather than a detailed document on how to make public organizations achieve world-class status. This foundational point raised the question of whether the memorandum was a good first step on the road to creating high-performance public organizations. One way of finding an answer to this question was to check the extent to which the memorandum addressed the five HPO factors and their underlying characteristics. In Appendix 2, the 35 HPO characteristics are compared with the articles of the memorandum to establish the scope of the memorandum.

Appendix 2 shows that the Public Service Reform Memorandum paid specific attention to 17 of the 35 HPO characteristics. It mainly concerned statements that certain characteristics had to be improved, without being explicit about how to achieve the suggested improvements (e.g., action plans). There are two reasons for this general approach. First, the heterogeneity of the public sector requires not just one but multiple customized solutions and thus action plans. Second, it not only aimed at organizational improvement but also at a substantial reduction of the workforce, and this combination of improvement and shrinkage in a diverse public sector could not be achieved by a one-size-fits-all approach. The memorandum thus favored a decentralized approach. Reduction targets were set by each governmental department, and they were themselves responsible for drafting an action plan how to achieve these targets. In addition, central improvements plans were made for supra-departmental issues, which were executed under supervision of a permanent secretary or deputy secretary.

A point of criticism with respect to the memorandum is that action plans to increase the quality of public sector management are not included in the document, while the HPO research indicates that quality of management is the most important HPO factor for increasing the overall quality level of the public sector. This point is all the more important because managing public sector organizations generally is complicated and requires special management skills and qualities. Public sector managers must work in a highly complicated environment, influenced by political pressures, demands of the general public, legislation, transparency requirements, supervision of Parliament and the National Auditor's Office, and—last but not least—the media. In addition, they must work with tight budgets, a shortage of qualified personnel, and strict employment regulations. All in all, managing public sector organizations is a difficult task, and more attention should be given to help management increase its quality so it can cope with its tasks adequately. The Public Service Reform Memorandum mentions the improvement of quality of management only briefly and in general terms (e.g., suggesting that selecting good managers and improving flexibility, knowledge, and skills of these manag-

ers should be done). Fortunately, several successful government-wide programs have already been conducted in this direction, especially for lower operational management. It is important that the higher management echelons also pay attention to improving management quality highest and make sure that the improvements described in the memorandum for policy making, policy execution, and operational and strategic management will be implemented. In addition, tangible supplementary programs are needed that address the full range of management development (from developing general management skills to specific skills for the public sector) and involve all management levels in the organization. Such programs are urgently needed not only to increase the quality and flexibility of public sector managers but also to make sure that public sector organizations are ready for future challenges.

## Conclusion and Recommendations

Attempts to improve performance of the public sector have had mixed results in many countries. A precondition for new improvement programs to succeed where earlier efforts have failed is that they should focus on improving precisely those factors that make a public service organization perform well. These success factors have been identified in HPO research: high quality of management, high quality of workforce, long-term commitment, open and action oriented culture, and culture of continuous improvement and renewal. This article discusses the six improvement themes that need to be addressed by managers of public sector organizations to transform their organizations in high performance governmental organizations. The article also provides an example of how the HPO framework can be applied by testing the Dutch Public Service Reform Memorandum for compliance with the framework. The results show that the memorandum addressed about one-half of the relevant HPO characteristics that create a high-performance governmental organization but failed to describe action plans for the most important HPO factor for the public sector: improvement of the quality of management of public service organizations. As the Dutch Public Service Reform Memorandum is only one example, future studies could focus on testing other improvement programs of governmental organizations—preferably also in other countries—against the HPO framework and make suggestions on how to improve them. Improvement plans should at all times include actions to increase the quality of public sector management. In addition, tangible action plans should be developed for improving the other HPO characteristics of the HPO framework. If governments would take these suggestions to heart and act on them, high-performance governmental organizations will be created with much added value to society. In addition, longitudinal research into the application of the HPO framework in governmental organizations is essential to identify any necessary adjustment to the framework.

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**Appendix 1. The High Performance Organization (HPO) Characteristics and Their Scores for the Public Sector**

| HPO factors and characteristics | Score |
|---|---|
| Continuous improvement | |
| 1.  The organization has adopted a strategy that sets it clearly apart from other organizations. | 5.8 |
| 2.  In the organization processes are continuously improved. | 6.1 |
| 3.  In the organization processes are continuously simplified. | 5.1 |
| 4.  In the organization processes are continuously aligned. | 5.4 |
| 5.  In the organization everything that matters to performance is explicitly reported. | 5.8 |
| 6.  In the organization both financial and non-financial information is reported to organizational members. | 5.6 |
| 7.  The organization continuously innovates its core competencies. | 5.7 |
| 8.  The organization continuously innovates its products, processes and services. | 5.8 |
| Management quality | |
| 9.  Management frequently engages in a dialogue with employees. | 6.1 |
| 10.  Organizational members spend much time on communication, knowledge exchange and learning. | 5.7 |
| 11.  Organizational members are always involved in important processes. | 6.0 |
| 12.  Management allows making mistakes. | 5.5 |
| 13.  Management welcomes change. | 6.3 |
| 14.  The organization is performance driven. | 6.1 |
| Openness and action-orientation | |
| 15.  Management is trusted by organizational members. | 6.1 |
| 16.  Management has integrity. | 6.6 |
| 17.  Management is a role model for organizational members. | 5.9 |
| 18.  Management applies fast decision-making. | 5.7 |
| 19.  Management applies fast action-taking. | 5.8 |
| 20.  Management coaches organizational members to achieve better results. | 5.9 |
| 21.  Management focuses on achieving results. | 6.8 |
| 22.  Management is very effective. | 6.0 |

| | | |
|---|---|---|
| 23. | Management applies strong leadership. | 6.2 |
| 24. | Management is confident. | 6.7 |
| 25. | Management is decisive with regard to non-performers. | 5.2 |

**Workforce quality**

| | | |
|---|---|---|
| 26. | Management always holds organizational members responsible for their results. | 6.3 |
| 27. | Management inspires organizational members to accomplish extraordinary results. | 5.2 |
| 28. | Organizational members are trained to be resilient and flexible. | 5.6 |
| 29. | The organization has a diverse and complementary workforce. | 6.5 |
| 30. | The organization grows through partnerships with suppliers and/or customers. | 5.8 |

**Long-term commitment**

| | | |
|---|---|---|
| 31. | The organization maintains good and long-term relationships with all stakeholders. | 6.8 |
| 32. | The organization is aimed at servicing the customers as best as possible. | 7.0 |
| 33. | Management has been with the company for a long time. | 6.3 |
| 34. | New management is promoted from within the organization. | 5.6 |
| 35. | The organization is a secure workplace for organizational members. | 7.1 |

**Appendix 2: Matching the Public Service Reform Memorandum with the High Performance Organization (HPO) Framework**

| HPO factor/characteristic | Article | Remarks |
|---|---|---|
| Continuous improvement | | |
| The organization has adopted a strategy that sets it clearly apart from other organizations. | 18 | Places emphasis on more focus and better choices as policies are concerned. No mention is made of how to make a strategy unique. |
| In the organization processes are continuously improved. | 18, 42, 60, 61, 70, 90–95, 110, 118 | States only that policies should become easier to implement, not how to improve the processes themselves (except for some remarks about ICT and shared service centers). |
| In the organization processes are continuously simplified. | | |
| In the organization processes are continuously aligned | | |
| In the organization everything that matters to performance is explicitly reported. | 40 | States only that improvement is needed, not how to accomplish this (except for a remark about reorganization). |
| In the organization both financial and non-financial information is reported to organizational members. | | |
| The organization continuously innovates its core competencies. | — | |
| The organization continuously innovates its products, processes and services. | 47 | States only that improvement is needed, not how to accomplish this. |
| Openness and action orientation | | |
| Management frequently engages in a dialogue with employees. | — | |
| Organizational members spend much time on communication, knowledge exchange and learning. | 51 | Improving communication, knowledge sharing and learning is only included as a minor remark. |
| Organizational members are involved in important processes. | — | |
| Management allows making mistakes. | — | |
| Management welcomes change. | 19, 20, 99 | States only that management should be open to change, not how to do so. |
| The organization is performance driven. | — | The entire memorandum centers on this characteristic. However no actions are mentioned to improve the performance-driven culture of organizations. |
| Management quality | | |
| Management is trusted by organizational members. | — | |
| Management has integrity. | — | |
| Management is a role model for organizational members. | — | |
| Management applies fast decision making. | — | |

| Statement | Ref | Description |
|---|---|---|
| Management applies fast action taking. | — | |
| Management coaches organizational members to achieve better results. | 97 | States only that coaching should improve, not how to do so. |
| Management focuses on achieving results. | — | |
| Management is very effective. | — | |
| Management applies strong leadership. | — | |
| Management is confident. | — | |
| Management is decisive with regard to non-performers. | — | |
| **Workforce Quality** | | |
| Management always holds organizational members responsible for their results. | 45, 100 | Deals mainly with external accountability and that it has to be investigated how to improve. In regard to internal accountability there is only a statement that it should be improved, not how to do so. |
| Management inspires organizational members to accomplish extraordinary results. | — | |
| Organizational members are trained to be resilient and flexible. | 41, 97, 102, 130 | There is only a statement that employees should become more resilient and flexible, not how to achieve this. |
| The organization has a diverse and complementary workforce. | – | |
| **Long term commitment** | | |
| The organization grows through partnerships with suppliers and/or customers. | 21–34, 52–55 | Places main focus on the structural aspects of the cooperation, not on improving the cooperation process itself. |
| The organization maintains good and long-term relationships with all stakeholders. | 48– 51 | States only that this should be taken into account, not how to do so. |
| The organization is aimed at servicing the customers as best as possible. | 63–69 | |
| Management has been with the company for a long time. | 41 | Mentions only one program to keep people longer in public service. |
| New management is promoted from within the organization. | — | |
| The organization is a secure workplace for organizational members. | 58, 98, 119–125, 130 | The memorandum mainly talks about reducing the workforce. This statement is softened by the fact in the future that people will be employed by the national government rather than one department. |

*André A. de Waal is an associate professor of strategic management at the Maastricht School of Management, the Netherlands, and the Academic Director of the Center for Organizational Performance, the Netherlands. de Waal has been selected by managementboek.nl as one of the Dutch Masters in Management—one of ten people who have influenced management thinking in The Netherlands the most in the past decade. He has published over 220 articles and 24 books. He can be reached via www.hpocenter.com.*