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# A culture of performance for managing complexity

Managing public sector organizations requires living with high levels of complexity and managing ever-increasing demands and changing priorities. In this environment, to preserve service to the public, it is vital that public sector organizations build and maintain an organizational culture aimed at performance.

Public sector organizations must continue to innovate in order to do more with less. In a unionized environment where day-to-day expenses for items such as rent and salaries are increasing, all discretionary investments for future productivity are under review to determine ways to minimize the damage from deferral.

Priorities and policies are clear. Budgets are set. Organizations make plans. Yet, a key problem is implementing these plans with the available resources.

So what is organizational culture? It is the invisible map that guides how people carry out their responsibilities. It is how people behave and interact. It is the set of practices, values, rules and assumptions that exist in an organization and that guide the way people within an organization engage, go about their work and communicate inside and outside their organization.

A performance culture is one where leadership is trusted, client and stakeholder expectations are understood, evidence is used for decision making and policy-making, risks are managed, organizational learning is encouraged, performance is measured, recognized and rewarded, the team is aligned and engaged, operations are improved on a continuous basis, and assets are safeguarded.

Over the past two decades, public sector organizations have implemented management reforms aimed at improving effectiveness, saving money, and maintaining control. This has been achieved in general by: getting the incentives right; enhancing productivity; using all service delivery

channels (in person, Internet, telephone, mail) according to which channel is best for the required transaction; managing and mitigating risk; seeking the application of managerial and employee judgement within a well-defined control framework; using service standards to meet client expectations and achieve service delivery consistency; contracting for service and forming partnerships with the private sector where this is cost-effective and improves performance; promoting effective accountability; and selecting and rewarding managers for results. The basic principle of these reforms has been to shift the focus of management policies away from input and procedural control and toward performance and values-based controls.

With these changes, significant savings and improvements to productivity have been achieved. But in some high risk areas of public administration such as contracting for IT services or the administration of grants and contributions, there have been notable problems. At the federal level oversight-type controls have been tightened, while at the same time the day-to-day management controls have been relaxed. Also at the federal level, the Treasury Board has completed a review of its detailed policies to reduce the “web of rules.”

At the same time, accountability-focused legislation and regulations have created additional oversight agents reporting directly to Parliament, tighter internal oversight structures with new policies for internal audit and for program evaluation, and departmental audit committees.

When formal detailed policies are rescinded but oversight is increased, there is less clarity for managers as to whether day-to-day actions will pass scrutiny by the overseer. Although there may be more freedom to exercise judgement and manage risk, there is no protection from criticism when something goes wrong. The defence that one was following the rules no longer works. In the absence of a performance culture, some managers and employees will operate in a very reserved manner since they see little or no benefit to taking risks.

More performance-oriented rules and procedures, coupled with more rigorous audit and evaluation and a high level of scrutiny by oversight bodies, may present a thicker layer of control than was the case in the days of the detailed, process-oriented rules. Without a performance culture, an organization can pass the oversight tests on paper but may not deliver against expectations. A department can have people operating by the book and its corporate documentation in order. It may be able to document how it complies and meets the current tests for management accountability. The financial experts may accurately report on money being spent. But the organization may really be just scraping along, trying to cope with budget cuts, rather than focussed on delivering results.

Case-by-case reflection is needed. Are central agency or headquarters requirements providing valuable guidance and direction for departmental management, decision making, policymaking, continuous improvement and reporting? Or is the focus on compliance with a headquarters or central agency requirement?

In a performance culture, management policies are supported and valued in order to deliver the organization’s mandate. Central agency requirements are met as a by-product of meeting the needs of the department for its continued success. 