



Public Management (1): The Challenge of Policy and Organizational Reform

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Objectives

- Introducing the ‘strategic triangle’ framework for diagnosing management challenges and managing the stakeholder environment in the public sector
- Working through “The Thai Microfinance” case study as an example

Managerial success

What are the indicators of the success of managers in the private sector?

Private managerial success

- Private sector definition of managerial success: profits, stock prices, market shares.
- Non-profit definition of success complicated:
 - What is output or value?
 - How to measure?
 - What does successful management look like? Failed management?

Public managerial success

- Personal reputation and career advancement?
- Building large and strong organizations?
- Achieving program success?
Program sustainability?

Public output assessment

- ‘Public interest’ often not well defined: What are we doing and why?
- Multiple programs and constituencies – difficult to attribute and assess. Mandates conflicting.
- We are one actor among many: how to define contribution?
- Time lag in program / policy impact.
- Lack of evaluative data.

Difficult questions

- *How do non-profit managers select their goals and policies?*
- *How can their actions and outputs be properly assessed?*

Some answers

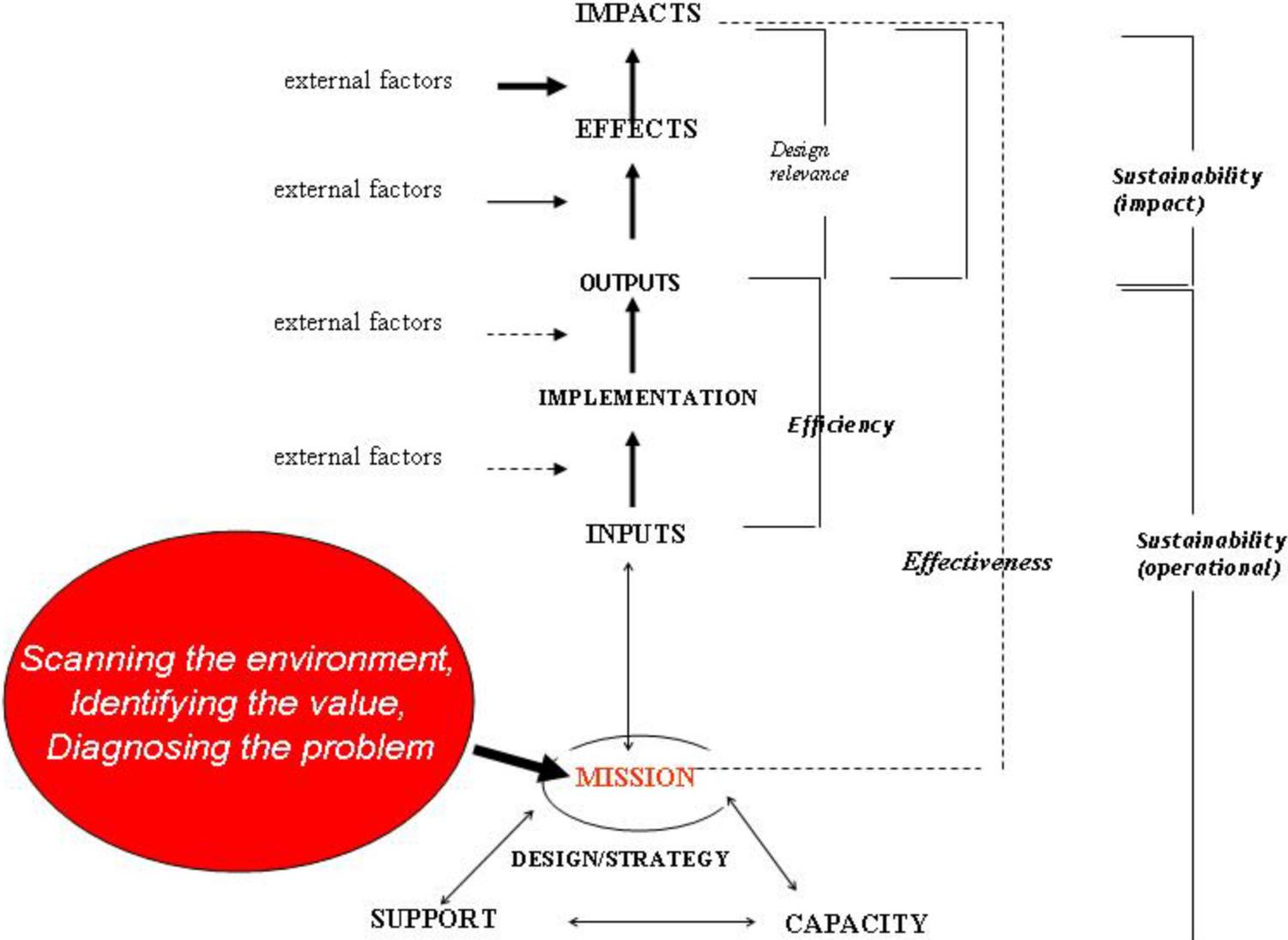
- Donor's satisfaction?
- Political leaders' satisfaction?
- Program evaluation – efficiency, effectiveness, fairness etc.? Cost-benefit analysis?
- “Customer” satisfaction?
- Public value? (Mark Moore)

The strategic triangle

1. Mission and purpose
 - Goals, objectives and strategic directions
 - Defining policies and products that create public value
 - Involves program analysis and value considerations

Not just a good idea or intention – but a valid problem diagnosis and causal model for having an impact

Getting the Impact Model Right



The strategic triangle

2. Authorization and legitimacy

- Mandate, resources and authority
- Sustain support from the authorizing environment, negotiating among the players needed to make things happen
- Political and institutional analysis

Both vertically and horizontally, bringing the key players together.

The strategic triangle

3. Organizational capacity

- Deploying resources effectively towards their stated ends
- Implementing programs / policies and attains goals
- Organizational / managerial analysis

Execution: The discipline of making it happen.

The hard part

Touch all three bases!

(Consider what happens if you miss)

Functions of the strategic triangle

- Help managers position their enterprises in complex, dynamic environments
- Help managers envision a sustainable public value proposition to be pursued
- Help managers assess *feasibility* of different proposals
- Help distribute managerial attention across complex set of tasks being faced – avoiding errors, seizing opportunities...

Comparison with traditional public administration

Traditional view:

- Focuses on administration of given mandate
- Assumes organizational and policy directions, resources and mandates as given.
- Ignores strategic activities – defining substantive policy, crafting mission and goals, managing political environment and stakeholders, improving organizational capacity and compliance.
- But remains an ideal and assumption in many contexts

More questions

- *Can a “public interest” really be defined when there are so many conflicting values and groups in society?*
- *Are public managers ‘technicians’ (passive implementers of mandated goals or policies) or ‘strategists’ (policy entrepreneurs and advocates)?*
- *To whom and how should public managers be held accountable (answerable) for their actions?*

Conclusion

- Public sector output not easy to define and assess. “Public value” and the strategic triangle provide one framework.
- Difficult tasks:
 - Linking the three capacities
 - Dealing with risk of unresolved conflict and potential failure
 - Ethical and accountability issues (to be explored later)

Questions for the Thai case study

- What are – or what *should be* – the objectives of the project? Is there any contradiction or tension between the various goals?
- Whose support is essential for the project to succeed? Do they have different interests?
- What capacities are necessary to implement the program well? At present, are those capacities sufficiently present in the system?

Public Management (2): Innovations and Change Management

*The Challenge of Working Effectively Across
Organizational and International Boundaries in
Introducing Innovations*

Overview

- Case studies: The Afghan New Baghlan Sugar Company; and The development of the Suzhou Industrial Park
- Thinking about coordination problems across organizations, sectors, and even international boundaries
- A framework for action: Do's and Don'ts of change management

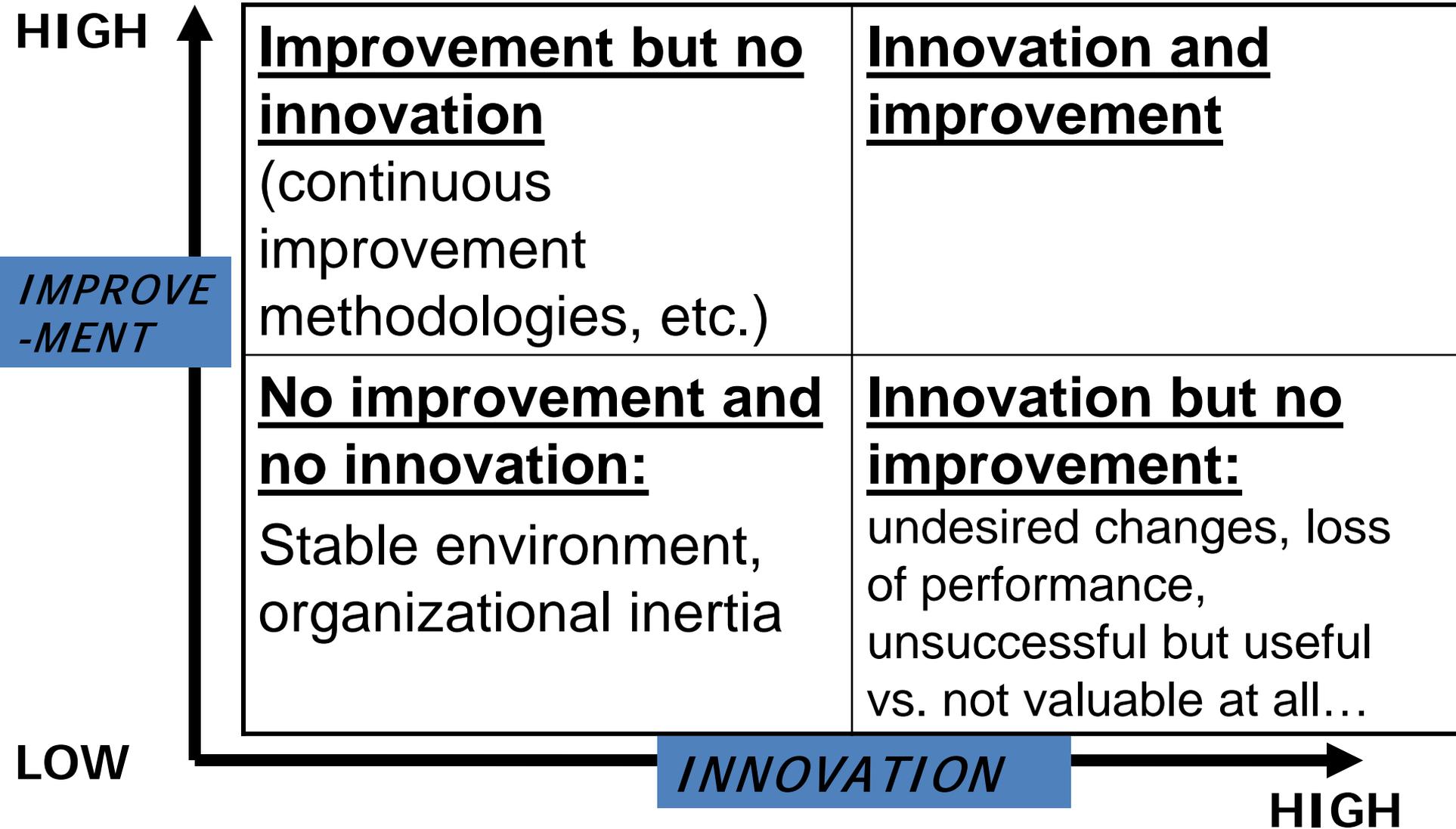
Questions about innovation:

- What are the characteristics of an innovation? Why does innovation happen?
- Are there innovations that are not successful? Why?
- What are the special challenges of transferring innovations across country contexts?
- Are there ever missed opportunities for innovation? Why or why not?

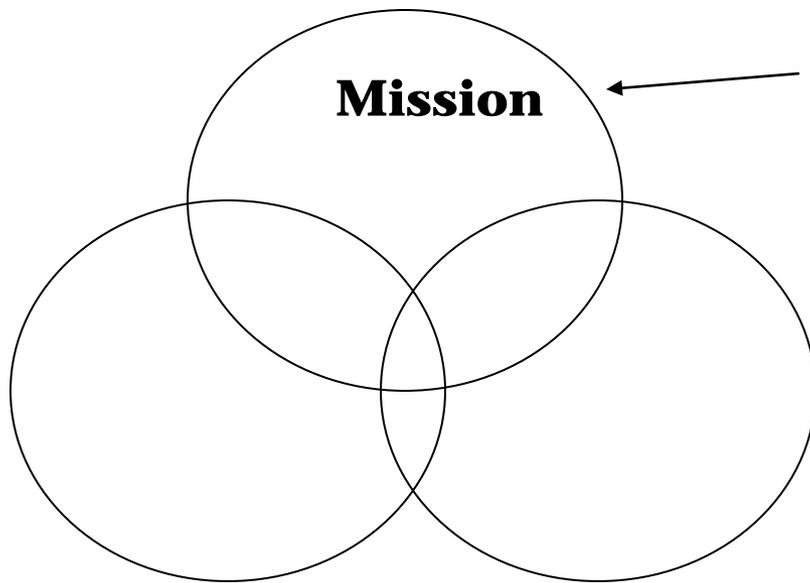
Key aspects of innovations:

- “Those changes worth recognizing as innovation should be...new to the organization, be large enough, general enough and durable enough to appreciably affect the operations or character of the organization”
(Mark Moore *et al.*, 1997, p. 276)

Innovation vs. Improvement



Review: A 'strategic triangle' of roles in managing innovation

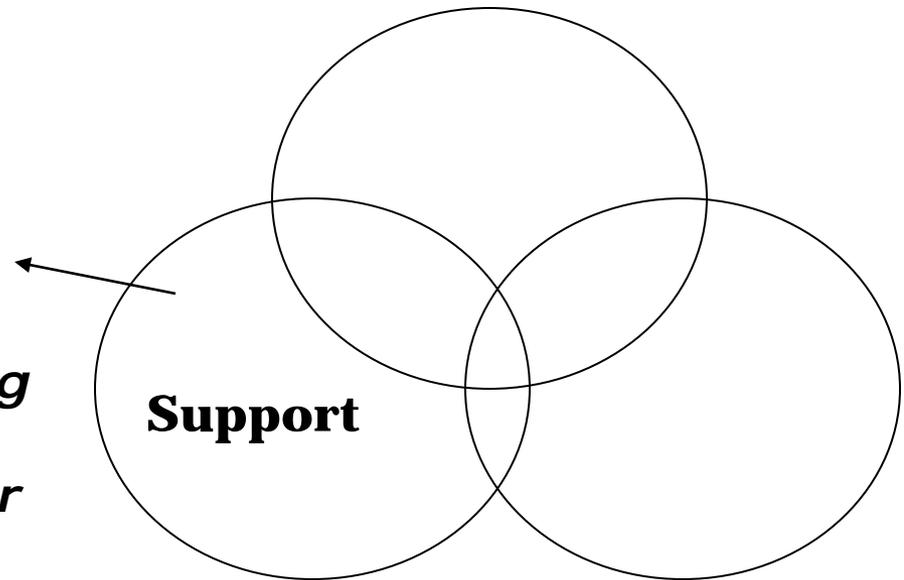


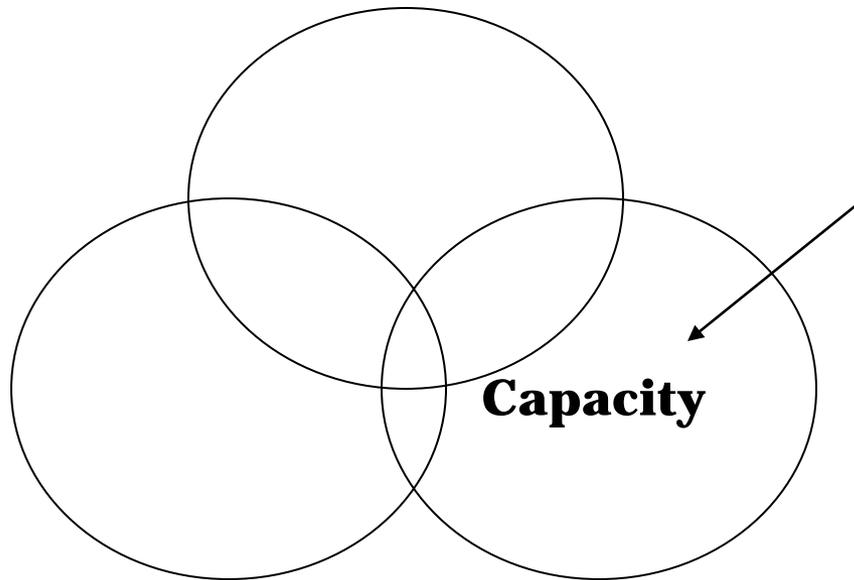
**"Entrepreneur + analyst"
role:**

*Identifying new needs and
new opportunities for
creating value*

Advocate role:

Gaining authority to implement, identifying sources of financial and managerial support, enlisting the help of multiple stakeholders, steering clear of resistance





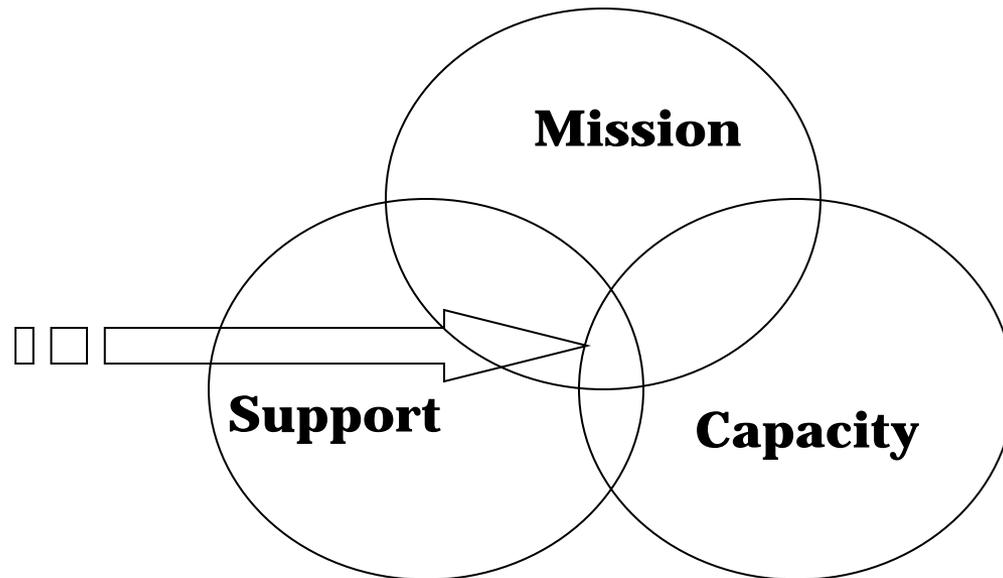
Manager's role:

Developing organizational capacities necessary to implement program – human, infrastructural, and in terms of organizational structure and work processes

Making course corrections

The Strategic Management Challenge: *'Covering' one or two of the bases is not enough.*

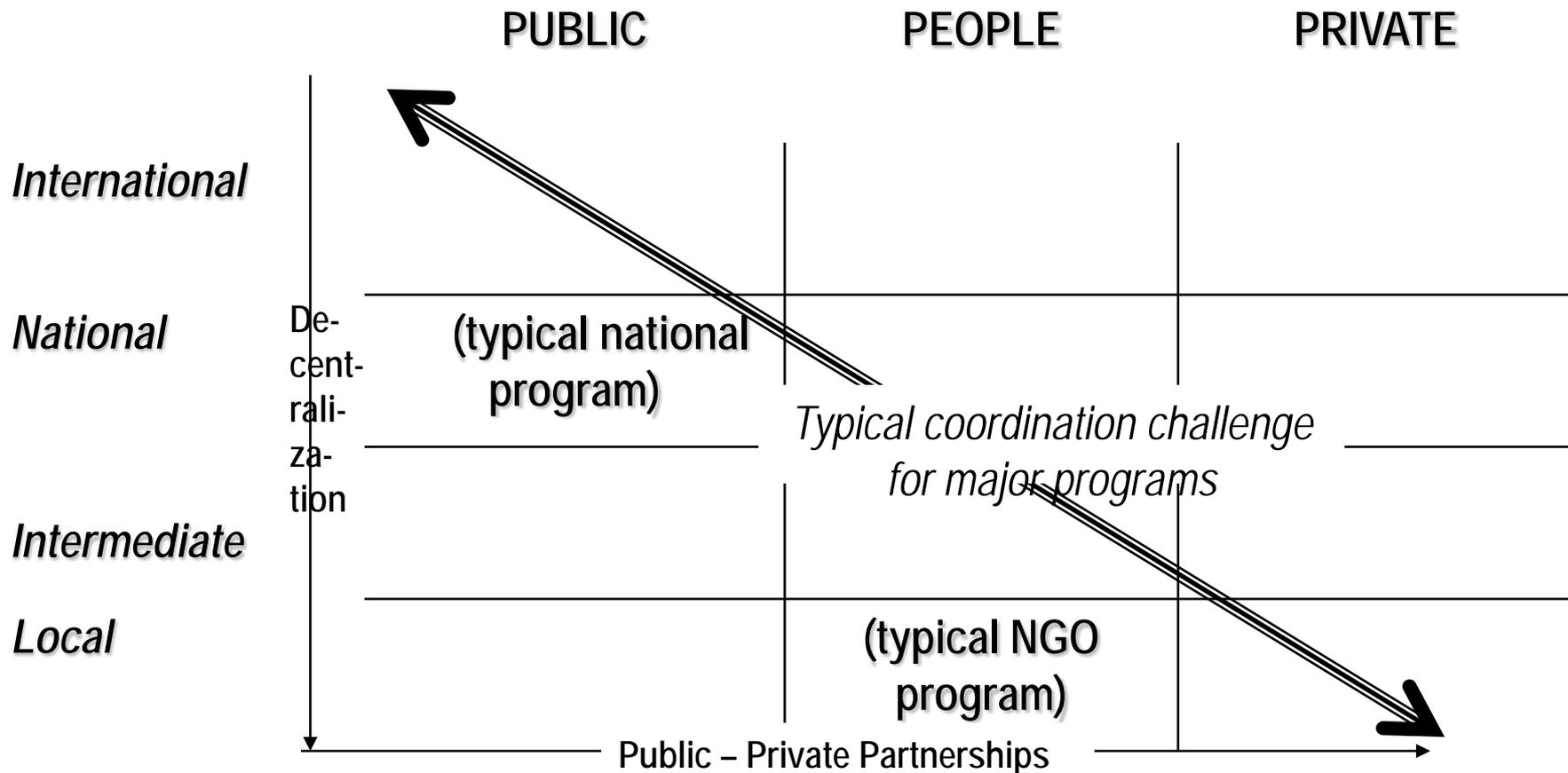
*Goal: Expand
the overlap*



A critical challenge: coordination

- Developing, sharing and mobilizing support for a vision of change is highly dependent on mobilizing stakeholder support and coordinating across multiple kinds of organizational – and increasingly *sectoral* – boundaries.

New settings in governance innovations are heightening coordination challenges



Settings of coordination challenges

- Intra-organizational or inter-organizational? (Latter more difficult)
- Same unit of government or vertically across levels of government (latter more difficult)
- Within non-profit sector or involves partnerships with citizen groups, govt or private sector? (Latter more difficult)
- About production of an agreed commodity or must negotiate purpose of endeavor? (Latter more difficult)

Addressing emerging problems or initiating innovative solutions inherently tends to increase the number of actors and sectors involved – both an opportunity and a difficulty.

Addressing interagency coordination problems

- Why is it so difficult to mobilize cross-agency collaboration?
 - Different organizational interests
 - Different organizational cultures
 - Lack of consensus on what is to be done
 - “Transaction costs” – communication, travel
 - Competing priorities
 - Centralization within organizations, slow decision-making processes, multiple veto points

Network capacity as a critical constraint in *intersectoral / interagency* settings for innovation

<i>Types of coordination</i>	Obstacles to coordination		
	<i>Threats to autonomy</i>	<i>Lack of task consensus</i>	<i>Vertical-horizontal conflicts</i>
Information-sharing	Low (Sharing sectoral plans and information as logical first step)	Medium-high (May need to generate many types of information that may not be routinely collected)	Medium (National and local actors may have widely divergent capacities to generate and share information)
Resource sharing	Medium-high (Frequent reluctance of agencies to pool resources to meet aims that may extend well beyond agency's perceived mandate)	Medium (Difficulties securing agreement on uses of pooled funds and resources)	Medium (Complexity of intergovernmental resource mobilization, particularly where wide capacity gaps across local gov'ts exist)
Joint implementation	High (Harmonization of SOPs coupled with joint commitment of resources demands shared operational control.)	High (Joint action demands high degree of consensus or, in absence of consensus, depends on hierarchical authority – a scarce resource – to compel participation.)	High (Joint implementation requires high network orchestration capacity and adaptiveness, which in conditions of high mutual interdependence is difficult.)

Change management in practice: Ready or not?

- What kinds of leadership and change management challenges will we face in introducing and managing innovations across organizational and sector boundaries?

Change management: the ultimate leadership challenge in introducing innovations

- “There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new.” (N. Machiavelli, from *The Prince*)

Stakeholder analysis as fundamental

- Stakeholder analysis:
 - Identify relevant actors
 - Assess motivations, beliefs, interest in issue
 - Assess resources, influence
 - Draw out implications of above
 - Example: Stakeholder mapping and the power / interest matrix
 - Typical stakeholder maps
 - Implications

Stakeholder mapping: one example
map for current situation and targeted situation

		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low	Minimal effort	Keep satisfied
	high	Keep informed	Key players

Example: The political battleground

		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low		
	high		+ + + + + - - - - -

Implication: Build resource base to overcome resistance; ‘divide-and-rule’

Example: The worthy cause

		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low		
	high	+ + + + + + + + + +	

Implication: Find a champion from box b; empower stakeholders by helping them organize and alliance building

Example: The lone champion

		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low		
	high		+

Implication: Keep on board; broaden base of support; foster other stakeholders

Example: The dogged opponent

		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low		
	high		-

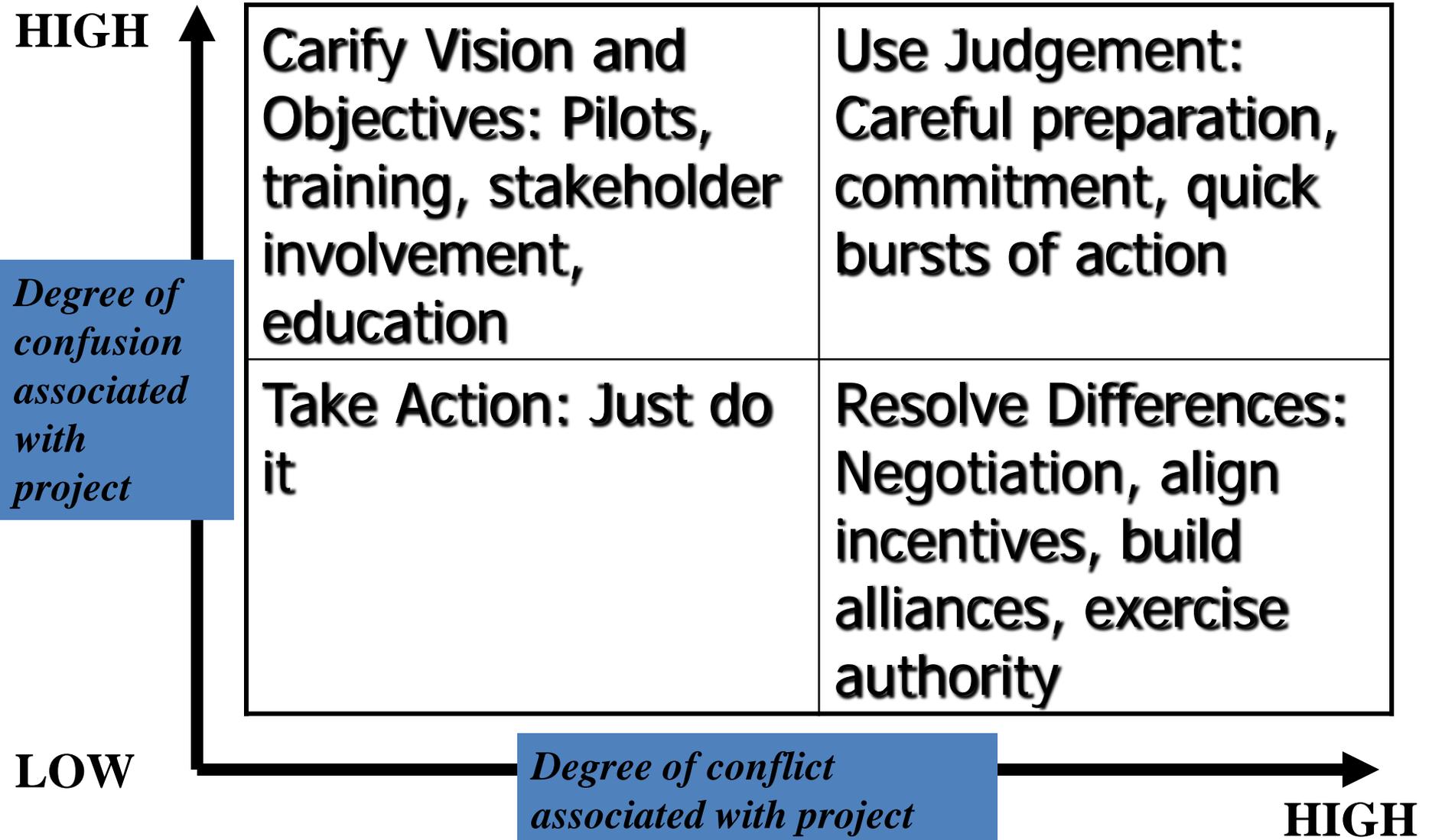
Implication: Change orientation; reduce interest; reduce power; find champion

Example: The political trap

		POWER – ABILITY TO AFFECT OUTCOME	
		low	high
INTEREST – IMPORTANCE OF ENDEAVOR TO STAKEHODLER	low		???
	high		???

Implication: Maintain stakeholders in current position; find a champion; raise interest if + shift likely

Leadership dimensions: Implementation leadership matrix



Change management in managing the stakeholders

$$\begin{array}{c} \text{Ability to} \\ \text{promote change} \end{array} = \begin{array}{c} \text{Anticipated benefits} \\ \text{Dissatisfaction + Vision + Notion of feasible first steps} \\ \text{(Inertia + Resistance)} \end{array} >$$

Upfront costs

Change management problems: 8 fatal mistakes to avoid

- Not having a clear vision
- Not enough sense of urgency
- Not creating a powerful enough guiding coalition
- Undercommunicating the vision by a factor of ten
- Not removing obstacles to the new vision, in the organization's structure and systems
- Not systematically planning for and creating short-term wins
- Declaring victory too soon
- Not anchoring changes in the corporation's culture

Adapted from John Kotter (1996) Leading Change (Harvard Business School Press)

The Afghan New Baghlan Sugar Company Case

- Class to split into three groups:
 - Ministry of Agriculture
 - German Investors
 - Senior managers in Company
- Each group conducts strategic review of their situation:
 - What is our goal and interests?
 - Whose support do we need? How do we engage them? (stakeholder analysis)
 - What resources do we have? What resources do we lack?
 - What is our winning strategy moving forward (change management)?
- Prepare to summarize your analysis in 10 minutes and 1-2 flip charts to the class.

A special challenge: international partnerships and institutional transfers

- Institutional transference has been happening for centuries – nothing new
 - “Development is the marriage of openness and the reciprocal exchange of innovation” (Alain Peyrefitte)
 - Japan in late 19th century, Meiji period
 - Early 20th century, nations sharing financial and trade institutions
 - From 1950s on: development administration based on transferred models, e.g. national planning commissions and semi-autonomous agencies.
 - Facilitated at present by explosion of information, promotion by donors of “institutional best practice”.
 - Widespread belief in universal applicability of successful institutions in a global society

Difficulties of transfer

- World Bank says “international best practice in institutional design” is flawed concept. Why?
 - Look for differences in:
 - Complementary institutions, such as those promoting transparency and the enforcement of laws
 - Existing levels and perceptions of corruption
 - Costs, relative to per capita income, of establishing and maintaining institutions
 - Technology
 - Administrative capacity, including human capabilities

The Suzhou case

- Read the case and analyze the factors leading to the apparent failure of the attempt to transplant Singaporean "software" to the Chinese context.
 - Who were the main actors and what were their motivation and resources?
 - What are the signs that things were not going as planned (from the case study description)?
 - What were the fundamental causes of these problems, in your view?
- What lessons can we learn about institutional transference based on the case?

Returning to the Suzhou case: More key lessons

- Differences of context striking, yet appeared to be underestimated. Policy-implementation gap: much more difficult than anticipated.
- “Authorizing environment” complexities, particularly in terms of the local government. *What were their incentives?*
- Which factors vital to the success of the project actually lay outside of the control of the key players?
 - Whether workers would relocate
 - The attitude of the local government officials
 - *In contrast*, Singaporean finance side and the support of the Chinese national government relatively more reliable
- Paradox of context:
 - Initiators may be more embedded in the context of the originating environment, but success requires in-depth knowledge of the recipient context.
 - Demand- vs. supply-driven: what are the stakes for the various parties?
- Mental models different
- Multiplicity of goals and vagueness of goals typical in public policy. Makes it always challenging to pin down successes and failures. That’s why...
- ..Performance indicators – explicit and implicit – for judging success are also essential.

Keys to successful transfers

- Complement what exists:
 - simpler, more flexible, appropriate
- Innovate to identify institutions that work:
 - try many things, drop those that don't work quickly, make sure it is demand driven
- Connect communities through information flows and trade:
 - exposes countries and institutions to greater competition and pressure for transparency
- Promote competition among jurisdictions, firms and individuals

Bringing the lessons home: The personal leadership challenge

- Exercising effective leadership ultimately depends on changes in your own attitudes and behavior.
- Where do you see your own strengths and weaknesses in terms of the strategic triangle? How can you build on your strengths and overcome or work around your weaknesses?

Thank you!

- It has been a great pleasure to discuss these important issues with you.
- If you would like further information, or if I can be of any service in the future, you can always reach me at fritzen@nus.edu.sg.