

IMPLICATIONS FOR THE PERMANENT SECRETARY

*The pace of change in the public service... has been so vast and profound that very few people outside the public sector yet realise the depth of these changes.*¹⁶

Earlier, we argued that the permanent secretary has three primary roles: policy adviser to the minister; head of an administrative organisation; and member of the corporate management team of the public service. Most permanent secretaries interviewed for this publication hold that these basic functions have not been fundamentally altered by the changing role of government. However, the main changes identified – the focus on economic development, the focus on outputs, power dispersal, issue interrelation, globalisation, and increased public scrutiny have all had significant impacts on the nature and complexity of each of these roles.

■ *The role of policy advisor is becoming more complicated*

As policy advisor to the minister, the permanent secretary is profoundly affected by all the changes discussed. For example, the changing focus of the government on the economic climate demands that the permanent secretary take a broad “systems” view. Providing policy advice has always required hard work, political sensitivity, and a quick mind. Until relatively recently, however, it was possible to develop policy options within a relatively closed circle of advisers and influential power-brokers, without major public involvement. Today, permanent secretaries find that they are increasingly obliged to consult widely – and openly – with the public before making major policy changes. There are many overlapping reasons for this change – falling confidence in “élites” of any sort, increasing technological means of consultation, and the increasing complexity of systems. As a result, the permanent secretary must increasingly consult a wide range of groups, assess all the implications of changes, and anticipate likely reactions.

As the focus of government switches away from effective project administration to creating the conditions for economic development, the permanent secretary must become more concerned with the broad economic effects of policies. It is no longer enough to ensure that projects are well managed: initiatives – in the areas of housing or transportation or fisheries, for example – must be consistent with, and make a

¹⁶ Marcel Massé. “Public Service Reform and the Changing Role of the Permanent Secretary” (paper presented to the Second Annual Commonwealth Seminar on the Changing Role of the Permanent Secretary, Ottawa ON, June 1998).

contribution to, the government's broader objectives for economic development. Raising duties on tobacco might well reduce the incidence of lung cancer, for example, but the permanent secretary of health has to be concerned about possible implications for unemployment. Permanent secretaries must adopt a "systems" view of the government – even the country – as a whole.

The increasing intrusion of international events and institutions into national decision-making has also complicated the role of the permanent secretary as policy adviser. "The traditional role of government has been deeply shaken by the invasion of external forces, which have taken on international dimensions, such as the inter-penetration of markets, the free flow of capital, the globalized problems of environment, immigration, international terrorism and epidemics", noted one minister.¹⁷

The growing interdependence of nations is encouraging governments to work as partners through various international forums. Given that most policy issues are complex, cut across departmental mandates, and have international, national, and local dimensions, a permanent secretary must have a better understanding of the international community in order to advise the minister on policy. Responding to a questionnaire, over 76% of permanent secretaries felt they needed to be more aware of international events that increasingly affect the roles and operations of their governments, in order to advise their ministers.

Consequently, senior officials increasingly participate in international forums that provide them with opportunities to share knowledge and learn from one another. The enthusiastic response to the Public Policy Forum's recent seminar, *The Changing Role of the Permanent Secretary*, is evidence of the thirst for international understanding and exposure. Permanent secretaries will require broader exposure to the international community through visits, exchanges, and conferences. Many permanent secretaries feel under-prepared to deal with agencies such as donors and international financial institutions, either public and private. In order to work effectively with such bodies, permanent secretaries must understand their working norms and environments. They can also benefit significantly from the experience of other countries when they undertake public sector reform at home.

¹⁷ Marcel Massé. "Partners in the Management of Canada: The Changing Roles of Government and the Public Service." Publication of the 1993 John L. Manion Lecture, 1993/04. Canadian Centre for Management Development).

■ *The role of head of a department is becoming more complex*

The stakes have also risen for permanent secretaries in their role as departmental managers. As resources diminish, the need to demonstrate results becomes greater.

The traditional model for the public service has been criticised for its remarkable resistance to productive change. In focusing on process rather than product, it remains aloof from the disappointments of both its funders and its consumers.¹⁸

It is no longer enough to be a “good administrator” – that is to honestly steward public resources. Today, permanent secretaries are expected to be inspirational leaders as well.

Increasingly, permanent secretaries are being asked to focus on ‘outputs’ and ‘outcomes’. Across the Commonwealth, governments are turning to performance management systems to assess achievements against organisational goals. In Zambia, for example, performance targets are being introduced at all levels of the public service. There is growing pressure from donors and the general public for governments to show measurable results. Citizen demands for efficient and effective government increasingly mean setting objectives and measuring results. Performance improvements in the public sector, as elsewhere, are driven by managerial expectations. In the Singapore public service, the performance management system has both public and managerial components. Departments are expected to show year-over-year gains in efficiency.

Complaints are more comprehensively detailed as public expectations rise. Client surveys have been used in several countries, including India, to encourage improvements in performance. Britain and Jamaica have introduced “citizen’s charters” that set out public expectations for basic levels of service and provide a powerful stimulus to improvement.

The emphasis on demonstrable results increases pressure on permanent secretaries. They must spend more time keeping abreast of operations, consulting stakeholders, and working with other departments to ensure coherent service delivery without duplication.

In Malta, all permanent secretaries are appointed via performance agreements lasting from one to three years. Other countries, including Botswana, are considering similar

¹⁸ Mohan Kaul. “From Problem to Solution.” *Commonwealth Strategies for Reform: Managing the Public Service*. Strategies for Improvement Series, No. 1. (Commonwealth Secretariat, 1996).

methods. The country that has gone furthest in this regard is likely to be New Zealand, whose reforms are well known.

Box 4

The permanent secretary and conflicting values

As a senior officer of the public service, the permanent secretary has an important obligation to define – and demonstrate – the values that underlie public administration itself. When these fundamental values are in evolution, as they are today in many countries, the task is even more difficult. A recent senior-level task force report in Canada put its finger on tension between two conflicting value systems: what it calls “public administration” and “new public management”.

“The *traditional public administration* perspective views government, *grosso modo*, from the top down. It begins from the viewpoint of democratic and political processes, and is interested in how these work themselves out or find expression in the administrative arm of government. It pays particular attention to decision-making processes; institutions; the senior public service and its interaction with ministers and Parliament; laws and regulation; accountability; government organisation; public policy; and so on.

“The *public management* perspective approaches government, *grosso modo*, from the bottom up. [It] focuses much more on ... organization, and seeks to understand or improve features of organizational life such as leadership, strategic management, organizational climate, service quality, innovation, measurement of outputs, performance, client satisfaction, and so on.

“The public administration perspective reproaches [new] public management for paying too little attention to the ... parliamentary, political and public context, for treating public goods as if they were private, for ignoring the complexities and tradeoffs that are characteristic of the public sphere, and for downplaying the importance of due process, vertical accountability and ... the public interest or common good.

“The public management perspective reproaches public administration for neglecting the real life of organizations, for paying excess attention to due process while ignoring outputs, for giving short shrift to ... users of public services and the quality of their interactions with government, for having little or nothing to say about the concrete tasks required to transform public organizations, and so on.

“We do not think it is helpful to minimize or smooth over the tension between these two perspectives. First, because it is more constructive to acknowledge confusion where it exists. Second, because it is in the very nature of values to conflict, and this conflict is something we need to understand and manage in a mature fashion.”

(Canada, Privy Council Office, 1996)

Box 5

Public Sector Reform in New Zealand

New Zealand's State Sector Act, passed in 1988, significantly changed the accountabilities of the permanent secretary, now renamed the "chief executive" (See Commonwealth Secretariat, 1996). The Act had several fundamental effects:

- It changed the relationship between ministers and permanent heads. Chief executives are now appointed on contracts of up to five years.
- The performance of chief executives is now subject to formal, systematic appraisal by Treasury and the State Services Commission (SSC).
- The chief executive of each department is the employer of all staff within the department. The former centralised system in which all public servants were employed by the SSC was eliminated.

The industrial-relations regime in the public sector was closely aligned to that of the private sector.

Some countries are trying to link the pay of permanent secretaries to demonstrated results. In Canada, a new compensation system being phased in introduces a small but significant level of pay based on performance, which is measured against agreed targets and business plans. The new system will attempt to tie together various government approaches to performance management, such as comptrollership, accounting for results, and citizen-centred service delivery.

In most countries, the public sector finds that it can no longer "make things happen" on its own and it has become increasingly important that it find ways to get things done through others. This requires a huge investment in consultation, explanation, negotiation, persuasion, and partnerships. Top government officials are learning to readjust their thinking. They must become not so much implementers of programmes as brokers who identify and clarify problems with the help of knowledge-based advisers. Permanent secretaries now find themselves leading consultations with stakeholders and the public in order to develop policy options for ministers. Not only are citizens demanding this, but the (permanent secretary) needs input from these groups simply to provide the ministers with good policy and assessment of the impact of decisions.

Today, neither politicians nor public servants can hope to possess all the knowledge needed to deal with constantly changing domestic and external environments. Permanent secretaries, who were once largely invisible to the public, are becoming

much more prominent figures and must have strong skills in consultation, negotiation, and communications. It is hardly surprising, therefore, that 81% of respondents to the questionnaire felt that they required a greater understanding of, and ability to work with, the private sector.

As ministers' portfolios expand to include new partnerships with the private sector and experiments with various types of arm's-length agencies, permanent secretaries are often expected to advise on the policy area covered by all the organisations in the minister's portfolio. This need to assure policy coherence across the entire portfolio demands much broader knowledge and skills. With the introduction of a range of public/private partnerships and arm's-length agencies, permanent secretaries find they are responsible for the outcomes of partnerships over which they do not have effective control. In most cases, each agency remains accountable to the permanent secretary and the minister; however, permanent secretaries must assign the full range of authority for running an agency to its head.

Many of the new arrangements mean the introduction of stakeholders or 'clients' to the direction/management mix, which raises the issue of autonomy versus accountability. Permanent secretaries must learn to manage in such ambiguous environments, in which decision-making may no longer be within their purview. They must learn to establish parameters and define accountabilities for these new bodies.

There is also a greater premium on the need for leadership skills. The permanent secretaries interviewed and surveyed overwhelmingly felt that leadership is a core competency that needs most developing among the senior management of their public services. To support the massive changes taking place within government, the new management culture must be supported by leadership: permanent secretaries must be leaders, and not just managers.

They must personally demonstrate, by their behaviour, a commitment to the core values of the Public Service. They must communicate a sense of direction and inspire their employees to achieve it. They must value and support their people. They must be the servants of their followers and position themselves at the base, not at the apex, of the pyramid. They must liberate and develop the talents of their people. And they must communicate effectively.¹⁹

¹⁹ Marcel Masse. "Public Service Reform and the Changing Role of the Permanent Secretary" (paper presented to the Second Annual Commonwealth Seminar on the Changing Role of the Permanent Secretary, Ottawa ON, June 1998).

A key function of leadership among permanent secretaries is the capacity to enable and facilitate the other players in the organisation while establishing the parameters of risk that accompany such delegation and empowerment. This implies a higher level of involvement and power-sharing in the management process, and the need for permanent secretaries, as leaders, to motivate and develop their staff. According to the feedback received from permanent secretaries, one of the most significant challenges they face is inadequately trained staff. As leaders, permanent secretaries will have to make a concerted effort to improve staff quality through training before delegation and empowerment can be accomplished. The development of staff will ensure better functioning of the department. Opportunities for development and personal training in leadership, consultation, negotiation, and communication will become ever more important as these skills become the basic requirements for the job. Leadership and the ability to delegate were seen by many as among the keys to success.

Because of the proliferating number and complexity of issues, permanent secretaries in their role as policy advisers also become policy 'managers' by delegating some of their responsibility for policy review.²⁰ They must also ensure that senior colleagues are well briefed on the priorities of the government and the views of other ministers. Sound training, hiring, and promotional practices will be needed to ensure that competent policy officers are developed within the department.

■ ***The role of corporate manager is becoming more onerous***

A majority of permanent secretaries report that the corporate management of the public service as a whole is becoming an increasingly onerous part of their responsibilities.

Strengthening horizontal links between departments for policy discussions and program implementation will become an increasingly important part of public management reform in the near future.²¹

As manager of a department, the permanent secretary historically sat at the apex of the organisational pyramid. The department was strongly hierarchical in culture, and permanent secretaries were relatively autonomous from one another. Departments were largely vertical "silos," and each was considered a reasonably separate domain. Today, few problems can be contained within one department or ministry. As a result, permanent secretaries find their roles changing from administration of a vertical department to the creation of the linkages across departments needed to solve

²⁰ Timothy Plumptre. "New Perspectives on the Role of the Deputy Minister." *Canadian Public Administration* 30 (Fall 1987): 376-98.

²¹ Massé, 1993.

problems. Permanent secretaries are now expected to find more horizontal ways of studying problems and finding solutions. The permanent secretary's duty to support the government's overall agenda increasingly means becoming a member of a *corporate management team* of the public service.

They are expected to spend a significant portion of their time as leaders of task forces, as champions for specific projects, and as members of corporate policy and management committees. In Canada, this work is assessed in performance reviews linked to remuneration in the same way as their role in delivering on the objectives of their own departments.

Our survey of permanent secretaries overwhelmingly showed a desire for increased teamwork, both among colleagues and within individual department staff. One permanent secretary of health and social welfare strongly expressed her desire for an increased effort to develop government policy as a "corporate team." One country that has apparently moved in this direction is Jamaica, which has developed a corporate-planning process that allows for collective development of targets and budgetary priorities by which performance of ministries can be measured.

The following table provides a summary of the impact of the changing role of government on the nature and complexity of each of the roles of a permanent secretary.

	Policy adviser to the minister	Head of a department	Member of Public Service top management group
Increased focus on results	<ul style="list-style-type: none"> increased need to demonstrate 'value for money' increased ambiguity: 'output' v 'outcome' 	<ul style="list-style-type: none"> increased need for performance management systems (e.g. contracts, performance pay) better data and information systems 	<ul style="list-style-type: none"> re-orient staff recruitment and training policy
Power dispersion	<ul style="list-style-type: none"> increased need to understand positions and strengths of other players – including private sector and other political actors make better use of external research and policy sources 	<ul style="list-style-type: none"> develop "consultative" and "partnership" skills reposition as "broker" or "facilitator" 	<ul style="list-style-type: none"> develop national policies in light of reduced power
Issue interrelation	<ul style="list-style-type: none"> greater need for policy coherence across government greater need to consult greater need to understand other ministers political agendas 	<ul style="list-style-type: none"> position department as part of government 'team' – not as 'sole owner' of issue devote more attention to corporate work culture change – break down inter-organisational barriers/hostilities 	<ul style="list-style-type: none"> develop horizontal mechanisms
Globalisation	<ul style="list-style-type: none"> political choices restricted enhanced need to understand international community, including donors and IFI's need to align political expectations with new realities 	<ul style="list-style-type: none"> devote more resources to understanding international implications 	<ul style="list-style-type: none"> need for people with international exposure

Increased public scrutiny	<ul style="list-style-type: none"> • more stakeholders • need to consult widely • higher risk for ministers • reduced latitude for 'elite accommodation' 	<ul style="list-style-type: none"> • permanent secretary more visible • access to information considerations • public reporting can be onerous 	<ul style="list-style-type: none"> • policy on openness
Increased focus on economic development	<ul style="list-style-type: none"> • need for broader economic impact analysis • need for systems view • need to understand other player's objectives and incentive structure 	<ul style="list-style-type: none"> • need to develop "external" or "customer" focus • need for better information systems 	