

Leadership, reform, sustainability: Lessons for public sector reform

Leadership in Local Government

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About PARI

- Independent institute based in Johannesburg, works in collaboration with Wits and Princeton
- Undertakes empirically grounded research on government and the public sector
- Growing local and international reputation for understanding drivers of performance in public sector organisations

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Overview

- Case study of reform initiatives in the Department of Home Affairs (DHA)
- Case study of reform initiatives in the South African Revenue Services (SARS)
- Draw out 3 key lessons for public sector change initiatives

Case Study of Home Affairs

- DHA fifteen years into transition
 - Poor public image
 - 130 days for ID book to be issued
 - Long queues and poor customer service
 - Payment of bribes to expedite processes
 - Staff morale low
 - 2006: disclaimer rating from Auditor-General

Case Study of Home Affairs

- Since 1990s: numerous attempts to 'turn-around' DHA
- Focused on IT
- R5 billion spent on IT procurement
- Few noticeable changes in performance

Case Study of Home Affairs

- In 2008: major improvements in service delivery
- ID books issued in 40 days
- Improved customer service
- Improved morale of front-line staff

Case Study of Home Affairs

- **What produced the turnaround?**

Case Study of Home Affairs

- 2 major initiatives
 - Basic administrative processes
 - Making performance visible
- DHA committed to no retrenchments
- Change management consultants used

Case Study of Home Affairs

- **Attention to basic administrative processes:**
 - Studying and then simplifying processes
 - Attention to basic details: filing, physical state of offices, queuing
 - Better role clarity: who's responsible for each step

Case Study of Home Affairs

- **Making performance visible**
 - Clarifying roles: opportunity to make performance visible
 - Basic tools: wall charts, achievement awards, short daily meetings

Case Study of Home Affairs

- Performance management systems often have limited success (ISS)
- DHA: example of successful performance management
- No material rewards or reprimands for meeting / failing targets

Case Study of SARS

- In 1994 new SARS leadership inherited:
 - Low revenue collection
 - Relatively low tax compliance amongst SA citizens
 - Fragmented tax administration
 - Majority white staff
 - Inefficient systems in need of modernisation

Case Study of SARS

- Major gains over last 10 years:
 - Improved efficiencies in collection
 - Increased tax payer compliance
 - Strong public image of SARS as an effective organisation

Case Study of SARS

- **How did they do it?**

Case Study of SARS

- Focused on improving taxpayer compliance by
 - Making it quicker and simpler to comply
 - Ensuring tax returns and refunds were processed efficiently
- Concentrated key administrative functions in major ‘hubs’.
- Sophisticated IT platforms introduced

Case Study of SARS

- **Biggest gains: introduced careful process engineering**
 - Business process engineering: analysis and design of workflows and processes within an organization
- *IT platforms used as a **tool** to support improvements in business process engineering rather than as the **driver***

Sustainable change?

- In DHA:
 - On balance: a successful turnaround
 - But risks: concerned raised about sustainability of change
- In SARS:
 - Change has not come without pain
- Key insights from case studies?

Key insights

1. The importance of basic administration
2. Fit the solution to local capacity and environment
3. Rapid turnaround is possible. Sustainable change requires focus on stabilisation, 'bedding down'

The importance of basic administration

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The importance of basic administration

- DHA: R5 billion spent on IT: rewards small
- Major improvements did not require complex strategies, or major overhauls to the DHA's organogram
 - According to DHA: *“transformation occurred not through formal policy or strategy change, but rather through repeated, detailed attention to the specific tasks of each employee and manager.”*
- SARS: streamlining basic administrative processes at the heart of the success.

Danger of 'best practice': fit the solution to
local capacity and environment

Fit the solution to local capacity and environment

- Questions raised about the sustainability of change in DHA
- Turnaround strategy was accompanied new data management systems
- Does DHA have the necessary IT expertise to sustain use of these systems?
- SARS: more sustainable: capability was built up internally over time

Fit the solution to local capacity and environment

- Solutions have to be matched to
 - Local broader operating environment
 - Capacity of the organisation to absorb and benefit from the changes proposed (esp. after consultants have left)

Rapid turnaround is possible. Sustainable change requires focus on stabilisation, 'bedding down'

Rapid turnaround is possible. Sustainable change requires focus on stabilisation, 'bedding down'

- Challenge is to ensure change is sustainable
- Work at stabilising basic changes
- Ensure staff have been 'taken with'
- *Challenge as a leader is to build sustainable systems and processes that outlive ones leadership*

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