

Independent Review of the Performance Improvement Framework

Commissioned by the State Services Commission
Te Komihana O Ngā Tari Kāwanatanga

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Overview of Research

This research was commissioned by State Services Commission and constitutes the first independent assessment of the Performance Improvement Framework (PIF). PIF is a key intervention to measure and lift the performance of the state services to deliver results for New Zealanders and help senior leaders improve the strategic outlook of their organisations.

The aim of the report is to:

- Provide a comparison with similar interventions across international jurisdictions;
- Provide an assessment of the value and impact derived from the PIF, and;
- Provide recommendations for the future development and application of the PIF.

Research was conducted in three tracks:

1. Documentary analysis the origins and evolution of PIF, along with an international comparison of similar interventions
2. Survey of 430 respondents from 35 State Sector agencies who had been through the PIF process
3. Qualitative analysis of three case study State Sector agencies that have been involved in the PIF review process.

From these three research tracks, three broad cross-cutting themes emerged: (1) the importance of context and preparation; (2) the process and value of PIF; and (3) learning and change.

PIF has evolved significantly since its inception in 2009; both in terms of formal structures and in the nature of its use (see Appendix 2 – Evolution of the PIF tool). Accountability flows from a growing number of fragmented measures and tools (see Appendix 3 – New Zealand Ecosystem of Public Sector Performance Tools). There is now a high level of understanding at senior levels of the PIF's dual roles as an accountability tool and as a driver of longer term strategic change. Both the survey and the case studies show that it is viewed as a credible and legitimate tool in the performance regime of New Zealand.

Although PIF was inspired by other regimens (notably UK and Australia) it has remained rooted in a New Zealand approach to public management. Evidence from overseas suggests that the acceptance of performance regimes may be contingent on changes in government, which can lead to their abolition (UK) or reappearance in other guises (Australia).

PIF endures through the commitment of the central agencies and lead reviewers, and the acceptance by Ministers and the willingness of CEOs to participate in the process. We found that some CEOs considered PIF to be an important platform for change. If any one of the sources of authorisation were to falter then the longer term viability of the PIF would be potentially more difficult.

Adaptability is another hallmark of the New Zealand model. Trust between Central Agencies and agencies and departments impacts on sustainability; credibility and independence of the Reviewers directly affects the way in which reviews are viewed and absorbed.

PIF embodies two approaches to performance improvement: (1) an output based tool reporting in the form of ratings and traffic lights; (2) a strategic, more discursive approach based on negotiated agreements for change. The combination of these approaches raises

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numerous challenges but also has made the PIF a resilient tool in the system of performance in New Zealand.

Both the qualitative interviews and survey suggest that, over time, those at senior levels have gained a much greater understanding of what the PIF is and aims to do. A perceived tension does remain among some, however, with respect to the PIFs dual nature – a tool with ‘designed ambiguity’ driving organisations to think about public sector system issues, as well focusing organisations inward to account for operational and accountability issues. The tension between compliance versus strategic was one that many respondents returned to.

There is an increasing understanding that although PIF is principally an internally focused tool, many improvement issues cannot be resolved internally and that the need and drive for cross-agency collaboration is strong. The case studies suggest that the PIF helps agencies to better map the broader public sector ecosystem. While stakeholders are interviewed and consulted during the PIF process (both as clients of an organisation, and as citizens) the case studies suggest that there is a need to improve support in these areas.

Evidence suggests that for some respondents, the self-review has become increasingly important and contributes to the development of the organisational narrative. Both the survey and interviews noted its importance in terms of how the organisation developed a deeper awareness of its roles and strategic mission. The way in which the self-review is done varies considerably and depends on the nature of the organisation, leadership, communication approaches, CE preferences, and resources assigned.

A positive self-review process has the potential to garner buy-in, raise legitimacy and engage the organisation in better understanding itself and the roles and responsibilities of other stakeholders. In this way the self-review may even mitigate against some elements of PIF that could otherwise cause angst. Some concerns remain, however, that organisations were primarily preparing for a compliance check and, following this, survey results indicate that PIF is not as well regarded for enhancing organisational values or culture.

The quality and calibre of the lead reviewers emerged as an important factor in the success of the PIF process. The actual process of reviewer selection was not provided to this research project; however, it is clearly a critical part of making the PIF work. Generally lead reviewers are recognised for their insights, knowledge of the New Zealand public sector, and for their ability to get at the heart of issues in organisations.

Much of the credibility, longevity and sustainability of PIF starts with having perceptive lead reviewers, who are considered to be highly respected by relevant agencies. For the organisation, being able to negotiate who their lead reviewers will be, combined with the timing of the review, were key factors to getting the preparatory phase and getting set for the review in the best manner possible. The possibility of gaming and capture – getting the ‘right’ reviewers, was recognised but generally it was thought that this was a manageable risk.

Such a process enables lead reviewers to interact well in their organisations, and have strategic discussions with respondents rather than transactional conversations about operations. Survey results indicate that most respondents agree that alternative viewpoints are considered and that the review process was accurate and free from bias. A number of case-study respondents specifically mentioned the value that was to be gained from speaking with a lead reviewer. Respondents indicated they thought that knowledge and system-wide understanding the reviewers brought to their PIF was invaluable

A possible challenge is that in the future the number of people who are capable of being lead reviewers is unlikely to be inexhaustible. It may be useful, therefore, to consider short,

medium and long term issues for recruitment, training and development in order to ensure appropriate lead reviewer capacity for the probable number of PIFs required in the future.

Success in the 'Context and Preparation' part of the PIF is related to the commitment and resourcing of the Self Review, communication around the Self Review and the upcoming PIF, the negotiation process to agree on lead reviewers, the leadership and messages given by the Senior Leadership Team and the sustainability of the model and how to retain the learning should the approach be changed.

The survey and case studies underline that most respondents acknowledge significant value in the PIF process. The survey shows that respondents felt that benefits accruing from PIF were worthwhile and enduring. The case studies indicate that organisations who have undertaken a high-quality self-review seem better prepared to discuss operational issues and how and why the organisation may be struggling or indeed thriving in particular areas. Focus groups were identified as particularly valuable both for the reviewers and for the organisational members.

Respondents valued the 'conversations' that took place during the Reviews and there is still much support for lead reviewers to look at the 'engine-room' of operations. The strategic dialogue that ensued with senior leaders, sector leaders, and Central Agencies – the immediate post-PIF discussions are highly valued. During the PIF process, the lead reviewers are important in communicating the challenges of organisations to other stakeholders and Central Agencies.

Although the traffic light ratings continue to be viewed as an important way to anchor the PIF by many respondents and survey respondents they present a growing challenge with respect to how the 'blunt-ness' of ratings translates to 'assisting' an organisation in its future-thinking and linking to the strategic missions. While the PIF reviews are generally viewed as helpful in identifying priorities for four years, some tensions remain with respect to the organisational improvement element that is ultimately driven by budgets, appropriations that drive behaviour in and down in the short term and which negate the longer term strategic nature that is being 'asked' of the PIF.

Respondents reported on a delicate balance between 'looking backwards, inwards and down' (the compliance or 'assess' description) and looking 'forward, out, and across' (strategic and 'assist'). To mitigate against potentially negative effects of the ratings approach, early communication, involvement, and buy-in during the Self-Review is key.

Understanding how the traffic light report can help an organisation will contribute to the credibility and sustainability of the process. There is capacity building for the organisation in creating an organisational narrative and 'owning it' otherwise the PIF can be regarded more as a 'risk' lens and functions purely as a traditional accountability exercise.

Organisations are often going through multiple reviews at the same time and the PIF is part of the wider ecosystem of performance and accountability checks (see Appendix 3 – the New Zealand Ecosystem of Public Sector Performance Tools). Within this, the PIF holds a unique niche. PIF must be seen as necessary and valuable to those within the organisation. The PIF informs other accountability processes (such as CEO expectations) and also overlaps with related processes. It sits furthest on our Ecosystem map in terms of strategic focus and Central Agency needs.

The survey indicates there are pockets of unease with respect to the publicness of the reports and anxiety about how stakeholders will view the results. The survey and case studies suggest that accountability to Ministers and the public helps drive improvement and that

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agencies deliver value to New Zealanders generally. Greater value again could be created through even clearer connections to how the PIF ‘lives on’ in the organisation, even if it has been embedded in strategic documents.

Insights from the meetings between lead reviewers, CEs and central agencies, could be better translated back into relevant organisations. Our research identified, from a number of perspectives, the value in these conversations and it goes beyond writing the next set of goals into the CE’s performance metrics.

The traffic light ratings have immediate impact in generating activity but there is sophisticated skill in shifting ratings into future thinking and strategy and not allowing the PIF to ‘sit’ as a tick-box exercise. Some individuals feel that there is insufficient space for strategic thinking beyond the ‘four years perspective’ of the PIF given that often Ministers generally have a shorter focus.

Yet after four years of operating, the ‘four year horizon’ is widely accepted to have pushed organisations to more strategic and long term thinking. The future focus remains in tension with recognising current achievements, immediate pressures and possibly even discourages still longer term thinking although our survey suggests that the PIF process has helped agencies to improve organisational stewardship for mid-range goals.

The PIF has matured as an intervention to lift organisational performance and has begun to push organisations further down the road of learning from one another. If PIFs can take advantage of the opportunity to communicate deeper into an organisation, both before and after the actual process, there is a significant opportunity for learning and improved understanding about systems.

These ‘strategic dialogues’ are among the gems at the heart of the PIF. They could be encouraged so that lead reviewers can better understand organisational history and context, especially the positive changes that might already have been achieved. They will equally useful where an organisation may not feel fully supported in its efforts to come to terms with failure or change that it has been unable to cope with. Extra-organisational learning would benefit from a more systematic strengthening.

A view prevails that the PIF is an assessment and benchmarking process, that scoring and rating systems are not conducive to learning and long-term thinking, although they do drive activity. While the measurements and scoring have become more sophisticated they sit precariously with the four-year horizon and almost form a separate static product from the strategic dialogue elements of the PIF.

The PIF is not yet well adapted nor designed for addressing system performance issues and issues involving more than one organisation. At the CE level, PIF critique is valued but there is always wariness of the destabilising effect on the organisation. The goal is to find short term stability with long term gains. Increasingly CEs are welcoming the PIF as an opportunity to drive change, though it is difficult to causally link the PIF to any particular changes as it gets embedded in strategy or disappears into the ‘ecosystem’ of performance drivers.

In conclusion we found that:

- The longevity of the PIF is potentially down to the stability of political support offered by successive governments (unlike, for example, in the UK), but is also due to its capacity to adapt and evolve.

- Attention needs to be paid, therefore, to continuing evolution; particularly succession planning for personnel such as lead reviewers who have a trusted position and very positive reputation.
- PIF is one of many review processes and therefore attention needs to be paid to situating PIF within these broader themes.

As a result we recommend:

- Continue to adapt the PIF and find ways to demonstrate value throughout the system
- Demonstrate how the New Zealand PIF sits in the performance management system throughout organisations and across stakeholders for greater system-wide understanding
- Strengthen processes to ensure that PIF/self-reviews lead to sustained momentum for change and demonstrable operational improvements
- Demonstrate cases of where PIF reviews have led to operational improvement and sustained momentum for change and communicate
- Show organisations why and how the PIF is valuable by reinforcing the shaping the organisational narrative and modelling the successful environment for PIF
- Develop the organisational narrative by focusing on the PIF self-review – this could be through ‘success stories’, ‘best practice’ guides, videos contributions by partner organisations
- Develop ‘success stories’ that may not be agency based but theme based such as ‘Stakeholder relationship development’ or ‘Post PIF communication’
- Demonstrate how lead reviewer approach provides strength to New Zealand model as potential ‘best practice’ with reference to international performance regimes
- Link post PIF process to clear post PIF support that may not include further reviews but other forms of development such as guidance in particular problem areas (such as people management)
- Develop ways for SSC to drive system support by linking up central agency post PIF support

Introduction

Background

State services are crucial to delivering the expectations of the Government and New Zealanders generally in the challenging fiscal climate ahead. The State Services Commission, Department of the Prime Minister and Cabinet (DPMC) and the Treasury are the Central Agencies with oversight of various aspects of state service performance. The State Services Commission (SSC) takes a lead role for the delivery of better state services. It provides leadership to the system so government agencies work better for New Zealanders.

The Performance Improvement Framework (PIF) programme is a key intervention to measure and lift the performance of the state services to deliver outstanding results for New Zealanders and ‘help senior leaders lift the performance of the agencies they lead’. It is also one of SSC’s five priority areas of service delivery to government.

The PIF programme encapsulates both the model and framework which has been designed and developed by the Central Agencies and Chief Executives across the State Services for reviewing the performance of state sector agencies, and the reviews of agencies which have been conducted using this framework.

The PIF is governed and funded by the three Central Agencies, and delivered by the State Services Commission.

PIF is used in three distinct ways:

- as a diagnostic tool to drive improvements in agency and cross-agency performance by helping ‘senior leaders lift the performance of the agencies they lead’
- as a tool for central agencies to ensure improvement in overall system performance and;
- as a tool to provide Ministers, the public and other stakeholders with the assurance that improvements in agency performance and across the system are occurring.

The PIF framework was implemented in 2009. Since that time there have been three significant upgrades to the PIF Model:

1. the inclusion of the Four-year Excellence Horizon in October 2011
2. the Strategic Financial Management upgrade in December 2012
3. the Better Public Services upgrade in January 2014. Central agency chief executives agreed for a four year sustainable funding arrangement for the PIF programme from 2011.

What is the PIF

The PIF is an analytical framework and a change management process. Reviews are undertaken by Public Service and Non-public Service Departments and Crown Entities. They are supported by an independent and experienced of Lead Reviewers and by Central Agency officials. The Chief Executive and senior team are the key people involved from the agency having a PIF review.

The PIF has a forward looking focus on the opportunities for improved performance in the face of future challenges. It seeks to answer the following question:

What is the future contribution New Zealand needs from this agency? What is the performance challenge to get there? What would success look like in four years?

The **analytical framework** has three parts:

- A Four year Excellence Horizon (FYEH) – which describes the context in which the agency will operate in the medium term, the challenges it faces in terms of the Outcomes it will need to pursue and its capability to deliver them, and what it would look like if it succeeds.
- Results – consideration of how well the agency is currently delivering on Government priorities and value to customers and New Zealanders through its Core Businesses (including how it plans to improve value over time).
- Organisational management – consideration of how well the agency is managing itself, its capability and its relationships to deliver on the current and future expectations of customers and New Zealanders.

The analysis includes a “traffic light” system which rates, on the basis of past and current performance, the agency’s likely ability to deal with the challenges it will face in the future. It is conceivable that an agency which has performed well in the past will be assessed as “weak” or “needing development” when the challenges or expectations it faces differ markedly from those it has been successful in addressing in the past.

The analytical framework has evolved over time to address lessons learnt and changing expectations.

The **PIF processes** are designed to support/encourage agency change management.

Self-review promotes agency self-awareness.

The **PIF Agency Review** (which is always preceded by a PIF Self-review) provides an independent, external and experienced view. A short sharp diagnosis process (involving both desk-top and internal and external interviews) serves two purposes. It confirms (or otherwise) and augments the insights from the self-review. The conversations with agency leaders (individually and collectively) help to position them to understand the need for and effect change. The conversations can also identify the need for change to be supported by external agencies and begin conversations with those agencies. The agency leaders then describe their priorities in response to the PIF. This forms the **agency response**.

About 18 months after a PIF agency review a CE may ask for **PIF Follow-up Review**. This is designed to assist Chief Executives to test whether they are on track to achieve the FYEH and also to check its on-going validity.

The published artefacts of the Review (Report, Agency Response and Central Agencies Overview), aside from providing a record of findings and proposed actions, support accountability and transparency to both Ministers and the public and provide a body of lessons for the public management system.

SSC (2017)

Rationale

To date, there has been no independent review of the PIF model and process. The SSC 2014 to 2018 Statement of Intent identified that ‘as part of a learning culture it was expected that upgrades to the PIF model and system level analysis of PIF findings will contribute to lifting system performance and growing a customer focused learning culture across the state services. An impact evaluation of the PIF programme is planned for 2015/16’ (p.16).

This report represents an independent research review of the PIF model and process and is part of the ongoing reflection on performance in New Zealand.

Structure of the report

The report is divided into three main chapters, which correspond to three distinct phases of research. Chapter One reports on the etiology of the PIF and provides an international comparison with other jurisdictions. Chapter Two details findings from a major survey of people who had also been through the PIF process. Chapter Three presents a theme based analysis of three case studies from organisations that had been involved in the PIF review process. It should be noted that these three research phases were conducted concurrently.

Methods

We adopted a mixed-methods approach to each stage of the research. For the etiology and international comparative element we primarily undertook desk-based research across five other jurisdictions (United Kingdom; Australia; Canada; South Africa; Norway) and applied these to a theoretical framework. This section of the report aims to provide context both nationally and internationally for the subsequent research.

The survey aimed to assess:

- The quality, fairness and balance of the PIF process;
- Outcomes of the PIF process; and
- Other topics related to the PIF process.

The State Services Commission provided the researchers a list with email addresses of employees from 35 State Sector organisations which had gone through at least one PIF review. This list included mainly email addresses of tier one, two, three or four managers who had been involved with the PIF process in their organisation. In total, the list provided included 941 email addresses. The survey was hosted on Qualtrics platform and respondents were invited to answer the online survey via email on the 7th of November of 2016. Reminders to complete unfinished surveys were sent to respondents in the following two weeks after the invitation email (one per week). The online survey was closed on the 12th of December of 2016.

Due to security reasons, three paper copies of the survey were provided to three employees of the Government Communications Security Bureau (GCSB). Due to unexpected technical problems, which hampered the completion of the online survey, paper copies of the survey with return postage included were sent to the remaining employees of the GCSB and to employees of the New Zealand Customs Service and the Ministry of Health who had not completed the online survey. We received answered paper copies of the survey up to the 16th of December 2016.

The earthquake of 14 November 2016 unfortunately impacted the response rate of the survey. However, even with this unexpected occurrence, 430 respondents completed the

online version of the survey and 15 respondents completed the paper version of the survey (47.1% completion rate).

The case studies are of three medium-large State Sector organisations who have participated in a PIF review since 2012 when the four-year time horizon was introduced into the process. Each case organisation was either a core department reporting directly to a minister and delivering a mix of policy, regulatory and other services or they were a Crown entity with a Board which was appointed by and accountable to a minister. The aim of the case studies was to hear from respondents involved in PIF reviews: how they experienced the PIF, before and during the data gathering phase and after receipt of the report.

The cases primarily utilised semi-structured interviews: participating organisations were asked to provide the names of key people who have been involved in the organisation's PIF review. A snowball technique was then used to identify additional respondents which included stakeholders external to the agency, who took part in the agency's PIF review. In total 27 respondents were conducted among the three case organisations.

Crucially, the cases are not written up as narratives of each organisation but according to theme, which emerged from the process of analysis. Thematic analysis allows us to better reflect cross-cutting issues as well as offering greater anonymity to respondents.

Chapter one

Etiology & International Review¹

Performance Improvement Framework: origins, and comparative analysis

The Performance Improvement Framework was created in 2009 and has thus far published 52 reviews and 25 follow-up reviews of public sector agencies.² The purpose of this section is to outline:

- A brief summary of the origins and etiology of PIF;
- A comparative analysis with performance regimes from other international jurisdictions.

PIF is arguably another step on the evolutionary ladder of a long series of public management reforms in New Zealand, the history of which has been told many times.³ It is worthy of note for several reasons, however, not least of which are the scope of PIF aims and its comprehensiveness.

Origins

PIF came into being following the appointment of a new State Services Commissioner in July 2008. The Commissioner singled out performance as a key area of concern, stating that: “the public service was not perceived as taking ownership of its own performance improvement.”⁴

In 2009, the new Commissioner, Iain Rennie (along with Maarten Wevers) travelled to the UK to meet Gus O’Donnell, then the Cabinet Secretary of the British Civil Service, to discuss the UK’s Capability Review Programme. It has been documented that “[t]he origins of the Performance Improvement Framework (PIF) are in those discussions”,⁵ and upon returning to New Zealand, Rennie and Wevers commissioned a team from across the State Services to develop a framework that was adapted to New Zealand’s public administration system.

The key driver behind the design of PIF was to provide “a shift to a more explicit standard of defining and tracking performance, changing the nature of incentives, boosting the role that the corporate centre can play, and enhancing the ability for stakeholders and the public to scrutinise what they are getting for their tax dollars.”⁶ It is governed and funded by the SSC, Treasury and DPMC. The details of the review process will not be included in this review although specific elements will be analysed.

The stated aims of PIF were to:

- help chief executives drive improvements in agency and cross agency performance
- give ministers, stakeholders, and the public assurance about current levels of agency and system performance, and progress on improving both; and
- give central agencies a coherent view of agency and system performance and position central agencies to prioritise and drive improvements.⁷

¹ This chapter is a much-condensed version of our original study, which will be available as a separate document.

² State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet, “Fact Sheet 3: How Does the Performance Improvement Framework Fit with Other Business Improvement Tools?” (Wellington, N.Z.: State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet, January 2014), 3.

³ See, for example, Boston et al (1996), Gregory (2006), Shaw and Eichbaum, (2008); Gill et al (2010); Gill (ed. 2011); Gill and Lodge (2011); Boston (2016)

⁴ State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet, “Fact Sheet 1: Introducing the Performance Improvement Framework” (Wellington, N.Z.: State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet, January 2014), 3.

⁵ Ibid.

⁶ State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet, “Fact Sheet 3: How Does the Performance Improvement Framework Fit with Other Business Improvement Tools?” (Wellington, N.Z.: State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet, January 2014), 3.

⁷ State Services Commission (2011) Road Map: Performance Improvement Framework, Wellington: State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet

Success was seen as mixed in the early years of PIF. The SSC's own 2013 summary of PIF Reviews, concluded that "while many of our public institutions are adept at managing immediate issues, transactional stakeholder relationships and the priorities of governments of the day, they tend to be less successful in building strong and enduring public institutions whose purpose and roles are clear and whose core business effectiveness and efficiency are as strong as their ability to manage issues and events."⁸ Other commentators noted that despite much success "the harder yards' are still ahead".⁹

One of the overall aims of this research is, of course, to bring us up to date with developments in the last few years of the PIF reviews.

Comparative performance frameworks

In terms of comparators we studied the following jurisdictions:

- United Kingdom
- Australia
- Canada
- South Africa
- Norway

The first four of these countries have been identified as appropriate comparators in previous commentaries¹⁰, whereas we felt that a non-Westminster model such as Norway's could also provide a little more breadth for the analysis.

Performance frameworks are not often the subject of comparative analysis¹¹ so we adopted the comparative framework used by Hood et al¹² and adapted by Martin et al on regulatory regimes, which identified four essential mechanisms that shape any regulatory regime: (1) descriptors; (2) detectors; (3) effectors; and, (4) innovators which relate to the following functions:

1. **Descriptors** – Standard setting: how standards are set
2. **Detectors** – Information gathering: how information is gathered to assess if standards are being met
3. **Effectors** – Behaviour modification: how actions are modified in order to comply with standards.
4. **Innovators** – Internal development: how the regime develops in response to endogenous growth and exogenous shocks.¹³

This four-dimensional framework is the basis for the taxonomy of performance management instruments provided in Appendix 1. In order to offer an explanatory framework, we utilise exemplars from each country, identifying the reasons, norms, institutional influences, and contingent events that shaped their development.

8 State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet, "Core Guide 3: Getting to Great; Lead Reviewer Insights from the Performance Improvement Framework" (Wellington, NZ: State Services Commission, April 2013), 6.

9 Te Kawa, D. and K. Guerin (2012) 'Provoking Debate and Learning Lessons', *Policy Quarterly*, 8, 4, p36.

10 Ibid.

11 As noted by Martin et al., "there have been very few comparative analyses of performance assessment" in "Analysing Performance Assessment in Public Services," 130.

12 Christopher Hood, Henry Rothstein, and Robert Baldwin, *The Government of Risk: Understanding Risk Regulation Regimes* (Oxford: Oxford University Press, 2001), chap. 2.

13 While we accept that regulatory regimes are not the same as performance frameworks, we believe that the framework is suitable for adaption in the sense that performance regimes could be seen as a subset of risk regulation regimes, designed to manage that class of risks that are inherent to the public services – that is, its *performance challenges*. Indeed, New Zealand's Parliamentary Service has framed PIF Reviews as part of its risk management, as mitigating the risks inherent to "leadership, direction and delivery": "The impact of this risk is that the Service may end up with material disruption or progressive degradation to sustainable service delivery and programmes caused by poor or delayed management decisions or lack of adequate management and supporting frameworks." Please see Parliamentary Service | Te Ratonga Whare Pāremata, "Statement of Intent for the Years 2011 to 2014," Report Presented to the House of Representatives pursuant to Section 39 of the Public Finance Act 1989 (Wellington, N.Z.: Parliamentary Service | Te Ratonga Whare Pāremata, May 19, 2011), 17.

How does New Zealand compare?

As demonstrated in the overseas exemplars, the turn toward performance is not unique to New Zealand. All performance regimes are part of a post-NPM turn in public service reform, an attempt to exercise indirect control over the outcomes of the public service by shaping internal management practices.

The performance regimes do not necessarily replace the management techniques that came before, rather they graft onto what was there, adjust the mode of what was there or add on new elements. Accordingly, there are overlapping tools – obviously present in the Canadian case, but also a likely outcome of the fragmentation of performance regimes in the UK and Australia. All the countries surveyed also exemplified the tensions between the impulses of centralisation and decentralisation, a tension that is likely an irresolvable feature of performance rather than an inconsistency to be “solved” or otherwise displaced.

Unsurprisingly, the performance instruments of New Zealand, Australia and the UK are the closest in kind, the first two models directly inspired by the latter. It is an instance of transgovernmental networks within the Anglosphere (and beyond) that represent “a prior consensus on the nature of domestic and transnational policy issues as well as an implied determination to prefer forms of knowledge and partnership stemming from network peers.”¹⁴

It is notable that the UK Capability Reviews have been abandoned and the very similar Capability Review programme in Australia has been altered significantly. These are the models that New Zealand’s PIF is most closely aligned to, so their cessation or change raises issues around political sustainability and whether the features of the PIF are enough to ensure its longevity. Thus far the New Zealand PIF model has shown the capacity for change and adaptability, undoubtedly key features to retain going forward.

Performance improvement regimes rely on political and bureaucratic sustainability. This relates to their capacity for innovation, their potential for learning and the ways in which they can demonstrate value. The New Zealand model has a ‘public face’ – one of its success factors.

Low trust between agencies and ministries reduces the adoption of performance frameworks, because it increases the incidence of reporting that is “biased and strategic”.¹⁵ The same problem has been identified in Canada and the UK, where departments learned to answer questionnaires and supply evidence in a way that diverts scrutiny or criticism, thereby undermining the opportunity for performance monitoring to reflect reality and guide effective reform. However, this raises the opportunity that, rather than reforming the performance improvement instruments, central agencies could work on reforming those factors like trust that are the preconditions for effective performance improvement.

Several years, if not decades, of public service reforms has meant that lines of accountability have hybridised and fragmented, creating “more dynamic multi-dimensional accountability relationships.”¹⁶ Organisations need increasing support to thrive in this environment.

¹⁴ Tim Legrand, “Transgovernmental Policy Networks in the Anglosphere,” *Public Administration* 93, no. 4 (December 1, 2015): 986, doi:10.1111/padm.12198.

¹⁵ Lærgreid, Roness, and Rubecksen, “Performance Management in Practice: The Norwegian Way,” 258.

¹⁶ Tom Christensen and Per Lægreid, “Performance and Accountability – A Theoretical Discussion and an Empirical Assessment,” *Public Organisation Review* 15, no. 2 (January 22, 2014): 211.

Implications

The shift to public value in the PIF – such as the embrace of concepts like “Value to Customers” and “Value to New Zealanders” – appears to impose new lines of accountability on public servants to the public that they serve. While the PIF remains a strong exercise in managerial accountability where the lines of accountability run directly to chief executives and central agencies by way of satisfying relevant performance criteria, the fact that PIFs are published on-line, involve a range of stakeholders, and are very public documents imposes political and ministerial accountability. Other kinds of direct lines of accountability to the public could well require different kinds of framework and criteria for measurement. It also is not obvious that these lines of accountability would put the same emphasis on value-for-money¹⁷ to the expense of other values such as quality of service delivery, trust, recognition, fairness, stewardship, and so on.

As the 2013 summary of the PIF Reviews noted, “Agencies are better at managing issues and keeping their Ministers happy than they are at building core institutional capability that adds substantial and enduring value to New Zealand.”¹⁸ The current version of the New Zealand PIF and this review indicate the importance of maintaining hybrid accountabilities in a complex environment. The strength of the New Zealand model thus far shows adaptability along the lines of strengthening the review of ‘value’ in multiple lines of assessment, while pushing organisations to embrace longer term strategic thinking that both satisfies bureaucratic accountability but defines an organisational narrative around improvement for the future.

¹⁷ Rodney Dormer, “Organisational Management in New Zealand’s Public Service,” Working Paper Series (Wellington, NZ: Centre for Accounting, Governance and Taxation Research; School of Accounting and Commercial Law; Victoria University of Wellington, September 2015).

¹⁸ State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet, “Core Guide 3: Getting to Great; Lead Reviewer Insights from the Performance Improvement Framework,” 10.

Chapter Two

Survey

The survey was sent to 941 individuals across 35 organisations that had gone through a PIF review. 445 respondents completed the survey (47.1% completion rate).

Scales from 1 (strongly disagree) to 7 (strongly agree) were used by participants to answer item statements. To aid interpretation, results are provided in two formats. The first is a combined percentage of participants that ticked one of “Somewhat agree”, “Agree” or “Strongly agree”. The second was the mean (M) and standard deviation (SD) of responses on the seven point scale. The most common single response was “Somewhat agree”, and means were commonly between “Neither agree nor disagree” (4), and “Somewhat agree” (5).

The headline findings are as follows:

Quality, fairness and balance of the PIF process

- Most respondents perceive the PIF self-review positively.
- Most respondents perceive the PIF external review as having high quality, being accurate, having credible lead reviewers, being free of bias and upholding public service standards. A lower percentage of respondents perceive the external review and report to consider alternative or contrary viewpoints.
- The majority of the respondents perceive the concept of a ‘Four Year Excellence Horizon to be helpful and to provide good medium term goals’. About one third of the respondents perceive the four-year excellence horizon to be too short.
- The majority of the respondents perceive that the follow-up PIF reviews help the organisation stay focused on change, the time and effort required of the PIF process was reasonable, and that the PIF process was undertaken at an opportune time. Less than half of the respondents perceive the PIF review process to be disruptive or to lead to extra and unfunded work.

Outcomes of the PIF process

- The majority of the respondents perceive that the benefits of the PIF process were worthwhile and that changes that were made after the PIF review endure. A lower percentage of respondents perceive that senior managers became more engaged in discussions after site visits by PIF lead reviewers.
- About half of the respondents perceive that major changes were made as a result of the PIF process and only about one third of the respondents perceive that restructuring took place as a result of the PIF review.
- The majority of the respondents perceive that the PIF process has helped to improve clarity of the organisation’s purpose, provide a clear and detailed understanding of what to focus on, and improve the organisation’s strategic framework.
- The majority of the respondents perceive that the PIF process has helped to make improvements in the business strategies or operating models and to stimulate ‘new thinking’ by senior managers. A lower percentage of respondents perceive that the PIF process has helped to strengthen the organisation’s commitment to core values.
- The majority of the respondents perceive that the PIF process has helped to encourage the organisation to better track and/or report its progress. A lower percentage of

respondents perceive that the PIF process has helped to develop new priorities that are significant to their clients or public and to increase enthusiasm and support for change among managers at their level.

- The majority of the respondents perceive that the PIF process has helped their organisation to improve organisational stewardship for mid-range goals. A lower percentage of respondents perceive that the PIF process has helped their organisation to improve its operating model, the responsiveness to stakeholders, and the responsiveness to customers.
- The majority of the respondents perceive that the PIF process has helped their organisation to improve leadership and direction. A lower percentage of respondents perceive that the PIF process has helped their organisation to improve sector-wide cooperation and less than half of the respondents perceive that the PIF process has helped their organisation to improve the approach to managing its relationship with employees.
- About half of the respondents perceive that the PIF process has helped their organisation to improve its organisational culture. About one third of the respondents perceive that the PIF process has helped their organisation to improve the management of assets and the use of IT resources.
- The majority of the respondents perceive that the PIF process has helped their organisation to improve its management for outcomes. About half of respondents perceive that the PIF process has helped their organisation to improve the management of long-term capabilities and the management of emerging issues.
- About half of the respondents perceive that since the PIF review, managers at their level give more consideration to medium and long term goals and that what is expected of managers in their jobs has changed. Less than half of the respondents perceive that since the PIF review, managers at their level have improved people management.
- Less than half of the respondents perceive that the PIF process resulted in new performance challenges that they were expected to meet. Less than one third of the respondents perceive that their focus on making change after the PIF review was short lived.
- The majority of the respondents perceive that since the PIF review, their organisation ensures its contribution to New Zealand is better and is preparing to meet its future performance challenges better.

Other topics related to the PIF process

- Most respondents perceive that accountability for improvement in the public service is helpful. The majority of the respondents perceive that positive PIF reports increase ministers' confidence in their organisation's performance and that if PIF reports were confidential they would have less impact. Less than half of the respondents perceive that negative ratings in PIF reports are picked up in the media.
- The majority of the respondents perceive that the PIF makes the organisation address issues for which it might not be accountable otherwise and that other public sector organisations improvements help their organisation to improve too. Less than one third of the respondents perceive that resistance from other public organisations makes it hard to change their organisation.
- Most respondents perceive that their organisation does a good job of satisfying its customers and has always delivered value for customers and New Zealanders.

The majority of the respondents perceive that their organisation has always paid attention to emerging medium-term issues.

- The majority of tier one or two managers perceive that ministers fully support their organisation’s PIF process and expect senior managers to respond to the PIF review and to implement PIF recommendations.

Most respondents checked numbers in the middle or in the extreme end of the scale when rating red tape in their organisation.

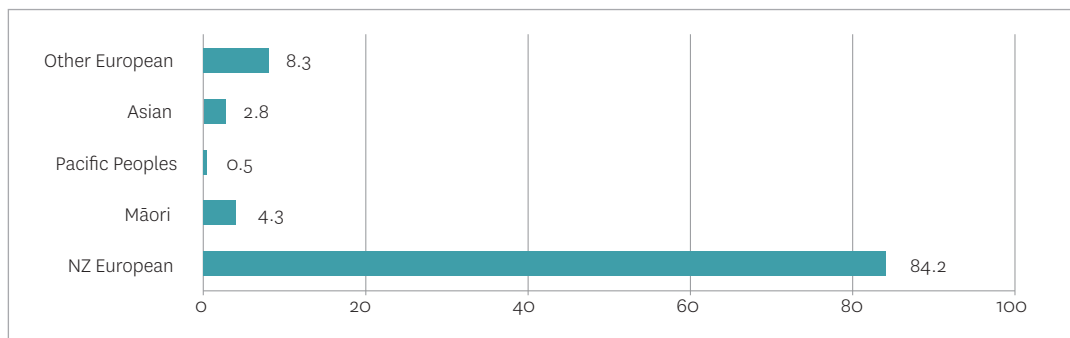
Who were the respondents?

Table 2.1: Age distribution of respondents

Age groups	N	%
18-24	0	0.0
25-34	14	3.2
35-44	101	23.4
45-54	201	46.6
55-64	108	25.1
65+	7	1.6
Total	431	100.0

The largest group of respondents was aged 45–54 years (see Table 2.1) with an average age of 49.38 years (SD = 7.94), well above the average working age of 43 years for all New Zealanders (Statistics NZ, 2015) and the average working age of 45 years for public service employees in particular (State Services Commission [SSC], 2015). This higher mean age is possibly due to the sample composition in terms of managerial tiers. Most respondents were managers and developing skills to be appointed as manager takes some years of work.

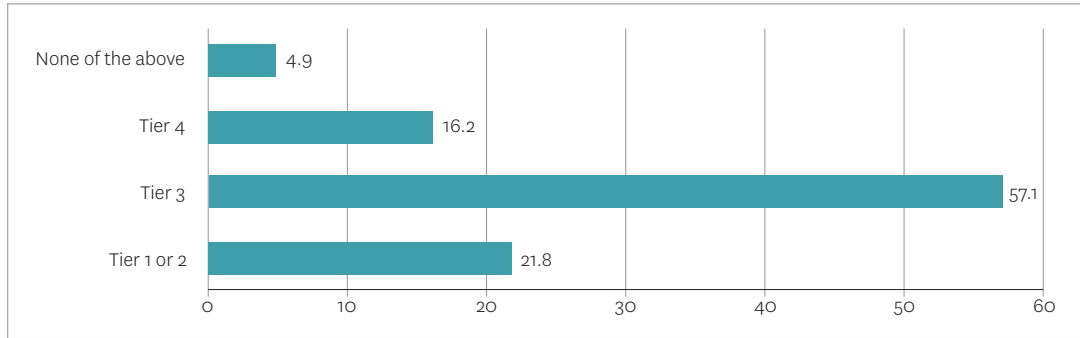
Figure 2.1: Ethnicity distribution of respondents¹



52.5% of the respondents in the survey were male and the majority of the respondents identified themselves as New Zealand European (84.2%; see Figure 2.1).

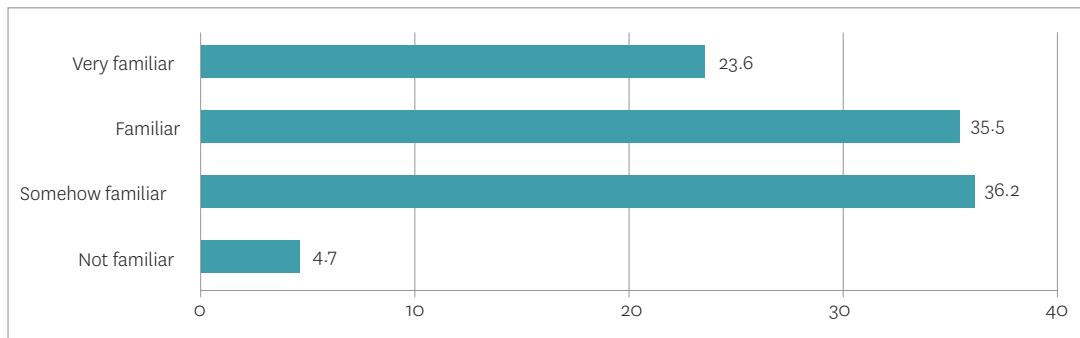
¹ Note that the ethnic categories presented in Figure 2.2 are mutually exclusive. Only respondents who pointed out one ethnicity were included in the graph above. Only 19 respondents pointed out more than one ethnicity.

Figure 2.2: Tier of respondents



The majority of respondents worked in tier 3 managerial positions (57.1%; see Figure 2.2).

Figure 2.3: Familiarity with the PIF process



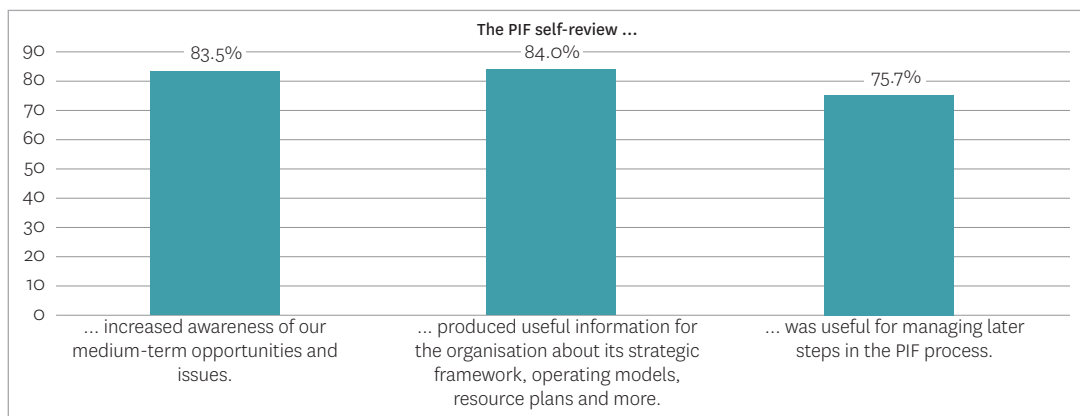
71.7% of the respondents were somewhat familiar or familiar with the PIF process (see Figure 2.3).

The remainder of the survey results are divided up into three key sections:

- Quality, fairness and balance of the PIF process
- Outcomes of the PIF process; and
- Other topics related to the PIF process

Quality, fairness and balance of the PIF process

Figure 2.4: PIF self-review

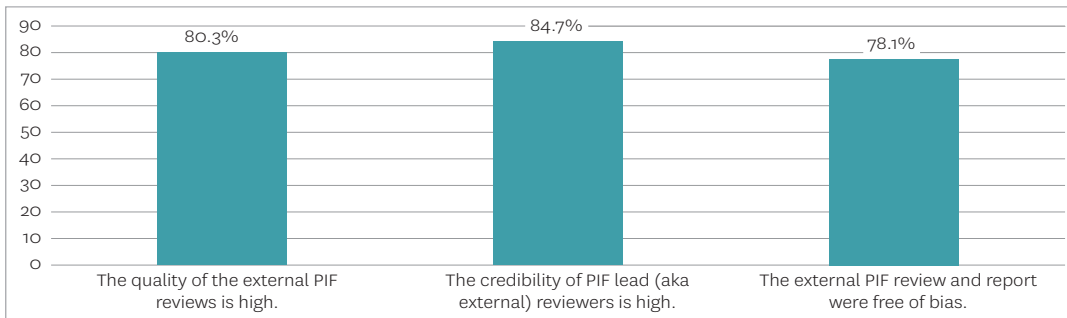


Most respondents agreed that the PIF self-review increased awareness of medium-term opportunities and issues (M = 5.35, SD = 1.15), produced useful information (M = 5.39, SD = 1.13), and was useful for managing later steps in the process (M = 5.26, SD = 1.15; see Figure 2.4).

Additional analyses also showed that respondents that were more familiar with the PIF process agreed significantly more with the self-review items than respondents that were less

familiar with the PIF process. Also, tier one or two managers agreed significantly more than tier three or four managers, or respondents not holding a managerial position, that the self-review increased awareness of medium-term opportunities and issues.

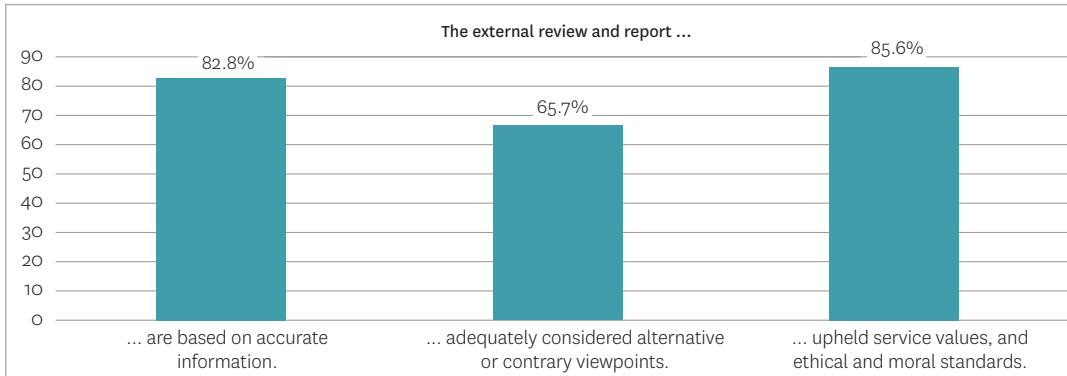
Figure 2.5: External review – items 1 to 3



Most respondents agreed that the external review has high quality ($M = 5.41$, $SD = 1.09$), the lead reviewers have high credibility ($M = 5.68$, $SD = 1.10$), and the PIF review and report were free of bias ($M = 5.36$, $SD = 1.21$; see Figure 2.5).

Additional analyses also showed that respondents that were more familiar with the PIF process agreed significantly more than respondents that were less familiar with the PIF process that the quality of the external review and the credibility of the lead reviewers are high. No significant differences were found between employees acting as tier one or two managers and employees acting as tier three or four managers, or not holding a managerial position.

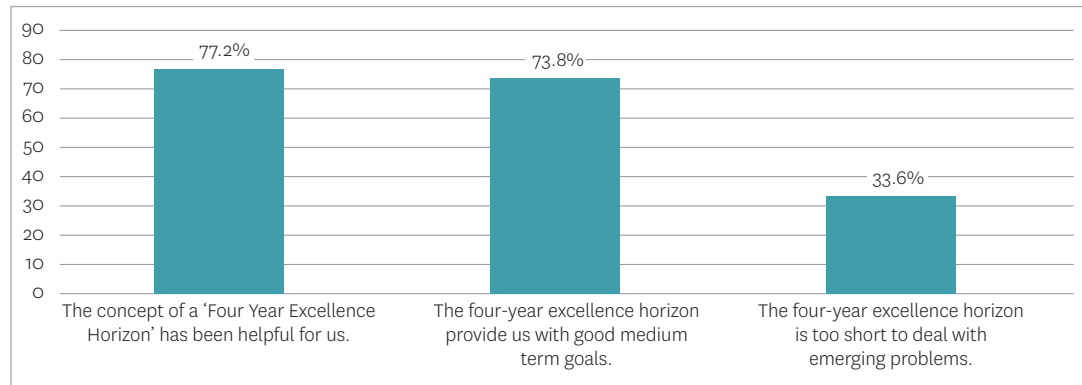
Figure 2.6: External review – items 4 to 6



Most respondents agreed that the external review and report are based on accurate information ($M = 5.42$, $SD = 0.99$) and upheld public service values, and ethical and moral standards ($M = 5.72$, $SD = 1.03$; see Figure 2.6). A lower percentage of respondents agreed that the external review and report considered alternative or contrary viewpoints ($M = 4.89$, $SD = 1.17$). Additional analyses also showed that respondents that were more familiar with the PIF process scored significantly higher on these items than respondents that were less familiar with the PIF process. No significant differences were found between employees acting as tier one or two managers and employees acting as tier three or four managers, or not holding a managerial position.

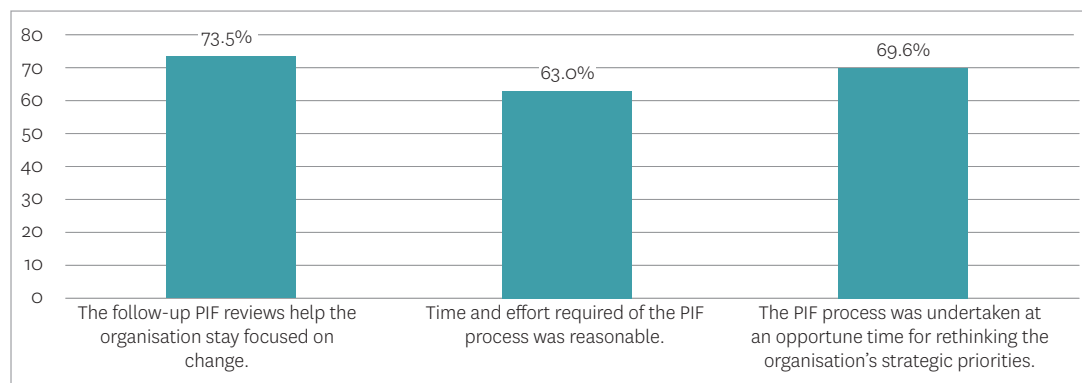
The majority of the respondents agreed that the concept of a ‘Four Year Excellence Horizon’ has been helpful ($M = 5.34$, $SD = 1.18$) and provides good medium term goals ($M = 5.19$, $SD = 1.21$; see Figure 2.7). About one third of the respondents agreed that the four-year excellence horizon is too short to deal with emerging problems ($M = 3.84$, $SD = 1.51$).

Figure 2.7: Four Year Excellence Horizon



Additional analyses also showed that respondents that were more familiar with the PIF process agreed significantly more than respondents that were less familiar with the PIF process that the concept of a 'Four Year Excellence Horizon' is helpful. Respondents that were more familiar with the PIF process also agreed significantly less than respondents that were less familiar with the PIF process that the four-year excellence horizon is too short. Tier one or two managers agreed significantly more than tier three or four managers, or respondents not holding a managerial position, that the concept of a 'Four Year Excellence Horizon' is helpful and provides good medium term goals. Tier one or two managers also agreed significantly less than tier three or four managers, or respondents not holding a managerial position, that the four-year excellence horizon is too short.

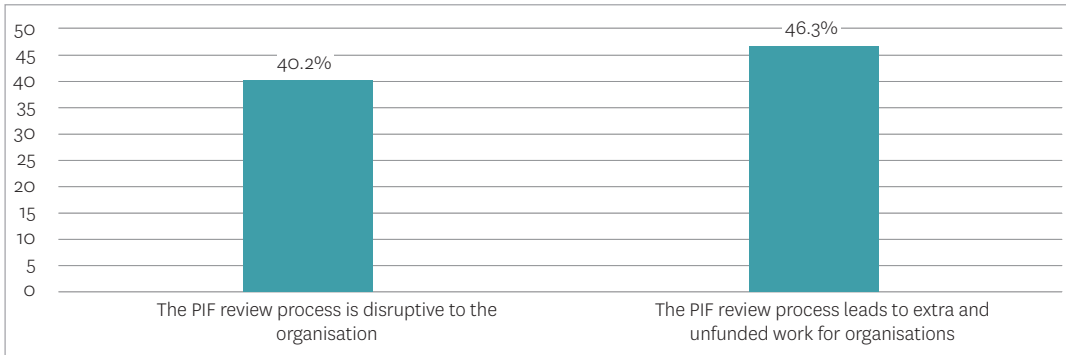
Figure 2.8: PIF process in general – items 1 to 3



The majority of the respondents agreed that the follow-up PIF reviews help the organisation stay focused on change ($M = 5.19$, $SD = 1.12$), the time and effort required of the PIF process was reasonable ($M = 4.78$, $SD = 1.34$), and the PIF process was undertaken at an opportune time ($M = 5.16$, $SD = 1.35$; see Figure 2.8).

Additional analyses showed that respondents that were more familiar with the PIF process agreed significantly more than respondents that were less familiar with the PIF process that the PIF process was undertaken at an opportune time. Tier one or two managers also agreed significantly more than tier three or four managers, or respondents not holding a managerial position, that the PIF process was undertaken at an opportune time.

Figure 2.9: PIF process in general – items 4 and 5

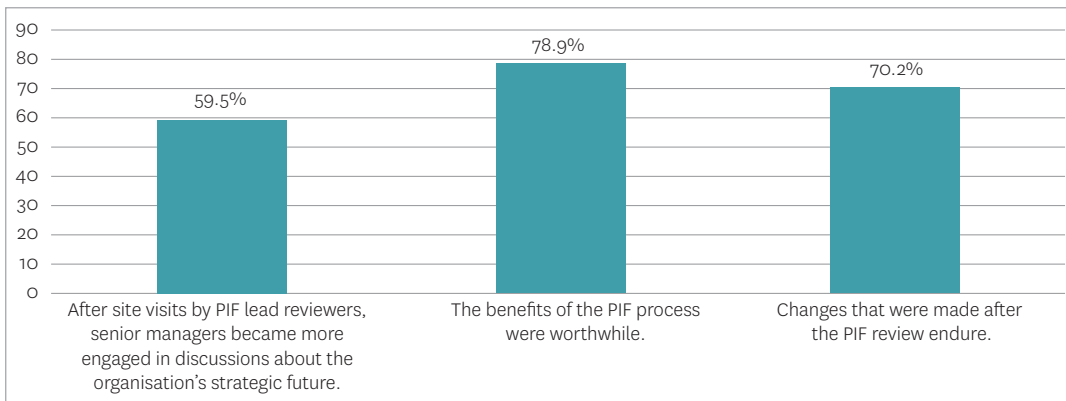


Less than half of the respondents agreed that the PIF review process is disruptive ($M = 3.86$, $SD = 1.48$) and leads to extra and unfunded work ($M = 4.18$, $SD = 1.50$; see Figure 2.9).

No significant differences were found between respondents that were more familiar with the PIF process and respondents that were less familiar with the PIF process.

Outcomes of the PIF process

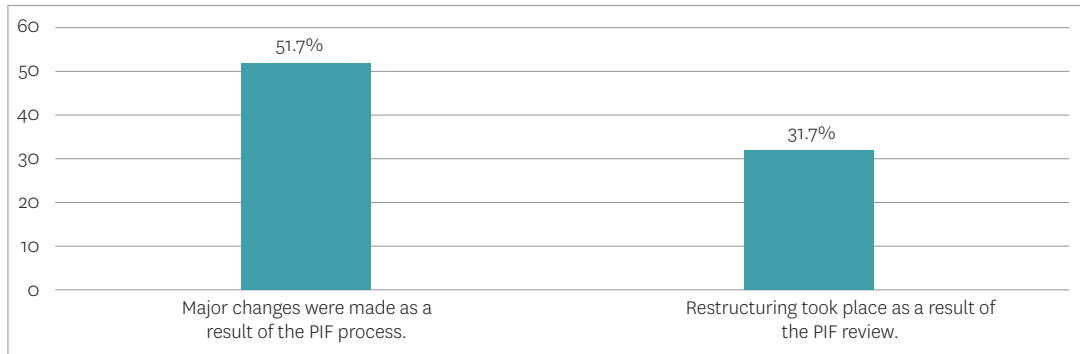
Figure 2.10: PIF outcomes – items 1 to 3



The majority of the respondents agreed that the benefits of the PIF process were worthwhile ($M = 5.28$, $SD = 1.18$) and that changes that were made after the PIF review endure ($M = 5.01$, $SD = 1.26$; see Figure 2.10). A lower percentage of respondents agreed that senior managers became more engaged in discussions after site visits by PIF lead reviewers ($M = 4.69$, $SD = 1.32$).

Additional analyses showed that respondents that were more familiar with the PIF process agreed significantly more than respondents that were less familiar with the PIF process that the PIF process was worthwhile and that changes that were made after the PIF review endured. Tier one or two managers also agreed significantly more than tier three or four managers, or respondents not holding a managerial position, that the PIF process was worthwhile and that changes that were made after the PIF review endured.

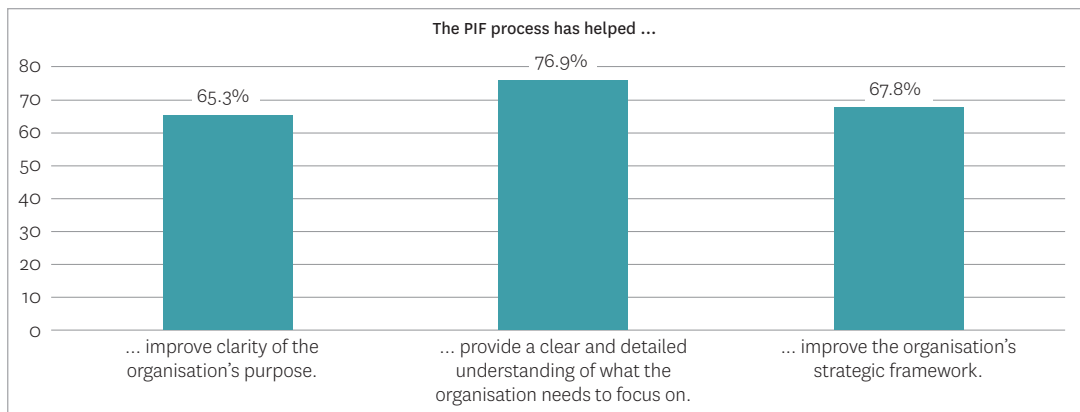
Figure 2.11: PIF outcomes – items 4 and 5



Only about half of the respondents agreed that major changes were made as a result of the PIF process ($M = 4.53$, $SD = 1.49$) and only about one third of the respondents agreed that restructuring took place as a result of the PIF review ($M = 3.83$, $SD = 1.71$; see Figure 2.11).

Additional analyses showed that respondents that were more familiar with the PIF process agreed significantly more than respondents that were less familiar with the PIF process that major changes were made as a result of the PIF process. No significant differences were found between employees acting as tier one or two managers and employees acting as tier three or four managers, or not holding a managerial position.

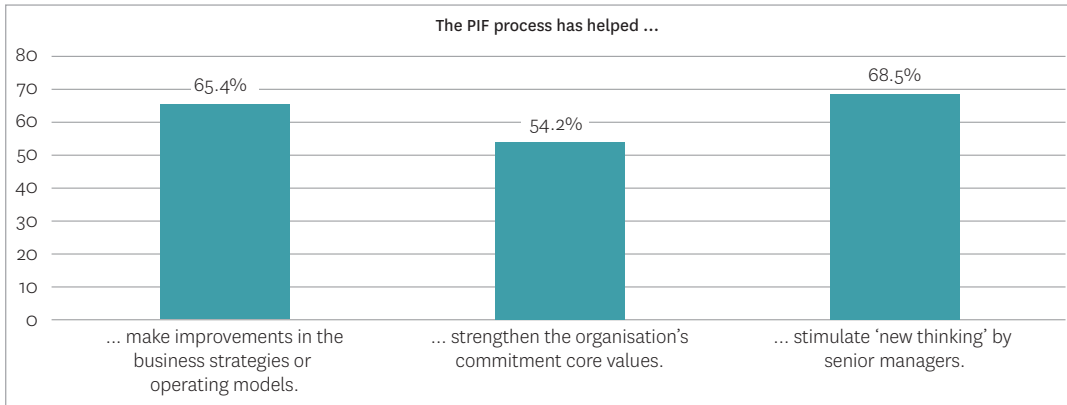
Figure 2.12: PIF outcomes – items 6 to 8



The majority of the respondents agreed that the PIF process has helped to improve clarity of the organisation's purpose ($M = 4.73$, $SD = 1.41$), provide a clear and detailed understanding of what to focus on ($M = 5.01$, $SD = 1.31$), and improve the organisation's strategic framework ($M = 4.86$, $SD = 1.37$; see Figure 2.12).

Additional analyses showed that respondents that were more familiar with the PIF process agreed significantly more than respondents that were less familiar with the PIF process that the PIF process has helped to provide a clear and detailed understanding of what to focus on. Tier one or two managers agreed significantly more than tier three or four managers, or respondents not holding a managerial position, that the PIF process has helped to provide a clear and detailed understanding of what to focus on and to improve the organisation's strategic framework.

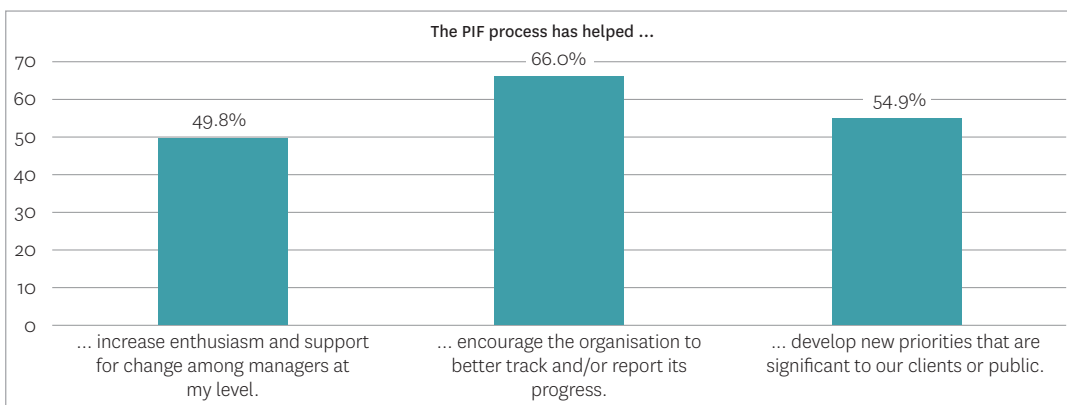
Figure 2.13: PIF outcomes – items 9 to 11



The majority of the respondents agreed that the PIF process has helped to make improvements in the business strategies or operating models ($M = 4.77$, $SD = 1.33$) and to stimulate 'new thinking' by senior managers ($M = 4.83$, $SD = 1.34$; see Figure 2.13). A lower percentage of respondents agreed that the PIF process has helped to strengthen the organisation's commitment to core values ($M = 4.49$, $SD = 1.40$).

Additional analyses showed that respondents that were more familiar with the PIF process agreed significantly more than respondents that were less familiar with the PIF process that the PIF process has helped to make improvements in the business strategies or operating models and to stimulate 'new thinking' by senior managers. Tier one or two managers agreed significantly more than tier three or four managers, or respondents not holding a managerial position, that the PIF process has helped to make improvements in the business strategies or operating models, to stimulate 'new thinking' by senior managers, and to strengthen the organisation's commitment to core values.

Figure 2.14: PIF outcomes – items 12 to 14

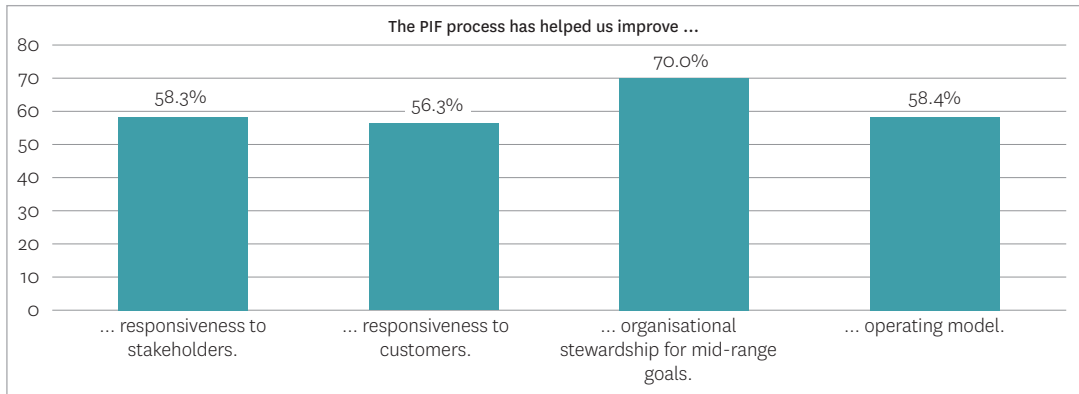


The majority of the respondents agreed that the PIF process has helped to encourage the organisation to better track and/or report its progress ($M = 4.79$, $SD = 1.34$; see Figure 2.14). A lower percentage of respondents agreed that the PIF process has helped to develop new priorities that are significant to their clients or public ($M = 4.54$, $SD = 1.42$) and to increase enthusiasm and support for change among managers at their level ($M = 4.25$, $SD = 1.46$).

Additional analyses showed that respondents that were more familiar with the PIF process agreed significantly more than respondents that were less familiar with the PIF process that the PIF process has helped to increase enthusiasm and support for change among managers at their level and to develop new priorities that are significant to their clients or public. Tier one or two managers agreed significantly more than tier three or four managers, or respondents

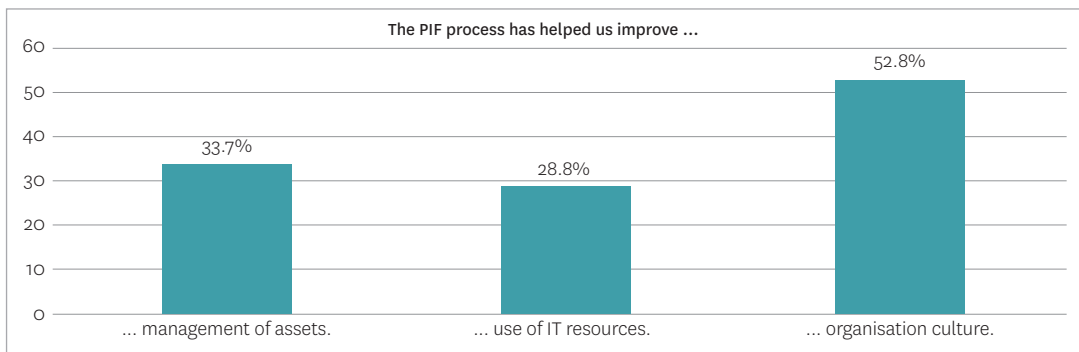
not holding a managerial position, that the PIF process has helped to increase enthusiasm and support for change among managers at their level.

Figure 2.15: PIF outcomes – items 15 to 18



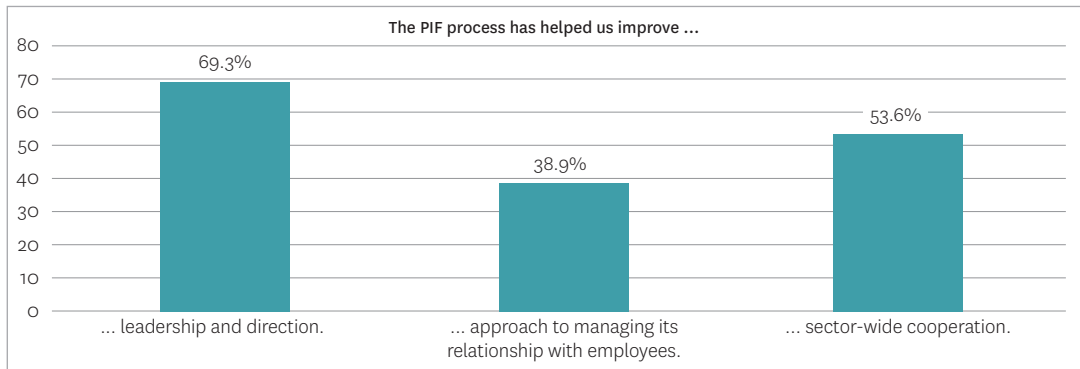
The majority of the respondents agreed that the PIF process has helped their organisation to improve organisational stewardship for mid-range goals (M = 4.90, SD = 1.21; see Figure 2.15). A lower percentage of respondents agreed that the PIF process has helped their organisation to improve its operating model (M = 4.66, SD = 1.37), responsiveness to stakeholders (M = 4.65, SD = 1.32), and responsiveness to customers (M = 4.64, SD = 1.31).

Figure 2.16: PIF outcomes – items 19 to 21



Additional analyses showed that respondents that were more familiar with the PIF process agreed significantly more than respondents that were less familiar with the PIF process that the PIF process has helped their organisation improve its operating model. Tier one or two managers agreed significantly more than tier three or four managers, or respondents not holding a managerial position, with all the items on Figure 2.15.

Figure 2.17: PIF outcomes – items 22 to 24

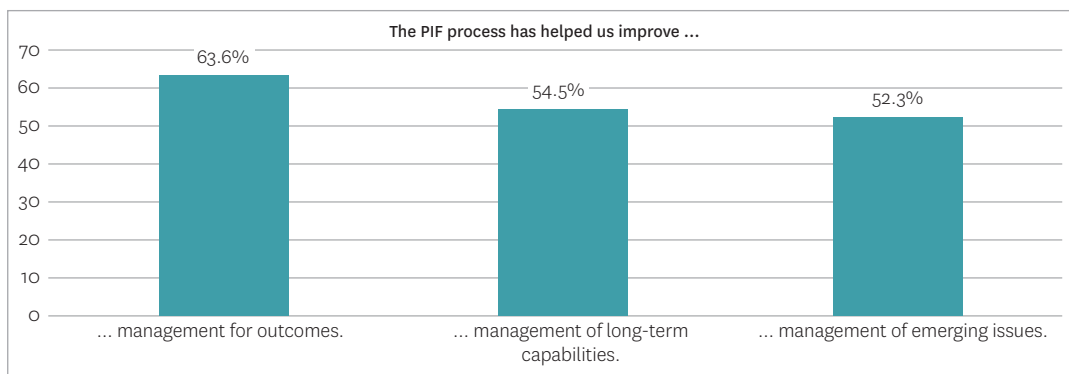


The majority of the respondents agreed that the PIF process has helped their organisation to improve leadership and direction (M = 4.86, SD = 1.37; see Figure 2.17). A lower percentage of respondents agreed that the PIF process has helped their organisation to improve sector-wide cooperation (M = 4.47, SD = 1.36) and less than half of the respondents agreed that the PIF process has helped their organisation to improve the approach to managing its relationship with employees (M = 4.13, SD = 1.42).

No significant differences were found between respondents that were more familiar with the PIF process and respondents that were less familiar with the PIF process. No significant differences were found between employees acting as tier one or two managers and employees acting as tier three or four managers, or not holding a managerial position.

About half of the respondents agreed that the PIF process has helped their organisation to improve its organisational culture (M = 4.38, SD = 1.44; see Figure 2.17). About one third of the respondents agreed that the PIF process has helped their organisation to improve the management of assets (M = 4.07, SD = 1.24) and the use of IT resources (M = 3.90, SD = 1.31).

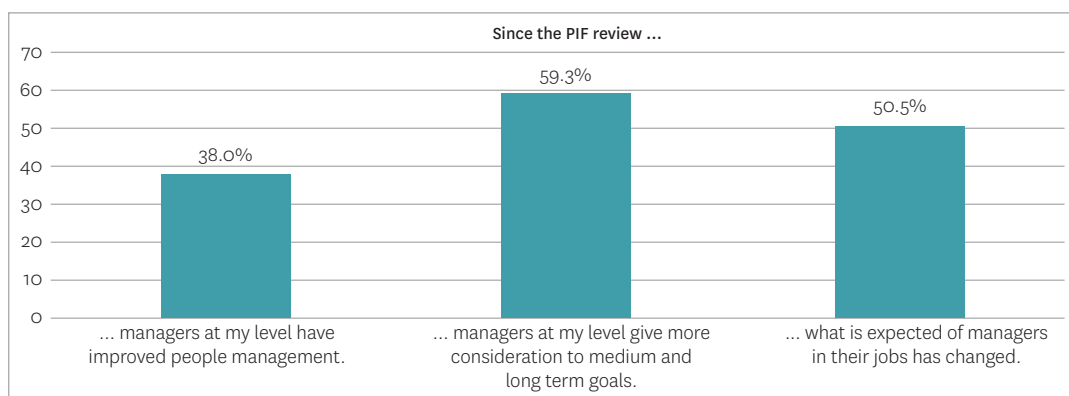
Figure 2.18: PIF outcomes – items 25 to 27



The majority of the respondents agreed that the PIF process has helped their organisation to improve its management for outcomes (M = 4.70, SD = 1.29; see Figure 2.18). About half of respondents agreed that the PIF process has helped their organisation to improve the management of long-term capabilities (M = 4.44, SD = 1.32) and the management of emerging issues (M = 4.44, SD = 1.35).

No significant differences were found between respondents that were more familiar with the PIF process and respondents that were less familiar with the PIF process. Tier one or two managers agreed significantly more than tier three or four managers, or respondents not holding a managerial position, that the PIF process has helped their organisation to improve the management of long-term capabilities and the management of emerging issues.

Figure 2.19: PIF outcomes – items 28 to 30

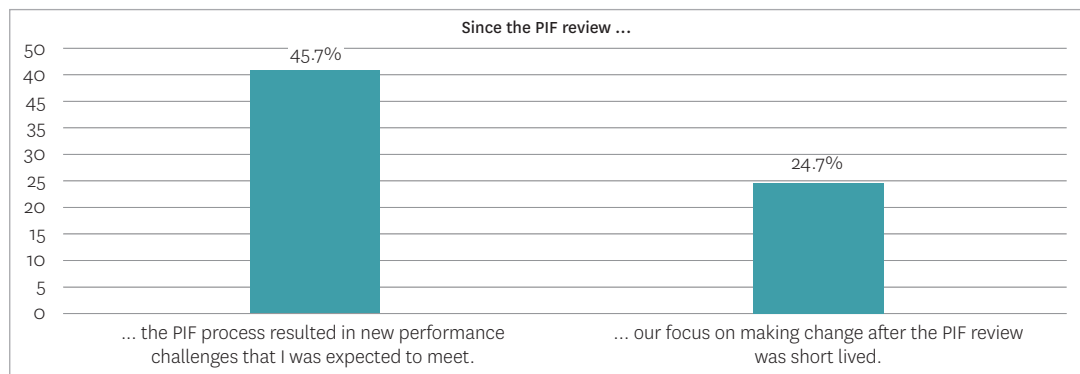


Chapter Two Survey

About half of the respondents agreed that since the PIF review, managers at their level give more consideration to medium and long term goals ($M = 4.63$, $SD = 1.30$) and that what is expected of managers in their jobs has changed ($M = 4.43$, $SD = 1.36$; see Figure 2.19). Less than half of the respondents agreed that since the PIF review, managers at their level have improved people management ($M = 4.17$, $SD = 1.31$).

No significant differences were found between respondents that were more familiar with the PIF process and respondents that were less familiar with the PIF process. Tier one or two managers agreed significantly more than tier three or four managers, or respondents not holding a managerial position, that since the PIF review, managers at their level give more consideration to medium and long term goals and that what is expected of managers in their jobs has changed.

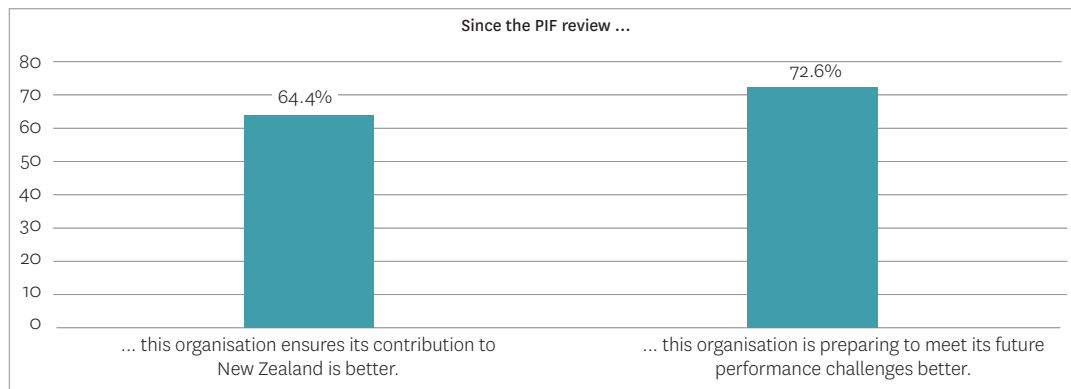
Figure 2.20: PIF outcomes – items 31 and 32



Less than half of the respondents agreed that the PIF process resulted in new performance challenges that they were expected to meet ($M = 4.28$, $SD = 1.46$; see Figure 2.20). Less than one third of the respondents agreed that their focus on making change after the PIF review was short lived ($M = 3.46$, $SD = 1.47$).

Additional analyses also showed that respondents that were more familiar with the PIF process agreed significantly more than respondents that were less familiar with the PIF process that the PIF process resulted in new performance challenges that they were expected to meet. Respondents that were more familiar with the PIF process also agreed significantly less than respondents that were less familiar with the PIF process that their focus on making change after the PIF review was short lived. Tier one or two managers agreed significantly more than tier three or four managers, or respondents not holding a managerial position, that the PIF process resulted in new performance challenges that they were expected to meet. Tier one or two managers also agreed significantly less than tier three or four managers, or respondents not holding a managerial position, that their focus on making change after the PIF review was short lived.

Figure 2.21: PIF outcomes – items 33 and 3

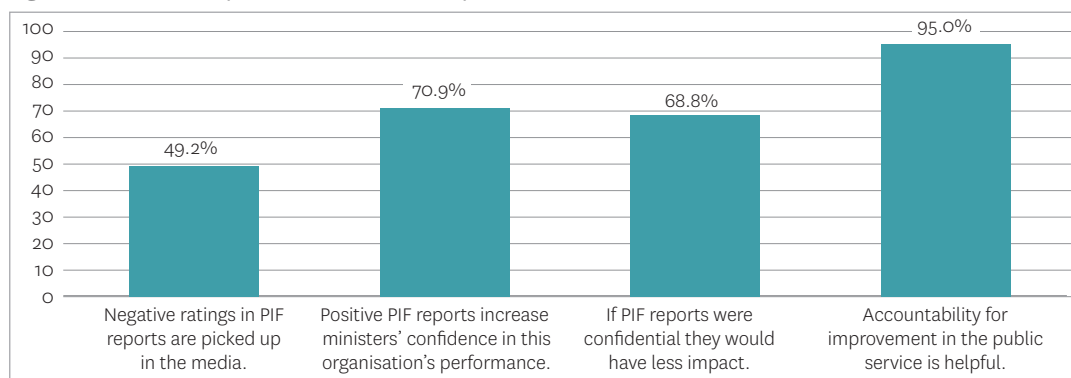


The majority of the respondents agreed that since the PIF review, their organisation ensures its contribution to New Zealand is better ($M = 4.96$, $SD = 1.26$) and is preparing to meet its future performance challenges better ($M = 5.07$, $SD = 1.21$; see Figure 2.21).

Tier one or two managers agreed significantly more than tier three or four managers, or respondents not holding a managerial position, that since the PIF review, their organisation ensures its contribution to New Zealand is better and is preparing to meet its future performance challenges better.

Other topics related to the PIF process

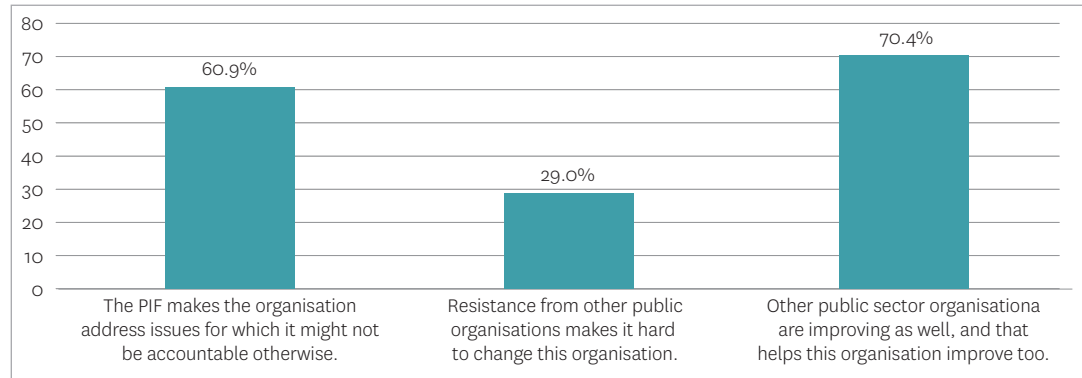
Figure 2.22: Other topics related to the PIF process – items 1 to 4



Most respondents agreed that accountability for improvement in the public service is helpful ($M = 6.07$, $SD = 0.86$; see Figure 2.22). The majority of the respondents agreed that positive PIF reports increase ministers' confidence in their organisation's performance ($M = 5.06$, $SD = 1.09$) and that if PIF reports were confidential they would have less impact ($M = 5.09$, $SD = 1.49$). Less than half of the respondents agreed that negative ratings in PIF reports are picked up in the media ($M = 4.42$, $SD = 1.44$).

Additional analyses showed that respondents that were more familiar with the PIF process agreed significantly more than respondents that were less familiar with the PIF process that accountability for improvement in the public service is helpful and that if PIF reports were confidential they would have less impact. Tier one or two managers agreed significantly less than tier three or four managers, or respondents not holding a managerial position, that positive PIF reports increase ministers' confidence in their organisation's performance.

Figure 2.23: Other topics related to the PIF process – items 5 to 7



The majority of the respondents agreed that the PIF makes the organisation address issues for which it might not be accountable otherwise ($M = 4.75$, $SD = 1.38$) and that other public sector organisations improvements help their organisation to improve too ($M = 4.93$, $SD = 1.00$; see Figure 2.23). Less than one third of the respondents agreed that resistance from other public organisations makes it hard to change their organisation ($M = 3.68$, $SD = 1.43$).

Additional analyses showed that respondents that were more familiar with the PIF process agreed significantly less than respondents that were less familiar with the PIF process that resistance from other public organisations makes it hard to change their organisation. No significant differences were found between employees acting as tier one or two managers and employees acting as tier three or four managers, or not holding a managerial position.

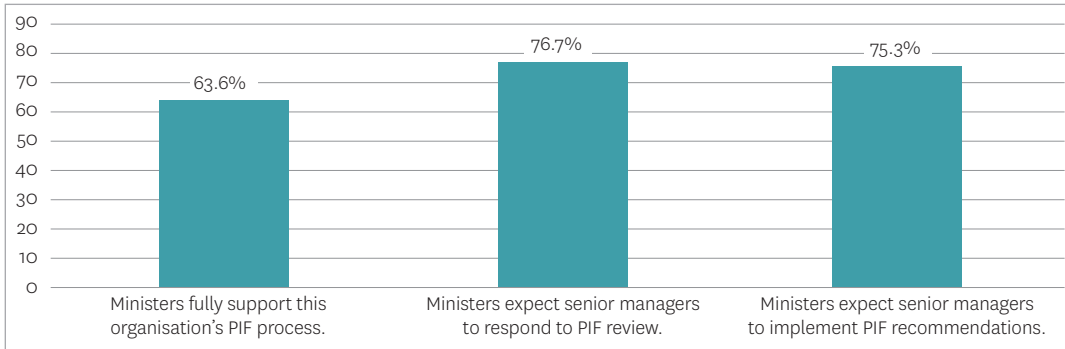
Figure 2.24: Other topics related to the PIF process – items 8 to 10



Most respondents agreed that their organisation does a good job of satisfying its customers ($M = 5.27$, $SD = 1.10$) and has always delivered value for customers and New Zealanders ($M = 5.29$, $SD = 1.23$; see Figure 2.24). The majority of the respondents agreed that their organisation has always paid attention to emerging medium term issues ($M = 4.73$, $SD = 1.35$).

No significant differences were found between respondents that were more familiar with the PIF process and respondents that were less familiar with the PIF process. Tier one or two managers agreed significantly more than tier three or four managers, or respondents not holding a managerial position, that their organisation does a good job of satisfying its customers. Tier one or two managers also agreed significantly less than tier three or four managers, or respondents not holding a managerial position, that the organisation has always paid attention to emerging medium term issues.

Figure 2.25: Other topics related to the PIF process – items 11 to 13



The items showed on Figure 2.25 were answered only by tier one or two managers. The majority of tier one or two managers agreed that ministers fully support their organisation's PIF process ($M = 4.94$, $SD = 1.36$) and expect senior managers to respond to the PIF review ($M = 5.38$, $SD = 1.29$) and to implement PIF recommendations ($M = 5.32$, $SD = 1.34$; see Figure 2.25).

Table 2.2: Other topics related to the PIF process – red tape

Variable	%		
	Almost no red tape		Great deal of red tape
	0.3	4.6	7-10
Red tape	19.4	45.7	34.9

Unlike the items presented previously, the item enclosing red tape (see Table 2.2) included an eleven-point, and not a seven-point, type Likert scale. Most respondents checked numbers in the middle or in the extreme end of the scale when rating this item ($M = 5.57$, $SD = 2.03$).

Additional analyses showed that respondents that were more familiar with the PIF process agreed significantly less than respondents that were less familiar with the PIF process that there is red tape in their organisation. Tier one or two managers agreed significantly less than tier three or four managers, or respondents not holding a managerial position, that there is red tape in their organisation.

Chapter Three

Case Studies

The case studies are of three medium-large organisations who have participated in a PIF review since 2012 when the four-year time horizon was introduced into the process. Each case organisations was either a core department reporting directly to a minister and delivering a mix of policy, regulatory and other services or they were a Crown entity with a Board which was appointed by and accountable to a minister. The aim of the case studies was to hear from participants involved in PIF reviews: how they experienced the PIF, before, during the data gathering phase and after receipt of the report.

The cases primarily utilised semi-structured interviews: participating organisations were asked to provide the names of key people who have been involved in the organisation’s PIF review. A snowball technique was then used to identify additional interviewees which included stakeholders external to the agency, who took part in the agency’s PIF review. In total 27 interviewees were conducted among the three case organisations.

Crucially, the cases are not written up as narratives of each organisation but according to theme, which emerged from the process of analysis. Thematic analysis allows us to better reflect cross-cutting issues as well as offering greater anonymity to respondents. A significant number of quotes are included for richness and explanation.

There are common process points in a PIF review as well as themes discussed by the informants and the data is presented here organised around those themes. The themes were chosen as a result of both the original requirements of the project based around the objectives, combined with the emergent learning from interview analysis and researcher experience in coding qualitative data. The themed analysis draws from the interviews done at senior levels of the organisations including lead reviewers and central agencies, enhanced by survey ‘free form’ comments made by individuals from across the surveyed organisations that reaches further into managerial levels.

The themes were codified into three key areas with sub-themes as outlined below.

Preparation and Context	Process and Value	Learning and Change
Evolution	Review in Organisation	
Role of Self-Review	Strategic Alignment	PIF improvement
Reviewers	Stakeholder Relationships	(Intra) Organisational Learning (results of process)
Multiplicity of reviews	Publicness and Accountability	Extra-organisational learning (system learning)
Resources		

The headline findings from the thematic analysis are:

Preparation and Context

- Self-Review plays critical role in developing and improving an organisational narrative linking the entire process
- Quality, calibre and independence of Lead Reviewers is the key to credibility and longevity of PIF
- PIF is resource intensive; value must be extracted at each stage and translated to organisations

Process and Value

Success of the in-organisation review period related to effectiveness of Self-Review

- 'Assess' perception of PIF vs. 'assist' remains an issue
- Value in Lead Reviewers looking at the 'engine-room' of organisations
- Ratings remain important as a signal and lever for action although less helpful in aiding organisations as to what they need to actually do post PIF
- Lead Reviewers important in communicating organisation challenges to other stakeholders and Central Agencies
- With organisations under multiple reviews (aside from PIF) there must be organisational buy-in or PIF loses credibility as anything other than compliance tool
- Processes of absorption of PIF messages (how PIF 'lives on') is variable

Learning and Change

- The strategic dialogue is more than just a 'nice chat' and valued at all levels – leads to buy-in and legitimacy
- Four year horizon widely accepted and seen to have pushed organisations to more strategic and longer term thinking
- Potentially, there are still slow rates of change in some areas of activity, which indicates that either the tool is not picking up change or the PIF is not a driver of impactful operational change
- Systems to support extra-organisational learning and post PIF organisational learning would benefit from further strengthening
- CEs value the critique of PIF but wary of destabilising effect on organisation, looking for short term stability plus long term gains
- Gap in 'system learning' from PIFs that may need further consideration

Preparation and Context

1. Evolution

At the senior levels of the organisations, it was clearly understood that the PIF is not a static tool but one that has changed over time with potential to change further. Further, the Evolution theme can be thought of in terms of formal structures and approaches, and more informal shifts in tone or emphasis.

At a general level an interviewee summarised important learning that had emerged up to late 2016,

I think one of the key learnings is not all agencies are equal; there are different levels of capability, there's different needs, and the PIF process and the nature of the PIF product needs to be sensitive to that, to generate value, and therefore to be credible over a long term, and sustainable over longer term.”(FR1)

Chapter Three Case Studies

The question as to the sensitivity of the PIF remains an open one and we return to this issue in other parts of the review. Formally, one might look at the structures supporting the PIF'd organisations especially smaller organisations, and how this fits with the need for consistency in the application of the PIF tool. Sensitivity to the nature of the organisation has grown over time but the impact of this is difficult to unpack from the evidence obtained in this evaluation.

The issue of sustainability also returns in a number of guises throughout the report as it relates to Reviewers and Resources.

Many issues became apparent over time that had more to do with inter-agency and inter-sectoral relationships and the need to work together than with strictly internal capabilities.

Clearly, one of the learnings that we got out of PIF that we didn't expect – well, we hadn't thought about initially, was the whole issue about a lot of the improvement issues could not be resolved by the agency themselves.(FR2)

The formal, backward and inward nature of the PIF review sits delicately with the need to look forward:

There is a designed ambiguity in the PIF, in that the assessment is against what you need to be to get your sort of excellence horizon in four years time. So, by definition almost, inevitably you're not ready yet. People struggle with that; we've done all this work – look how far we've come, and I'm still a red/orange So there's actually a bit of a tension in that. That's particularly so in the assessment space, I think because it's a report card against a future scenario and that's a bit weird at one level.(FR56)

The timing of the PIF emerged as a consistent theme with respondents. Organisations differ in their ideas about when is the 'right time'. A CE's suggested, "give yourself time to understand your organisation but not so much time that you actually have too many things underway."(FR5) The lifecycle of the organisation can be critical, "The timing of the review for a newly forming organisation was problematic – particularly when little weight was given to the context and challenges of merging."(FR6, FF)

The timing issue is related to reviewer selection.

"So there are certainly some CEs who chose lead reviewers, and I think they knew they were choosing lead reviewers that wouldn't be as challenging as other lead reviewers. I also saw agencies deliberately choose lead reviewers who would lift their thinking, and those CEs were often the most confident and most able to confront their strengths and weaknesses."(FR7)

The changes the PIF has undergone has led to a more considered process for undertaking a PIF and this relates closely to the self-review.

ii. Role of self-review

The self-review is a critical part of the PIF process. Organisations vary in their views on the usefulness of the long process of gathering all the required information, organising it as required and presenting it. One organisation described it as, "a whole raft of summaries done which we all had of where we were, what we were doing and where we were going."(FR8)

Regarding internal communication about the PIF before and during the self-review there were experiences that varied, unsurprisingly related to organisational strategy, style of leadership, organisational life-cycle, organisational culture and the nature of activities underway in the time period preceding the PIF visit.

Increasing the emphasis on the importance of the self-reviews over time was recognised as being a key part of the informal evolution of the PIF since its inception.

“The self-assessment process, that’s one that actually senior leadership team does need to spend some time engaging with, because a lot of the value comes out of that part of the process, quite apart from what the external reviewers pick up.”(FR3)

It was felt the process was very taxing, especially on small agencies both in time and energy, *“especially for the report team tasked with the self-review process and in managing the fall-out from the Report.(FR9ii, FF)* It was recognised however the investment in a self-review is an excellent way to benefit from the process.

If you just view it as a piece of compliance then you’re not going to get the most value from it. So we very much decided we wanted to squeeze as much value from it as we possibly could...because it’s quite expensive – so we spent a lot of time investing in the self-review in the first instance.(FR30)

There is more than a tick-box exercise underway during the self-review, one respondent alluded to this, *“I felt that our self-review was so good that there was little value from the review itself.”(FR9.o, FF)* However, there was a word of warning about censure – the organisation must *“ensure that the self review process doesn’t allow for CE’s to override comments they don’t like(FR9i, FF).*

The ‘What Matters Day’ is an important part of the PIF preparation and needs to be a true investment of effort alongside the self-review:

Now there’s typically two lead reviewers rather than three. And it’s much more investment up front...maybe a year or so ago I had a What Matters day occur during the two weeks of the interviews because there was no other option. It’s highly desirable to do it before hand. ... So it’s actually valuable I think to get some good summaries and up front documents to read, have the What Matters day which is a day of dialogue and discussion and then, come back a week or so later to start the reviewing.(FR9b)

The self-review links to many other aspects of the PIF and emerges in other parts of this analysis.

iii. Reviewers

Every interviewee discussed issues related to the Reviewers and it is a pivotal element of the PIF’s existence and process. The sourcing, training, and ongoing relationship between SSC and its Reviewers is so important that it could be an entirely separate evaluation. In terms of this report, we learned that SSC has an ongoing set of activities relating to *“consciously refreshing the pool to bring in new talent”(FR10)* although we were not privy to the details of what the sustainability strategy is. Many respondents talked about their ‘luck’ in the Reviewers they had, but luck has very little to do with it as the Reviewers are of exceedingly high quality with

enormous experience, albeit with differing personalities and experiences that may or may not match the reviewed organisation well.

How Reviewers came to be the Reviewer for a particular PIF is a critical element of the process. Organisations, at least in recent years, were given the opportunity to be involved in the choice of Reviewer for their PIF through back-and-forth discussions with SSC and the CEs. This makes eminent sense in order to give the organisation some agency which leads to buy-in. The organisation needs to feel it is getting someone who has the requisite knowledge, reputation, and personality to suit SSC must be quite sure the Reviewer will not be 'captured' by previous interests or biased either positively or negatively towards that organisation. This process of course, does not work perfectly – not all respondents appreciated the Reviewer's approach.

I don't think I'll ever forget it. It was not pleasant. You didn't know what they were going to ask you, I found it very confronting. The style was quite bullish at times. I would have liked to have said can I come and talk to you. It's not that sort of environment. It felt like you were going into the headmaster's office.(FR12)

The same interviewee however, related these feelings to the issue of organisational maturity and where they were at in a particular change process:

It also reflects where we might have been at the time as a ministry in terms of maturity. We're quite clear about where we're going and what our strategy is [now]. Whereas previously in SLT we all knew, but whether or not that had floated all the down the organisation; probably not.(FR13)

Where respondents had had a difficult interview, it is likely more to do with lack of internal organisational preparation(self-review), the issues being tackled internally (other major change processes making understanding organisational strategy difficult), and the intensity of the interview rather than any flaw in the model per se.

I think it is a privilege to have someone like X to come in and conduct a review in a neutral and open way. And I think X's observations are of more value to us without being overly critical than say the Treasury perspective which is really quite narrow – so I think that actually is a value to the whole sector.(FR34)

The sense of public sector-wide expertise the Reviewers bring is recognised.

This PIF, or the license that the PIF reviewers have can come in across all the top of all that ...I think that's a great thing for a chief executive to have, isn't it?(FR39)

Sector experts that work with Lead Reviewers and assist in particular parts of reviews were seen as important:

I think that was really helpful, partly for the CE's confidence in knowing there was that sort of advice, and partly for the benefit that flows through for the lead reviewers out there.(FR15)

The importance of multi-sector and pan-government experience was highlighted:

The reviewers bring frameworks from other bits of Government that no-one in here may have looked at. So the conversation that I had was all about testing his thinking that had been landed after talking to a variety of people on how we

measure performance, drawing on his knowledge and experience from another sector. I came from that sector, understood it and I thought, 'yeah, he's really nailed it – this is absolutely the kind of stuff we should be looking at here. (FR15)

Highly skilled lead reviewers are fundamental to the PIF model, especially given that organisations are being assessed in multiple ways, often at the same time.

iv. Multiplicity of reviews

The issue of multiple reviews was raised many times. An organisation undergoing many different types of reviews at the same time impacts on resources and certainly begs the question – are all of these reviews absolutely necessary? Are the goals clear and not overlapping? If they do overlap, what is the clear rationale for that? What is the right balance between measurement and monitoring and effecting change? Too much of the former can impede a focus on securing real long term performance gains. Respondents felt these pressures strongly.

This place has been reviewed to death. In fact currently there are seven [] reviews going on. It's almost like the more successful you are the more they want to review you. Arguably, if the organisation is successful then the officials become less relevant, so they then become more determined to find something to poke a stick at. (FR19)

We live on taxpayers' money so I get that: the public nature, but in any one year what happens? We get audited, we go to Select Committee twice, we have ministers, we're in Cabinet Committees the whole time on various things, with our budget round we're in front of Treasury, we're in front of the Minister of Finance – we spend a hell of a lot of time getting QA'd. Then here comes the PIF, and you really feel like it's survivorship mode by the time the PIF comes along. (FR21)

The number of reviews may impact on the ability of the organisation to embed the PIF fully into the way in which the organisation works.

Well, it doesn't sit in our annual report, it doesn't sit in our accountability documents in terms of what we need to achieve. (FR22)

However Central Agencies felt that amongst all the different kinds of reports that are done by organisations, the PIF is a strong tool which is moderated and has built up a body of practice, despite there being tensions in its objectives.

The issue of accountability and publicness returns under the theme 'Process and Value'.

v. Resources

The resource commitments by SSC, the organisations, the lead reviewers and everyone involved in a PIF are considerable and the benefits are judged mostly to be worth it. *"It's a big resource commitment and it's a big block of public value that they're giving ... by and large the agency is getting some amazing value for a period of time". (FR114)*

A continuing critical eye is needed to ensure that the benefits the individual organisations and the central agencies receive from the PIF is commensurate with its senior management time cost and organisational resource allocation.

The self-review emerges strongly in terms of cost/benefit.

I'd say it's still an expensive intervention partly in financial terms, but more importantly you're putting a claim on senior management time, other time in the agency. ... Increasingly I put a lot of value on that self-assessment process, that's one that actually senior leadership team does need to spend some time engaging with, because a lot of the value comes out of that part of the process, quite apart from what the external reviewers pick up. (FR 119)

Organisations vary in the amount of time they commit to preparing for a PIF. In turn, their return and the perceived success of the PIF in terms of the organisation's ownership of the report, seem to reflect the organisation's own resource investment of senior management time and organisation preparation.

You put a huge amount of resource into it. I'm not complaining – it's just a fact. Do [SSC] know, in instigating this, that CEs, because the PIF could end up in the Dominion and it has the traffic lights, will put huge amounts of resource in to make sure they get the right information and that we're facilitating the process and all the rest of it? A huge amount goes into it. So that's the other thing. It's a big distraction. (FR116)

Undertaken effectively, the PIF should be more than a distraction – indeed, as one interviewee suggested, it should be 'enabling'.

The amount of effort and preparation that went to it was phenomenal and it was worse than estimates. Was it worth doing all of that when I could have expended that time and brainpower into doing other things? Because it feels like a test. Whereas in my view, it should be more enabling: this is the sort of things we've seen, these are the things we can help you with. I knew intuitively that's what it is meant to be but it is not what it feels like. How you feel about things is almost as important as what comes out as the product at the other end. (FRZ1)

How the PIF preparation and context can further enable organisations to improve and think strategically about the future is picked up in the next two themed sections.

Process and Value

i. Review in organisation

A number of issues emerged from the process of the actual review – the 1-2 weeks that the reviewers spent in the organisation interviewing, conversing and getting a fully rounded understanding of the organisation. Agreeing to the list of respondents ahead of the actual review is a key part of this, ensuring the reviewers get the "right scope and input". (FR18) The nature of this process is linked to the quality of the self-review and preparatory work done, the personalities and capabilities of the reviewers, the kind of organisation itself, other activities underway in the organisation, the interviewee list and the available resources.

I remember that some people were pretty surprised by the rigour of the discussion. A small number would have found it very threatening, but the vast bulk of people, I think they just found it very stimulating and challenging." (FR17)

From a Lead Reviewer point of view, the really valuable part of the in-organisation time "is the focus groups you have with staff – recently recruited staff, people who have been there

longer, more managerial operations... you pick up lots of insights from just talking to people in the organisation.”(FR20)

The detailed time in organisation is often in question but actually speaking with people in the ‘engine-room’ remains important.

Part of it still is to talk to people who are staff in the engine-room, that’s an important part of the information gathering. Also, while I’m saying keep it at the right level, I think some of the PIF reviews had very robust and accurate assessment of some of the engine-room stuff; about risk management, about information systems, about HR systems and things like that. That was because they got into that level of focus. (FR49)

The question of the PIF being developmental or an improvement tool versus a compliance or assessment tool emerges throughout this study. Although senior leadership understands the role of the PIF as an improvement tool and is moving towards seeing it primarily as a part of the strategic development of the organisation there were many comments reflecting on its nature as a compliance or assessment mechanism. The independence of the Lead Reviewers is critical to mitigating this conundrum.

A bit like engagement with AOG, where actually no matter how strong the assurance that we’re doing ‘assist’, there’s always the back of the mind saying, ‘nah, this is going to end up in the ‘assess’. So I think having that independence [of the PIF reviewers] and just making it very clearly articulated about what this is – that works. I think it’s really hard to be the assess and the assist. (FR18)

The independence of the process is also critical. When asked about the difference between the current PIF model or another approach whereby a consultancy might be hired to review the interviewee suggested:

The good thing about this process is that no-one was trying to sell us anything. When you get in these other organisations, these other big consultancies, they’re always trying to flog you more work and you know some model that they’ve designed to kind of step into the organisation that may or may not work and so on. So I think the independence of the PIF review from any commercial interests in the organisation is a really good thing. (FR50)

The process itself is viewed from very different perspectives depending on role of the individual in the organisation, and the end of the process is not being used as effectively as it might be.

I think the weakness [of the PIF process] is that it can burrow into detail too much. I think it takes too long. It just seems to take forever, but the process – particularly the sort of tail end process floats around – I don’t know why that is, so that’s a bit of a problem, because it’s good to keep momentum around the change. (FR48)

ii. Strategic alignment

The degree of alignment between longer term mission and goals and actual day-to-day activities and concerns of the organisation are brought into sharp relief by the PIF process, “forcing a discussion on strategic goals”(FF200). The degree of alignment among various

explicit strategic documents such as Letters of Intent, SOIs, four year plans and CEO Performance Agreements can lead to discomfort, so it is a useful and clarifying challenge during the PIF process. The extent to which these tensions are resolved by the PIF is related to the quality of the strategic dialogue between the reviewers and the organisation and its stakeholders, and the ways in which the strategic challenges are dealt with to produce ownership and commitment to action.

At the higher levels of the organisations, respondents see that:

The PIF process – it’s primarily about systems. It primarily encourages you to think about systematic approaches to change, or to difficulty or success and put in place processes and systems to improve.”(FR103)

The quality of the strategic dialogue that takes place between the review team and the people in the organisation at all levels but particularly the executive team and CEO is widely acknowledged as the jewel at the heart of the PIF. The route to a productive and value-adding dialogue is sometimes impeded or even blocked completely by a failure of the reviewers to acknowledge where the organisation has come from and the magnitude of the positive changes that might have already been achieved. When this acknowledgement is made then defensiveness in the PIF’d organisations subsides and some insightful and creative discussions of high value to the organisation occur: “The interviews were challenging but insightful; they got to the crux of the issue being discussed.”(FF202]o)

Many people in the PIF’d organisations find the questioning of existing performance and strategy by the reviewers challenging. But organisations also welcome the challenge and the opportunity to see themselves through the critical eyes of very experienced and savvy leaders.

The PIF’s focus on the four year excellence horizon is widely accepted and is seen to have pushed organisations towards more strategic and longer term thinking: “The four year horizon was helpful from our point of view in terms of developing some sort of cohesive strategy, driving it into the organisation, and then incrementally working on it.”(FR 105). At the same time this future focus is felt to be in tension with recognising current achievements, immediate pressures, and also discouraging of even longer term thinking.

The question of how to align short to medium-term operations and thinking with the much longer time-frames being encouraged through the PIF is ever-present.

When you put it in the context of four year planning and statements of intent for the next three years and so forth, the cumulative effect of it is that it drives organisations to the medium term. It makes them think about the next two or three years horizon, type one stuff, rather than the long term – horizon, type 2 or 3 type stuff.(FR106) And it’s actually really hard under these processes to enable an organisation to have a conversation that is genuinely long term.(FR52)

Reviewers on the other hand are not closed to an organisation’s focus being more long term and see it as a reflection of the degree of ambition the organisation has for strategic challenge.

There’s that tension between do I really want to be that ambitious and I might, or might not, get it ...Ten years kind of escapes that whole thing. It’s not a substitute

for four years though because, for 4-year, if you don't start today [you won't achieve it]. Ten years you can put it off. It's not an either or, it is a complementary thing and I notice more people are doing it. (FR 107)

Critical to getting the medium and long-term strategic thinking aligned is related to how the organisation understands and thinks about its stakeholder relationships.

iii. Stakeholder relationships

Stakeholder involvement in the PIF process is viewed positively and seen to encourage organisations to see themselves through others' eyes.

So it's trying to think widely about who is the audience for the work this ministry or department does. They do give us very valuable insights into what the agency is like to work with, how good are they at consultation, how good are they at listening to views, taking up different perspectives, those sorts of things." (FP 109)

This focus also seems to encourage interdependent thinking and shift the perspective to a more ecosystem view of the organisation's performance.

This PIF has picked up when there are lack of connections – either in networks, or stakeholder relationships could be strengthened. It very helpfully picked up ... the joined up-ness that we should see in there. And it's picked up other relational areas, so I think it is an important component. (FP108)

I think this is where the PIF is helpful because it's made us understand the roles and the responsibility of other stakeholders across the public sector. And we're a lot more cognisant of that now. (FR31)

The Lead Reviewers are important in making the links in terms of understanding how better to communicate the work of the organisation.

I think there are some concepts that they picked up that they helped us articulate in how we led the business, right. So from that perspective it was helpful. I think it's also helpful for them to help explain some of the challenges we've got from operating this business to others, whether it's stakeholders or the board, our ministers or the CAs – it helps communicate that at a high level. (FR32)

The issue of Stakeholders relates closely to the nature of how public the PIF is and the organisation's ability to see itself as a nexus of stakeholders, helping CAs, Ministers and Stakeholders appreciate the size and complexity and interdependencies of the strategic challenges faced by an organisation.

iv. Publicness and accountability

Organisations are acutely wary of the PIF's potential to create headlines and therefore behave throughout the PIF process with that in mind.

I don't mind the wise counsel and all the rest of it. I think that's really good, but the tricky thing is: it's published. You spend huge amounts of time working with stakeholders, you've got high levels of anxiety about are they going to endorse what you do, or aren't they? There's just a huge amount of management focus around this ... we stuck huge resources into this. (FR112b)

This is not a self-evaluation thing, this is a reputational management thing”.
(FR110)

In the spirit of transparency and public accountability most accept the need for the PIF report to be a public document but this may affect the way in which the organisation presents itself.

“... it’s published and all of that – that makes CEs anxious, not that I think it’s a bad thing. I think that’s a really good thing to do. They shouldn’t be secret. We should be transparent and open.”FR111)

“The other part that starts to occur is that you recognise your organisation is going to be publicly named and in the spotlight in terms of what you are and aren’t doing. So you start to put that risk mitigation and political lens across it. If there’s a tension around some of the story, you’re seeking to have that discussion with reviewers to say well, we get it but we wouldn’t put it that way for these reasons. And it’s the reviewers right to say, well, we would, or fair call. So you start to think about the story”.(FR113c)

Indeed this ‘story’ or ‘narrative’ is a wrap-around concept that unites the PIF process and outcomes. The need for the organisation to have its own ‘organisational narratives’; that recognises the work of the past, has clear plans for improvement vis-à-vis current operational and strategic challenges, and a path for the future is critical. In the face of short-term political and ministerial pressure, that must be reactive in some ways, the complex accountabilities play out through the PIF process.

So we had a very difficult conversation with Minister xx when Minister for xx – was saying, I don’t want to care about a four year time horizon – I want to get things done in four months – that’s my focus. Why is the CE worrying about this four year stuff?(FR69)

And it shouldn’t all be reactive doing what the minister wants. The hard fact is you have limited resource, the minister wants to use all that resource and more, and there just isn’t the capacity to do navel gazing and green fields thinking on issues that the minister isn’t interested in. So they [the reviewers] highlighted that issue and said we needed to do more about it.(FR61)

Is the PIF about holding agencies publicly accountable or is it about organisational improvement? It seems to do things that serve both these ends but not necessarily with an eye to where the balance is intended to lie. The result is, although they are told otherwise, many, especially below CEO level, believe that the primary purpose is organisational accountability. They feel marked, graded and compared rather than motivated to lift their strategic goals and be more ambitious in what they are trying to change and achieve at the outcome level.

Where this balance lies is the focus of the following section ‘Learning and Change’.

Learning and Change

i. PIF Improvement

A number of respondents expressed the view that the balance of development versus assessment is exceedingly difficult to accomplish through a ratings and ‘traffic light’ system. There are two schools of thought here. The first is that the ratings provide a coherent and clear indication of the areas of strength and weakness, are understandable, efficient and to

a large extent free of bias by the end of the negotiation process and the publication of the report. The second is that the ratings are a ‘gameable’ and potentially destructive tool, too blunt to be the way in which organisations measure themselves and too simplified to reflect the value of the process and the evolving strategic nature of the PIF. The ‘traffic light system’ is not a unique performance improvement tool and we know that this has been the subject of many conversations in the ongoing evolution of the PIF.

Respondents presented different perspectives on how PIF outcomes get embedded, or not, post-PIF.

The ideal outcomes would be having the recommendations of the PIF absorbed into the strategic documents and it becomes part of what they do going forward. (FR59)

If the PIF is absorbed into strategic documents, there needs to be a clear way to align PIF outcomes with changes and improvements in the organisation going forward. Absorption risks losing clarity, “because it’s an expensive intervention, it has to be more than just an interesting diagnostic; it has to motivate action.” (FR58)

So to have a PIF review so that everyone agrees up front that these are the priorities for the next four years is actually very helpful as well. So we own up to our areas of weakness but... then you must have a commitment to address them. (FR33)

How ‘commitment to address’ weaknesses is handled seems to be the linchpin of the process. Ratings are the ‘stick’ but what is the ‘carrot’? How can the process improve vis-à-vis doing both assessment of performance and operational excellence and evolution of strategic thinking for the longer term to contribute to a more effective public sector serving New Zealanders.

There was a suggestion that there might be two versions of the assessment.

Well, it is currently a score card based on anticipation for the future. The alternative would be that you might have kind of two versions of the assessment; the first one against what does good practice look like for an agency in the New Zealand Public Service in 2016? So it would be that you would expect people to have – you could go through, you expect to do your IT in this kind of way – you expect to have protective security stuff – you expect to be engaging with your minister in this. You could get a report card which would tend to be a stronger report card than how we’ve assessed against the future, but it would require something we haven’t got, and which would be quite hard to get; some sort of benchmark to be defined that represents what good practice looks like. (FR105)

Intra-organisational learning and PIF follow-up would be key to any change of the current process.

ii. (Intra) Organisational learning

One effect of a PIF review on an organisation is a disturbance of its equanimity, particularly during the PIF review visits, and we were informed that this can be a shock to an organisation that has been thinking they made a lot of progress. Thinking back on a PIF one interviewee said it “crystallized for me how a lot of folks come into this exercise, which is how well am I doing now, rather than what do I need to do to get to where I want to go. And so, and that’s a huge mindshift.” (FR 123)

Chapter Three Case Studies

Initially a common reaction is “it didn’t tell us stuff we didn’t already know.”(FR120). And an initial organisation response might be one of to do lists:

“In the early period after the PIF there were work programs and milestones and everything developed to demonstrate progress in those areas so that did focus the mind. ... A Dep Sec was in charge of the milestones and tracking progress and ... so there was a lot of reporting and ongoing work.”(FR 121)

A process of internalising and owning the PIF review follows. Organisations described processes of re-thinking what the organisation is trying to achieve and lifting of the corporate sights to a more challenging goal. The results of these processes of absorption are that the PIF ceases to be the point of reference because the new challenge/goals and strategies are incorporated into the standard strategic documents for the organisation: the four year plan and so on. *“I haven’t heard the acronym PIF since we did the PIF review, but it doesn’t mean that we haven’t read it and internalised it.”(FR122)*

The effectiveness of the CEO/SLT-led processes of acceptance and internalisation appear to be critical and each organisation does this differently and with a range of beliefs about how much of what they do has been influenced by the PIF.

So we, the SLT, developed a strategy in 2014 ... that is all at the absolute heart of the PIF review. Is it because the PIF review said you needed to do it, or because the CEO knew we had to do it? Well, you could argue the toss, and it probably doesn’t matter. It’s a circle ... a work in progress.(FR 122)

There is a risk of the value of the PIF being lost as the PIF dialogues and responses get absorbed.

“And that actually takes [SLT] a while to get to the idea that I need to recognise this, and it does with any of us – it’s like having a performance review – same deal. ... I would argue one of the most important bits about the PIF is how an organisation internalises what it said. How the leadership team internalises what it said and then how they’re going to respond. The tendency is to try and manage the process, rather than internalise. ... We took it to a practical place quite quickly and deliberately because it allowed people to engage in what the shift the PIF was recommending. Actually what it started to look like from a practical perspective and recognise the operational footprint.”(FR 124)

This ‘practical perspective’ needs to be linked to what was done in the self-review and what follows in terms of organisational support.

“I think an organisation having a narrative about itself, about where its come from and where its got to and where it’s going to, is crucially important and frequently overlooked. ... I think the PIF really helps support that kind of story telling piece. ... I don’t think you’d necessarily get that from consultants coming into an organisation.”(FR125)

How the internal learning links to system learning represents the most complex challenge for the PIF tool.

iii. (Extra) Organisational learning

As noted in the theme on evolution of the PIF, there is evidence of system learning that has accompanied individual PIF reports and also the cumulative learning from multiple reviews, e.g. the Good to Great analysis conducted in 2013.

After 4 years of operation with the four-year excellence horizon as part of the process, we see some maturing of the PIF as a system intervention to lift organisational performance. Organisations preparing for a PIF realise that they can draw on the learning from organisations that have already been through the process. *“We did quite a lot of research with other agencies ... was quite useful because they had just been through theirs.”(FR126)*

Senior levels of the organisations have embraced, if not loved the PIF (“its like a mud run”) and the contribution it makes to the organisation’s strategic understanding of where it needs to focus. However, it is clear that the challenges identified by the PIF reviewers go beyond what an organisation can achieve alone.

While the idea that an organisation might need to work with other organisations to achieve the shift identified by a PIF review is commonly acknowledged, the systems to support extra-organisational learning from a PIF would benefit from being strengthened, both in terms of ongoing support as well as transparency.

In particular, the level and endurance of engagement by the central agencies is too little and too distant or uninterested.

...if you went and talked to my SSC personnel, they wouldn’t probably have any idea... the person that’s managing me on a weekly/monthly basis, theoretically should have a really good understanding of the PIF and that’s never been the case, as far as I’m concerned.(FR128)

Organisations experience an endemic tension in the PIF between assessment and benchmarking of an organisation to inform central agencies’ view of overall system health versus the individual organisation’s improvement. The more organisations see it as the former, the more they are tempted to ‘manage the process’ to avoid any upsetting findings, which in turn completely negates the purpose of the exercise.

It’s very strong as a central agency assessment. I know it’s kind of not. Sometimes it gets pitched about, ‘this is about agencies trying to improve themselves, I don’t think that’s how agencies view it and that’s certainly not the talk around town that I hear. It’s seen as an assessment process and a benchmarking process.’ ... if you really want people to learn from it and use it that way then you can’t score them a mark out of ten – they’ll just find out which agencies are best at managing the process.(FR129)

While we often heard that the intention is improvement, this intent was sometimes not felt to be backed up though processes post PIF, particularly in ways that reinforce the central agencies’ standard planning and reporting instruments. Respondents wanted to see these linkages made:

Presumably how it works is the SSC – the Commissioner has the conversation with the Chief Executive and says, right these things are going into your performance agreement, and then that cascades.(FR122)

I think certainly my Chief Executive colleagues would agree that the value report was not essentially what was on the piece of paper, but the quality of the

conversation with the Chief Executive and that was – what we attempted to do was to have a really good quality conversation with the CE, which was either trying to assess, well do we all agree on the diagnostic. But also on assumption that in general we did, on what needs to happen, and what needs to happen that can be driven by the agency, what might be facilitated by other agencies in the eco-system? What’s the role of the centre, what’s the role of ministers in an authorising environment sense? That’s the sort of conversation that we get – because really the Central Agency conversation precedes the conversation with ministers. That’s quite deliberate.(FR66)

A focus on extra-organisational system learning is one area that the PIF would benefit from immensely especially in light of new systems-wide PIFs that have had variable results.

Chapter Four

Conclusions

Our research indicates that there are a significant number of positive attributes that the PIF has brought and that support is high. Generally speaking public servants perceive the PIF review as being of high quality and displaying high accuracy. Lead reviewers are seen as credible, free from bias and upholding public service standards. This was clearly reflected in both the surveys and the case studies; even respondents who had experienced a challenging review process accepted the expertise and judgement of the reviewers; and the value of their independence was repeatedly emphasised.

PIF was also considered to bring significant value to agencies in a number of ways. Public servants perceive that since the PIF review, their organisation ensures its contribution to New Zealand is better and is preparing to meet its future performance challenges better. Respondents across the research tracks perceive that accountability for improvement in the public service is helpful. Furthermore, positive PIF reports were seen as increasing Ministers' confidence in their organisation's performance and that if PIF reports were confidential they would have less impact.

Overall, the PIF process is seen as helping to improve clarity of an organisation's purpose, providing a clear and detailed understanding of what to focus on, and improve the organisation's strategic framework. It encourages organisations to more accurately report its progress, and enables organisations to improve its management for outcomes.

Perhaps more importantly, it is generally also perceived as having long-term strategic value. Our survey suggests that the PIF process has helped agencies to improve organisational stewardship for mid-range goals and has helped to make improvements in the business strategies or operating models and to stimulate 'new thinking' by senior managers. Follow-up PIF reviews help the organisation stay focused on change, the time and effort required of the PIF process was reasonable, and that the PIF process was undertaken at an opportune time. The case studies reinforces these findings: that PIF enables agencies to really focus on long-term goals, but also on strategic alignment with short and medium term priorities.

Our research also, perhaps inevitably, detects some tensions. There are mixed views, for example, on accountability to Ministers. Our survey indicates that Tier One or Tier Two managers think that Ministers fully support their organisation's PIF process, and that they expect senior managers to respond to the PIF review and to implement PIF recommendations. The case studies unveiled some concerns, however, over Ministerial expectations and timeframes. Whereas the Four Year Excellence Horizon was seen as very helpful to most people, at least one third of survey respondents felt that this was too short. In contrast our case studies suggested that in some instances Ministers felt that it was far too long, and that things needed to be done "in four weeks".

None of this is necessarily a critique of PIF, of course, as the tensions between long-term implementation and political need are a well-known quantity not only in New Zealand but in public governance throughout the world.

Another greyer area uncovered by our research is the impact on organisational culture. Just over half the survey respondents felt that PIF had helped to strengthen the organisation's commitment to core values; a very similar number suggested that the review had helped

Chapter four Conclusions

their organisation to improve its organisational culture. Again, this is no critique but is perhaps reflective of some of the tensions underlined in the case studies between what people perceive the ultimate aim of the PIF to be: as a compliance exercise or as a tool for organisational improvement.

The tensions were manifested more explicitly across a number of specific points. The case studies showed, for example, that while people understood the rationale for the traffic-light system of evaluation, some felt that it placed an unnecessary burden on accountability if negative results were made public. In other words, the assessment side of PIF could prove to be detrimental to the improvement side of the review.

The extent to which these points need to be addressed will depend, of course, on the future directions. Our research suggests that the two dimensions need not be in tension, and that assessment and improvement can be two sides of the same coin. We can see this in the international comparison. Each jurisdiction implemented a review process that was, essentially, grafted on to current thinking. Some have endured while others, notably the UK and Australia, have been removed. The NZ PIF review, however, has demonstrated the flexibility needed to evolve: indeed the capacity to evolve is something that has come out of every aspect of our research, and has been noted in previous studies. Furthermore the international comparators demonstrated the importance of trust in a review process, and our research indicates that this is robust in the PIF process, both from reviewers and those who have been reviewed.

One other potentially important aspect here is that whereas PIF is well-supported by those who have been through the process there was less enthusiasm, especially in the case studies, for the multiplicity of other reviews. One potential barrier to further evolution could be a 'crowding out' effect and not only does PIF need to be valued against itself, therefore, but it may need to be placed in the wider context of the myriad other review processes that are undertaken in the NZ public sector.

Other than this, however, there is little reason to suggest that further evolution is not possible and, to sum up our research shows those who have taken part in PIF reviews generally feel that its benefits are worthwhile and that the subsequent changes that PIF brought about are durable.

- The PIF is, on balance, a successful and credible performance improvement tool that has contributed to the development of organisational strategic thinking within organisations.
- The longevity of the PIF is potentially down to the stability of political support offered by successive governments (unlike, for example, in the UK) but is likely to result from its ability to adapt and evolve.
- Attention needs to be paid, therefore, to continuing evolution; particularly succession planning for personnel such as lead reviewers who have a trusted position and very positive reputation.
- PIF is one of many review processes and therefore attention needs to be paid to situating PIF within these broader themes; and also to investigate ways in which PIF can enhance the value of the performance ecosystem.

Chapter Five

Recommendations

- Continue to adapt the PIF and find ways to demonstrate value throughout the system
- Demonstrate how the New Zealand PIF sits in the performance management system throughout organisations and across stakeholders for greater system-wide understanding
- Strengthen processes to ensure that PIF/self-reviews lead to sustained momentum for change and demonstrable operational improvements
- Demonstrate cases of where PIF reviews have led to operational improvement and sustained momentum for change
- Show organisations why and how the PIF is valuable by reinforcing the shaping the organisational narrative and modelling the successful environment for PIF
- Develop the organisational narrative by focusing on the PIF self-review – this could be through ‘success stories’, ‘best practice’ guides, videos, partner organisations
- Develop ‘success stories’ that may not be agency based but theme based such as ‘Stakeholder relationship development’ or ‘Post PIF communication’
- Demonstrate how the lead reviewer approach provides strength to New Zealand model as potential ‘best practice’ with reference to international performance regimes
- Link post PIF process to clear post PIF support that may not include further reviews but other forms of development such as guidance in particular problem areas (such as people management)
- Develop ways for SSC to drive system support by linking up central agency post PIF support

Appendix 1

Elements of International Performance Regimes

New Zealand's Performance Improvement Framework (2009-)

	Standard setting (directors)	Information gathering (detectors)	Behaviour modification (effectors)	Internal development (innovators)
Performance Improvement Framework (PIF)	One-size-fits-all model (plus department-specific Government Priorities): PIF High-Level Model: 30 Lead Questions that relate to seven Critical Areas: (1) Delivery of Government Priorities; (2) Delivery of Core Business – then five aspects of organisational management: (3) Leadership and Direction; (4) Delivery for Customers and New Zealanders; (5) Relationships; (6) People Development; and (7) Financial and Resource Management.	External assessment: PIF Agency Review is external auditor-led with a panel of two independent Lead Reviewers selected through tender, assisted by Performance Review Managers from SSC. Departments are encouraged to undertake PIF Agency Review early in term of new Chief Executive.	Ratings: A four-point scale “traffic light” system (Red–Amber–Green) which runs through <i>Weak, Needing Development, Well-placed, and Strong (Excellent)</i> . There is also a grey option for <i>Unable to rate/not rated</i> .	2011: Inclusion of the Four Year Excellence Horizon in October 2011 as separate “summary” section.
	<i>Ex ante</i> orientation: Four Year Excellence Horizon which identifies a Department's <i>performance challenge</i> : “What is the contribution New Zealand needs from this agency (or sector or system) in the medium term?”	Mandatory Self-review: Departments must undertake a preliminary Self-review to aid, prepare, and reduce costs of PIF Agency Review.	Public: Each PIF Agency Review is published on the SSC website.	2012: Upgrade the Strategic Financial Management in December 2012.
	Other: Lines of Enquiry which provide detailed guidance on matters in each Critical Area.	Voluntary Self-review: Departments are invited to undertake a Self Review at any time, especially when developing or reviewing strategic and business plans.	Not comparative: Ratings are independent from earlier PIF Reviews. “Ratings are applied in terms of the future the agency is preparing for. Ratings are not an assessment of current performance or of performance improvements since a previous PIF Review or other event.” <i>PIF Core Guide</i> , p. 7. “Are the ratings benchmarks? No. A word of caution: the PIF system-level ratings are not process, performance, functional, best-in-class or operational benchmarks. Rather, they are an insight into the aggregate ratings. They are updated every time a PIF Review is released.” <i>Fact Sheet 5</i> , p. 2.	2014: Upgrade the Better Public Services in January 2014.
	Occasional frequency: PIF Reviews are conducted as required, with most departments only completing one review since 2009, a few undertaking two reviews 4–5 years apart.		Follow up: Departments are obligated to develop a Performance Improvement Action Plan to realise improvements. This is followed by a PIF Follow-Up Review: A further review which occurs 12–18 months later to assess progress on fulfilling priority performance challenges and other specific matters agreed upon by chief executives from central agencies and relevant department.	2015: Acknowledged the Four Year Excellence Horizon as a component of the Model; changed the Lead Questions for the <i>Delivery of Core Business</i> ; and added a new Critical Area to Organisational Management: Delivery for Customers and New Zealanders.

United Kingdom's Capability Reviews (2005-12)

	Standard setting (directors)	Information gathering (detectors)	Behaviour modification (effectors)	Internal development (innovators)
Capability Reviews	<p>One-size-fits-all model: up to 50 questions that fall under three areas: (1) <i>Leadership</i>, (2) <i>Strategy</i>, and (3) <i>Delivery</i>. Within these areas, there are ten headings: (1a) <i>Set direction</i>; (1b) <i>Ignite passion, pace and drive</i>; (1c) <i>Take responsibility for leading delivery and change</i>; (1d) <i>Build capability</i>; (2a) <i>Focus on outcomes</i>; (2b) <i>Base choices on evidence</i>; (2c) <i>Build common purpose</i>; (3a) <i>Plan, resource and prioritise</i>; (3b) <i>Develop clear roles, responsibilities and delivery model(s)</i>; and (3c) <i>Manage performance</i>.</p>	<p>External assessment: Two director generals from other departments, and three external members from private, public, and voluntary sectors. The external reviewers were selected through targeted recruitment. Support from two members of Capability Review Team. Interviews and workshops held over two- to three-week period.</p>	<p>Ratings: A five-point scale "traffic light" system (Red–Amber–Green) which runs through <i>Serious Concerns</i>, <i>Urgent Development Area</i>, <i>Development Area</i>, <i>Well Placed and Strong</i>.</p>	<p>2008: Capability model refreshed, introducing new focus on delivery and value for money, but core elements remained the same.</p>
	<p>Implicit ex ante orientation: Review chapters are headed "Challenges for Future Delivery" and "Assessment of capability for future delivery".</p>	<p>Other: Moderation committee that calibrates scores to enable cross-departmental comparison.</p>	<p>Public: Capability Reviews are published.</p>	
	<p>Periodic review: Capability Reviews were undertaken in three phases, with each department undertaking three reviews 3–4 years apart.</p>		<p>Highly comparable: Capability Reviews are moderated by a committee to enable comparison of performance between departments.</p>	
			<p>Follow up: Following the publication of the first-round review, the department draws up a response plan. This action plan is evaluated at the 3-month challenge. This is followed by 6-month and 12-month stocktakes of improvement and impact (an optional 18-month stocktake is held if necessary). After two years, a second-round review is conducted assessing progress from the first-round, conducted by a three-member review team including one member from the original review.</p>	

United Kingdom’s Departmental Improvement Plans (2013-)

	Standard setting (directors)	Information gathering (detectors)	Behaviour modification (effectors)	Internal development (innovators)
Departmental Improvement Plans (DIPs)	<p>Context-specific model (plus general priorities): Departments identify their own improvements and metrics. The only demand is to build “capabilities” or “competencies” with four immediate priorities: (1) <i>Leading and managing change</i>; (2) <i>Commercial skills and behaviours</i>; (3) <i>Delivering successful projects and programmes</i>; and (4) <i>Redesigning services and delivering them digitally</i>. However, even these capabilities can be adapted and modified by departments.</p>	<p><i>Self-assessment:</i> Departments determine their own methodology. There is no requirement to specify the methodology undertaken, although DIPs typically involve interviews and workshops with relevant Ministers, Departmental Board members, departmental colleagues, and relevant stakeholders.</p>	<p>No ratings.</p>	<p>2013: Programme established.</p>
	<p>Minimal future orientation: Departments must nominate “Metrics to Measure Improvement”, with most departments choosing 1–2 year goals.</p>		<p>Public: DIPs are published online at GOV.UK.</p>	<p>2014: Publish <i>The Capabilities Plan: 2014 Annual Refresh</i>, which revises the four priority areas.</p>
	<p>Others: To realise the <i>Civil Service Reform Plan</i> to build, buy and borrow – that is, (1) to build internal capabilities through learning and development; (2) to buy in skills to address gaps in digital, project and commercial capabilities areas; (3) to borrow skills through loans between departments and secondments from the private sector.</p>		<p>Not comparative: The DIPs are not designed to benchmarks between departments or over time.</p>	
	<p>Periodic review: So far, only one round of DIPs has been completed in 2013/2014.</p>		<p>Follow up: Metrics to Measure Improvement: Each DIP includes a set of metrics used to measure progress against improvements being made. This includes specifying a review date, details of who undertakes review, and a trigger that signals mitigating action needs to be taken.</p>	

Australia’s Capability Reviews (2011-2015)

	Standard setting (directors)	Information gathering (detectors)	Behaviour modification (effectors)	Internal development (innovators)
Capability Reviews	<p>One-size-fits-all model: 39 questions that fall under three areas: (1) <i>Leadership</i>, (2) <i>Strategy</i>, and (3) <i>Delivery</i>. Within these areas, there are ten headings: (1a) <i>Set direction</i>; (1b) <i>Motivate people</i>; (1c) <i>Develop people</i>; (2a) <i>Outcome focused strategy</i>; (2b) <i>Evidence based choices</i>; (2c) <i>Collaborate and build common purpose</i>; (3a) <i>Innovative delivery</i>, (3b) <i>Plan, resource and prioritise</i>; (3c) <i>Shared commitment and sound delivery models</i>; and (3d) <i>Manage performance</i>.</p>	<p>External assessment: Three independent experts with extensive public and private sector experience: two external to the Australian Public Service (APS) and one from another agency. Review teams work closely with senior APS executives, as well as supported by a small team of Australian Public Service Commission officers and others seconded from the agency being reviewed.</p>	<p>Ratings: A four-point scale “traffic light” system (Red–Amber–Green) which runs through <i>Serious Concerns</i>, <i>Development Area</i>, <i>Well Placed</i> and <i>Strong</i>.</p>	<p>2011: Capability Reviews programme launched.</p>

Standard setting (directors)	Information gathering (detectors)	Behaviour modification (effectors)	Internal development (innovators)
<p>Implicit ex ante orientation: Capability Reviews are described as “a forward-looking, whole-of-agency review that assesses an agency’s ability to meet future objectives and challenges.” <i>State of Service Report 2012–13: 205.</i></p>	<p>Mandatory Self-review: Agencies undertake a self-assessment to familiarise them with the capability model and framework.</p>	<p>Public: Published on Australia Public Service Commission website (however of the twenty-five Capability Reviews conducted, three were designated cabinet-in-confidence, meaning that only departmental officials with a definite “need to know” could access them).</p>	<p>2015: Capability Reviews programme is terminated, with the final review published in 2016.</p>
<p>Periodic review: The Reviews were planned as periodic, although ultimately only one round of Reviews was completed.</p>	<p>Voluntary Self-review: Beyond the schedule of 23 mandatory reviews, other agencies could undergo voluntary reviews, although only one was completed.</p>	<p>Moderately comparative: The Capability Review Model “creates a common framework and language within and across agencies. As such, it facilitates whole-of-government collaboration.” Supported by an APS Capability Network which brings together representatives from reviewed agencies for comparison.</p>	
		<p>Follow up: Agency prepares an action plan detailing how to achieve positive capability outcomes. The plan is agreed between agency head and APSC Commissioner, then agencies report quarterly on progress. Finally, agency undertakes a “health check” no earlier than 12 months after the completion of the initial review.</p>	

Australia’s Capability Maturity Model (2011-)

Australia’s Capability Maturity Model (CMM)	Standard setting (directors)	Information gathering (detectors)	Behaviour modification (effectors)	Internal development (innovators)
	<p>One-size-fits-all model: Eight organisational capabilities to be assessed in terms of maturity: (1) staff performance management, (2) workforce planning, (3) change management, (4) risk management, (5) strategic planning, (6) stakeholder engagement (7) decision making delegation, and (8) internal resource allocation.</p>	<p>Self-assessment.</p>	<p>Ratings: A five-level maturity continuum for each capability: (Level 1) Awareness, (Level 2) General acceptance, (Level 3) Defined, (Level 4) Managed, and (Level 5) Leader/ Excellence.</p>	<p>2011: Piloted using only six organisational capabilities (i–vi).</p>
	<p>Periodic review: CMM analyses have been conducted for the <i>State of the Service</i> reports in 2011, 2013 and 2015.</p>		<p>Not public: the compiled results are used as data in the <i>State of the Service</i> reports, however each department’s individual review is not published.</p>	<p>2013: Model formalised (including capabilities vii and viii).</p>
			<p>Highly comparative: Designed for temporal comparisons and for benchmarking organisational capabilities across the public service.</p>	
			<p>Minimal follow up: continued reviews show changes in maturity over time, but there is no specific action plan, except for how the data guides reform generally.</p>	

Canada's Management Accountability Framework (MAF)

	Standard setting (directors)	Information gathering (detectors)	Behaviour modification (effectors)	Internal development (innovators)
Management Accountability Framework (MAF)	One-size-fits-all model (tailored through co-production process): A series of common indicators organised under ten management expectations: (1) Leadership and Strategic Direction, (2) Results and Accountability, (3) Public Sector Values, (4) Continuous Learning and Innovation, (5) Governance and Strategic Management, (6) People Management, (7) Financial and Asset Management, (8) Information Management, (9) Management of Policy and Programs, and (10) Management of Service Delivery. The specific methodology of the MAF is finalised by subject matter experts within the Treasury Board and co-production with the agency itself.	Self-assessment (with central agency moderation): Each agency completes the questionnaire and submits documentation, which is then reviewed by Treasury Board Secretariat representatives (the "people" component is undertaken by the Office of the Chief Human Resources' Officer or OCHRO).	Ratings: A four-point colour-coded scale (Red–Yellow–Green–Blue) which runs through <i>Attention Required, Opportunity for Improvement, Acceptable</i> , and <i>Strong</i> .	2003: MAF introduced.
	Annual review: MAF is undertaken annually.		Not publicised: MAF assessment results are supposed to be published on Treasury Board's website, but publication is sporadic in reality.	2006: A streamlining of indicators and measures, from 41 indicators and 134 measures to 20 indicators and 90 measures.
			Strongly comparative: The MAF is designed to provide benchmarks for central agencies to draw comparisons and conduct analysis across government.	

South Africa's Management Performance Tool (2011-)

	Standard setting (directors)	Information gathering (detectors)	Behaviour modification (effectors)	Internal development (innovators)
South Africa's Management Performance Tool (MPAT)	One-size-fits-all model: 31 management standards in 17 management areas that fall under four Key Performances Areas: (1) <i>Strategic Management</i> , (2) <i>Governance & Accountability</i> , (3) <i>Human Resource and Systems Management</i> , and (4) <i>Financial Management</i> . The seventeen Management Performance Areas are (1a) <i>Strategic Planning</i> , (1b) <i>Monitoring & Evaluation</i> , (2a) <i>Service Delivery Improvement</i> , (2b) <i>Management Structure</i> , (2c) <i>Accountability</i> , (2d) <i>Ethics</i> , (2e) <i>Internal Audit</i> , (2f) <i>Risk Management</i> , (2g) <i>Delegations</i> , (2h) <i>Corporate Governance of ICT</i> , (2i) <i>PAJA Implementation</i> , (3a) <i>Human Resource Strategy and Planning</i> , (3b) <i>Human Resource Practices and Administration</i> , (3c) <i>Management of Performance</i> , (3d) <i>Employee Relations</i> , (4a) <i>Supply Chain Management</i> , and (4b) <i>Expenditure Management</i> .	Self-assessment with external moderation: Self-assessment through structured process, coordinated by departmental MPAT coordinator and verified by Internal Audit. The report and scorecard is then delivered to an independent external moderation team constituted by persons from other national and provincial departments, led by the DPME, which then seeks departmental feedback before delivering results to Cabinet.	Ratings: A four-point scale "traffic light" system (Red–Amber–Green): (Level 1) Department is non-compliant with legal/regulatory requirements; (Level 2) Department is partially compliant with legal/regulatory requirements; (Level 3) Department is fully compliant with legal/regulatory requirements; (Level 4/Level 3 plus) Department is partially compliant with legal/regulatory requirements and is doing things smartly.	

	Standard setting (directors)	Information gathering (detectors)	Behaviour modification (effectors)	Internal development (innovators)
	No ex ante orientation: MPAT itself has no specific <i>ex ante</i> orientation; however, it is couched within a five-year Medium-Term Strategic Framework (currently 2014–2019).	External assessment as last resort: Departments that show pattern of low achievement or low level of annual improvement will trigger an external expert assessment by one or more central coordinating departments.	Public: For national departments, the overall report and National Report Card are published on DPME website. For provincial results, it is “recommended” that the Office of the Premier publish.	
	Annual review: MPAT is undertaken annually.		Strongly comparative: Results are designed to produce benchmarks and baselines to be used by transversal departments to identify trends and patterns of compliance across departments. Results are also intended for temporal analysis, against a commitment to progressive annual improvement against an initial baseline.	

Norway’s Management-by-Objectives-and-Results (1986-)

	Standard setting (directors)	Information gathering (detectors)	Behaviour modification (effectors)	Internal development (innovators)
Management-by-Objectives-and-Results (MBOR) model	Context-specific model: Each ministry frames its own Letters of Allocation (LoAs) for its agencies. LoAs can be uniform among various agencies or individually tailored, general or particular in its targets. MBOR is also applied variably.	Self-assessment: Agencies are obliged to report to parent ministries on their achievements in its <i>Annual Review</i> , and in governance meetings between ministries and agencies.	No ratings: Agencies formulate performance indicators, yet these are noted to be inconsistent and loosely coupled with objectives.	1986: Budget reforms that laid foundations for MBOR.
	Formatting requirements: Each Letter must contain (1) expenditures and revenues; (2) general goals, performance requirements, strategic challenges, and priority areas where appropriate; (3) indicators for performance assessment and notification of follow-up; (4) reporting requirements; (5) notification of ongoing evaluations; and (5) overview of administrative and budgetary authorisations.		Publicly available: LoAs are publicly available.	1990–1991: Further reforms around activity planning and salary reform.
	Co-production: Although ministries nominally formulate the LoA, most agencies have some or substantial influence on its formulation.		Not comparative: Cross-sectoral compliances is not evaluated or sanctioned; rather, adaption to an agency’s uniqueness is encouraged.	1997: Enacted legislation of Governmental Financial Regulations of 1996 which implemented performance management, including requirement for LoAs.
	Annual review: The LoA is undertaken annually.		Weak enforcement: Agencies are not rewarded (or punished) for good (or bad) results. Pay-for-performance is uncommon.	

Appendix 2

Evolution of the PIF tool

First tranche of assessments: MFAT, DOC, TPK, LINZ Original cadre of 17 lead 'assessors' – ex public sector CEOs, D/CEOs and public sector consultants

July 2012: Ten PIF elements were upgraded in two phases between July 2012 and April 2013.

'Every time we do a PIF review we learn something, and we seek to build that into our process as we go along. With the advent, for example, of Better Public Services programme, we are seeking to shift the bar in respect of standards of performance. Thus over the next 12 months we will be shifting the bar to support the Chief Financial Officer (CFO) Future State and to where the Better Public Services programme needs to take the public Sector.'

Phase one included upgrades to asset Management, Efficiency and financial Management.

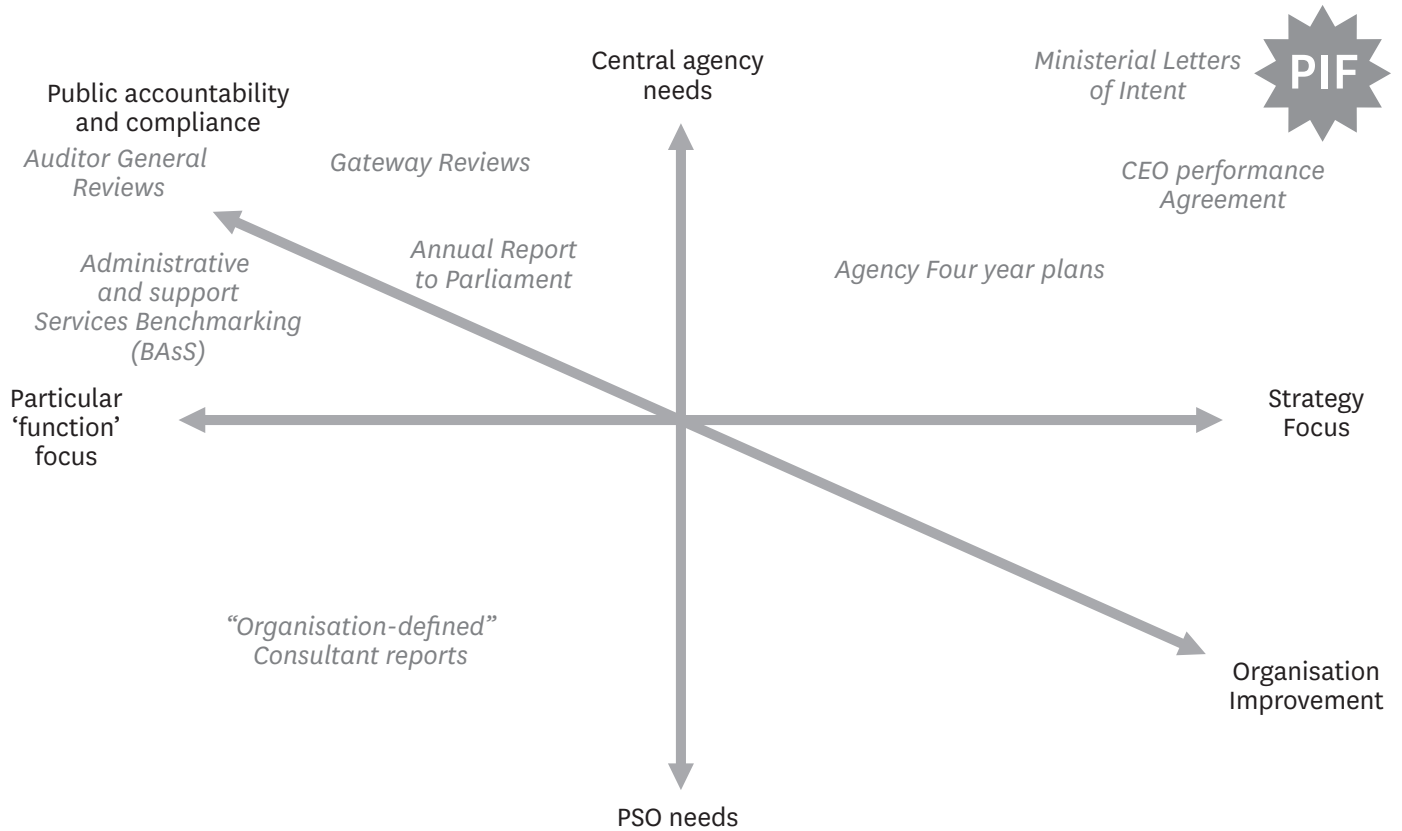
Phase two included changes across the PIF Model.

In 2015, SSC refreshed the PIF framework to better reflect how agencies are building and delivering their services around a clear understanding of their customers. The customer, and how agencies deliver value to customers and New Zealanders, has been added at the heart of the framework. To support this, SSC developed a new Critical Area, Lead Questions and Lines of Enquiry, and made adjustments to existing Critical Areas, Lead Questions and Lines of Enquiry. This was the fourth upgrade to the PIF since its launch in 2009



Appendix 3

New Zealand Ecosystem of Public Sector Performance Tools





School of
Government
Te Kura Kāwanatanga

Profile

The purpose of the School of Government is to contribute to the wellbeing of the people of New Zealand and the world by: equipping our students with the knowledge and skills necessary to articulate public policy challenges, develop innovative ways to tackle them, and implement solutions in an equitable, effective and efficient manner; contributing to knowledge and understanding in, and providing an independent forum for discussions on, public policy and management issues; encouraging good governance; and demonstrating international best practice by connecting and engaging with, and learning from, other Schools of Government.

June 2017