

# UNDERSTANDING AND EXEMPLIFYING THE IMPORTANCE OF KNOWLEDGE AND PERFORMANCE IN THE PUBLIC SERVICE: SOME CONSIDERATIONS FOR BUSINESS SCHOOLS AND THE BUREAUCRACY

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## ABSTRACT

This paper attempts to deal with the importance of knowledge and performance in the public service. It is a call to move from information to action. It explores how information about performance can be translated into improvements in public services and as to why this does not happen in practice. It is a call for practitioners of public administration and management and to academics to project and scrutinize these issues in their teaching programmes at the MBA level, within business schools. The paper draws heavily upon the work of Walshe, K; Harvey, G. and Jas, P the editors (2010: 1 – 32) in their book – Connecting knowledge and Performance in Public Services – From knowing to Doing. Essentially the preliminary chapters are summarized and where necessary the authors' observations and experience are added for purposes of emphasis. This is a vital subject that requires understanding and application by both the academic and various levels of the public service bureaucracy. It is important to the so – called "Third World" development dynamics of governments and societies in transition, such as South Africa. The paper does not pretend to encapsulate all of the subtle nuances of a complex array of issues or for that matter pretend to deal with all of the issues that permeate this important, vexing, challenging and complex body of knowledge in terms of connecting knowledge and performance in public services.

Key Words: Connecting, Knowledge, Performance, Public Service, Management, Administration, Analytic, Framework, Theory, Practice, Inspection, Information.

## INTRODUCTION

So can knowledge and action be affectively brought together in government and public services? According to Walshe et al (2010: XV) "it is easy to slip into earnest clichés about the importance

of evidence – based policy or better statistics for good governance and to gloss over the formidable social and cultural gulf that so often yawns between ‘knowers’ and ‘doers’.” Observation over time reveals that few intellectuals find their way into high public office and that, most make their money out of criticizing organizations rather than captaining or leading them. It was “Nietzsche who said understanding stops action and men of action seem to have an intuition of the fact in their shunning the dangers of comprehension” (McLuhan, 1967: 102). The article in summary shows us at least three important things:

- One is to remind us how naïve it is to assume that more information, research, statistics, gatherings of experts, will automatically lead to better policy or practice.
- Second that the cultures that shape the way knowledge relates to action are multiple, not uniform. Hierarchical cultures are programmed to reject information coming from sources that are not scientifically or officially accredited. On the other hand individualist cultures, as vividly demonstrated by the recent global financial crisis but often also observable in the upper echelons of government bureaucracies, are programmed to reject any information that is not helpful for the pursuit of short – term career or political advantage.
- Third and relatedly the book by Walshe (2010) does not offer a single key to unlock the door to better performance through better use of information in government, it advances knowledge by specifying what we know and what we do not know. It is a question of how we can better understand how absorptive capacity works in complex organizations. This aspect is traceable back to March and Simon’s (1958: 165) famous concept of uncertainty absorption in organizations

The issue is simple in that how can we reconcile and integrate the various typologies and multiple models about information and performance that are undertaken and offered within public services. What we need according to Walshe, Harvey and Jas (2010: XVII) “is an overall theory of information cultures that combines parsimony with predictive power and how can we understand the perverse effects that can occur when performance information produces unexpected or dysfunctional results.”

### **KNOWLEDGE AND PERFORMANCE: THEORY AND PRACTICE**

Performance of public services in the 21<sup>st</sup> century is a question of hyper – accountability and is exemplified by Michael Power (1999) as the ‘audit society.’ Given this scenario and reality for those that lead public organizations, who may feel acutely vulnerable and exposed to the risks of failure within their organizations, irrespective of the causes is now a cause of serious concern. In this regard Walshe, Harvey and Jas (2010: 1) state that “the era of passive, compliant, respectful and grateful public service users; authoritative, distant and unchallengeable professionals; and comfortable, complacent, conservative and unchanging public bureaucracies is long gone.” It was a time when mediocrity and incompetence were tolerated or ignored in public services, when poor standards or inadequate performance often persisted over years, as is still the case in democratic South Africa, after 20 years of freedom post 1994 in all three tiers of government offering public services. According to Kennedy, (2001) “this was a ‘club culture’ and was organized to benefit their staff, not their users or the public and “the costs and consequences of public service failures for the life chances of some of society’s most vulnerable members were huge (Walshe and Higgins, 2002; Stanley and Manthorpe, 2004).

Given the above, have things got better or improved? From the period of the New Public Management (NPM), “It is demonstrably true that in many parts of the world, in both developed and some developing countries that, in many areas of public services there has been

improvement and transformation quantitatively and qualitatively” (Barber, 2007). “It is however not straightforward to make any kind of causal connection between improved services and the way that public service organizations management, governance and organization have changed (Pollitt and Bouckaert (2004). From all of this, it is obvious according to Sclar 2000; Olsen, 2005) that “ideology, rhetoric and received wisdom play a great part as evidence in shaping our conceptions or preconceptions of what has worked, and why, and there is justifiable skepticism about many of the nostrums of New Public Management.” It can also be argued that some less measurable aspects of performance have worsened while other more observable dimensions of performance have improved and that in some areas public services and the experiences of service users have remained the same, despite the welter of reform. In short, it is the exploring and the acquisition and assimilation and application of knowledge. However, we still have a rather limited understanding of how information is used to bring about improvements in performance. It is the question of understanding and applying performance mechanisms in terms of the underlying theories and assumptions about human and organizational behaviour and the issue of knowledge mobilization and exploring how and why we use information and change performance in public services. It must be principally aimed at the acquisition, assimilation and application of knowledge within these performance mechanisms, in order to bring about performance improvement.

Perhaps, a justification of the adoption of this knowledge paradigm in organizations above other considerations such as politics, power or personalities which emphasizes the knowledge – processing function in organizations, above other functions such as group socialization, resource accumulation and sharing and the collectivization of risk and reward needs to be postulated and clarified as follows:

- We think that there is ample empirical evidence to show knowledge and information about performance, does not lead axiomatically to performance improvement and that, poor performance is not usually a matter of knowledge but of action.
- Second, we argue that the existing literature on performance management is really predominantly concerned with performance measurement. “This downplays the social and organizational context in which information is produced, distributed and used or consumed” (Bouckaert and Halligan, 2008; Moynihan, 2008). We think information use is often simply presumed, yet there is plenty of evidence to suggest that this is not the case.
- Thirdly, there is substantial literature from outside the realm of public management and performance management which is relevant and useful in understanding these issues.
- Lastly, it is argued that knowledge – oriented perspective on organizational performance may provide a useful way to connect and integrate understanding performance mechanisms and for a framework of thinking more analytically about embedded assumptions and theories.

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#### **PERFORMANCE POLICY AND RESEARCH**

It is not our intention to review the complex history of public services reform in this article. It is however, necessary and important to highlight a number of characteristics that are relevant:

- The policy process of public services reform has been classic “muddling through” and far from ideal of rational, planned and evidence based policy – planning as it could be (Lindblom, 1959).
- Governments in general and also in the case of South Africa, post 1994 have seized on ideas for reasons of ideology or political advantage.
- Governments have rushed and crowded their implementation in ways that are likely to diminish beneficial effects and, tend to lose interest in reforms once they have been announced and enacted legislatively.
- There has been little strategic direction or design evidence in reform narratives that have been constructed largely after the event.
- In reality in most countries, reform has been cyclical in nature, and cumulative in application.
- New reform initiatives have been often introduced by governments with little thought of their interconnection or interaction with past or existing reforms.
- New initiatives in many areas of engagement and, with reference to performance management often contain little new thinking and, this underscores the point that perhaps governments are frustrated with the rate of and direction of progress in public services performance.
- It does not appear that research has impacted positively on reforms. This research has been often undertaken retrospectively from a brief to describe and evaluate the results of reforms rather than shaping them.
- Reforms have generally not been formative in nature and constructed to test policy interventions empirically.
- Reform has not brought to the table a coherent set of theories about organizational performance.
- There is generally no evidence that the results of research are used by policy – makers. (Synthesized by the authors from: Walshe, Harvey and Jas, 2010: 6).

It seems arguable that the process of reform of public services aimed at improving performance has not exactly been a model of knowledge mobilization. It must provide the secondary contribution to promote wider use and application of ideas about how knowledge is acquired, assimilated and applied in organizations in respect to the policy process itself.

#### **TOWARDS AN ANALYTIC FRAMEWORK: KNOWLEDGE AND PERFORMANCE**

The key issue is how to make sense of what seems like a divergent and heterogeneous set of performance mechanisms, often with competing or undefined theoretical bases (Walshe, Harvey and Jas, 2010: 7). In this regard finding a comparative basis for analysis will assist areas of convergence and divergence in theory and practice. This is achieved as follows:

- First, a model based on the concept of absorptive capacity to illustrate the connections that may exist between these different performance mechanisms and knowledge processing in organizations must be utilized and understood” (Cohen and Levinthal, 1990; Zahra and George, 2002).
- The number of dimensions for comparison through which these different mechanisms might be compared and contrasted is vital and cardinal. It will provide a framework for thinking about their evaluation.

Lane et al (2006) provide and offer a model of organizational performance in which the ‘absorptive capacity’ of an organization, which is its ability to acquire, assimilate and apply knowledge is seen as central to its outputs and performance. They propose that absorptive

capacity is itself a product of a number of internal and external antecedents, the dimensions or components of the organization or of its wider environment which bear on its absorptive capacity and thus on its outputs and performance. It must be clearly understood and appreciated that the nature and availability of knowledge about performance, the presence of environmental incentives for learning, and the nature and quality of relationships with external stakeholders all play a part in the way that these performance mechanisms are conceptualized and described. It involves the publication and use of information on performance in the form of indicators, league tables and so on. It also indicates the ways that consumers, users, citizens or the public exercise choice and voice their opinions and, the use of competition and contestability. The model proposed by Lane et al in respect to internal antecedents to absorptive capacity, mental models, strategies, structures and processes, tend to be more within than without the organization, and their performance theories tend to be more concerned with intra – organizational behaviours, stakeholders and activities. The mental models of the organization are a term which embraces organizational culture, leadership forms and behaviours, and the internal organizational narrative and sense – making processes. There are indeed many more dimensions that are beyond the scope of this article.

Below, seven comparative dimensions based essentially around the conceptualization of knowledge and its use in the performance mechanism; the evidence of ways of knowing about the performance mechanism; and an understanding of the deployment and contextualization of the performance mechanism are enumerated but not discussed: (Walshe, Harvey and Jas (2010: 10 – 14). (Readers interested in accessing the discussion hereunder must consult the book by Walshe, Harvey and Jas 2010, cited in the bibliography of this paper).

- “The nature of knowledge.
- The nature of knowledge mobilization.
- Theoretical evidence for the performance mechanism.
- Empirical evidence for the performance mechanism.
- Experiential evidence for the performance mechanism.
- Deployment.
- Situational or contextual determinants.
- Regulation and competition.
- Competition and regulation.
- Performance indicators / targets and choice.
- Choice and regulation.

These examples reinforce the case for thinking, planning and researching not about individual performance mechanisms but about the overall performance regime of which they form a part. The whole set of performance arrangements which bear upon a particular organization. It is naturally important for policy – makers involved in planning and designing the overall performance regime for public services.

### **INSPECTION: OVERSIGHT**

In most Western democracies and increasingly in developing countries public services are subject to a variety of external oversight mechanisms. They are usually governed by legal duties and constraints and often subject to central government plans and directives; their performance is usually overseen by local politicians through a range of formal and informal processes. Social organizations also oversee and scrutinize performance and highlight service failures. The public expresses its views by means of elections through the ballot box at voting times. Given the fact that a number of terms are used in respect oversight, it is essential to define some of the terms.

By use of the term regulation, it refers to a very specific form of oversight that involves management of the market by a regulator through licensing, price controls and other mechanisms. Baldwin and Cave (1992: 2) for example define regulation as ‘sustained and focused control exercised by a public agency over activities that are valued by a community.’ James (2000: 327) writes that regulation is concerned with ‘achieving public goals using rules or standards of behaviour backed up by sanctions or rewards of the state.’ Hood and Scott (1996: 321) apply this kind of broad definition to regulation in the public sector, which they define as ‘processes by which standards are set, monitored and / or enforced in some way, by bureaucratic actors who are somewhat separate from units or bodies that have a direct operational or service delivery responsibilities.’ Hood et al (2000: 284) develop the concept by introducing the idea of ‘regulation inside government,’ which they say involves oversight of bureaucracies by other public agencies operating at arm’s length from the direct line of command, the overseers being endowed with some sort of official authority over their charges.’ They identify three key features of this form of regulation:

- The regulator has official authority over the body it is overseeing. It may determine the level of resources it receives, procedures it must follow, or service standards it has to achieve.
- There is an organizational separation between the regulator and the regulatee.
- The regulator monitors performance and uses persuasion and /or direction to modify actions of the regulated body.

According to Hood et al there are five main forms of regulation inside government that satisfy these criteria, adjudication, authorization, certification, audit and inspection. “This has resulted in the ‘homogenization and standardization of audit and inspection processes” (Power, 2003: 189).

### **THE INSPECTION EXPLOSION AND THEORIES OF INSPECTION**

Various forms of inspection were introduced in different public services historically in Great Britain and, therefore, it is nothing new. This was premised on a much greater emphasis on the role of inspection in driving improvement in the public services. Power (1994) named this phenomenon “the audit explosion, which led to the transformation of the work of audit bodies around the world.”

The traditional model of inspection defines its rationale as providing public assurance that services are meeting minimum standards, in terms of service quality, value for money, the protection of vulnerable groups and so forth. Inspection can therefore be considered as the fourth arm of government and of governance, working alongside and complementing the activities of the executive, the legislature and the judiciary. A second rationale for inspection is that it provides guidance and advice to policy – makers about how to steer the activities of public service providers in order to improve outcomes. A third theory of inspection sees it as filling the gap left by the absence of effective competition in the provision of public services. The fourth view of inspection, as an agent of managerial capacity, is a relatively new arrival and has rapidly gained currency in Great Britain. The need for an ability of the inspectors to drive improvement in the management of public services is a theme which is threaded through government policy statements throughout the world in functional democracies and issued over the last decade. “Checking compliance with rules and regulations has long been superseded by today’s needs for inspection to be a catalyst for better local leadership, confidence, creativity and innovation (OPSR, 2003: 2).

## **THE CREATION AND CONSUMPTION OF KNOWLEDGE**

The four rationales for public services inspection discussed above are not sector specific. Nor are they mutually exclusive for they can be seen to operate within an array of public services. Public assurance and policy advice are clearly compatible and, there is no reason why inspectorates cannot both check that services are meeting minimum standards and also provide advice on future policy. Hood et al (2001) argue that it is useful to see “risk regulatory regimes” as cybernetic systems with three main sets of ‘control instruments,’ information gathering, standard setting and behaviour modification.” A public assurance approach to inspection is largely retrospective; it gathers information about past performance and the criteria used by inspectors are derived from minimum standards or good practice that has been formulated by or at least agreed with professional bodies and other networks of experts. Standards are absolute; services either meet them or fall short.

The policy advice model makes a different set of demands on inspectors. It is concerned with regulating risks associated with the underperformance or malfunctioning of the policy system as a whole. Rather than making judgments on a case – by case basis about individual public services or public service providers, policy advice is based on the findings from a range of inspections across a number of different organizations. It deals with the future and not the past. Advice is usually given to policy – makers in private. And therefore it needs to be able to withstand challenges from inspected bodies. Inspectors cannot walk away from failures in the way in which the public assurance model allows. They are expected to diagnose problems and identify the probable causes of weaknesses in the system and to make recommendations about how these can be corrected. Behaviour modification is for the most part indirect and is achieved through improvements in policy.

The regulation approach to inspection is primarily concerned with creating the conditions under which supply markets serve in the interests of users and taxpayers. As such it draws on economic theory. The agent of improvement model of inspection is focused on reducing the risk that services or organizations fail to improve. It is therefore prospective rather than retrospective, in order to enhance managerial capacity. Inspectors therefore, always look for signs of effective leadership combined with robust performance management and efficient use of resources. Knowledge produced by the agent of improvement approach to inspection can be used in a variety of ways to modify behaviour. It must be noted that that the standards used in the model of inspection are relative rather than absolute... it must also be registered and that acceptable and unacceptable performance can change over time. Armed with information, the public will be in a position to make informed choices about which providers they wish to use, thereby exerting pressure on the underperforming services to improve. The agent of improvement model places inspection to a center stage. Responses have been codified in terms of methodology, given the criticisms advanced. Therefore standards against which organizations are being evaluated are more explicit than is required by any of the other models in which tacit knowledge plays a major role.

Scholars have, however, raised a number of concerns about the validity of the data which is produced by these kinds of inspections. These concerns revolve around issues such as the vulnerability to categorization errors, the use of different weightings for different services and their disregard of important external influences on performance such as deprivation and ethnic fractionalization (Andrews et al, 2005; Jacobs and Goddard, 2007; McLean et al, 2007). Another set of concerns centers on the apparent lack of public interest in inspection reports. Adverse inspection reports about poor performers damage the reputation of public services in general.

The absence of explicit comparisons between organizations means that there is no need to adopt universal scoring systems or inspection criteria, and inspection can therefore be tailored to local contexts and thus reflect local priorities. “However, critics of the approach argue that a lack of published performance data and the absence of sanctions for failure can lead to the development of a ‘cosy’ relationship between inspectors and inspected bodies both of whom can, as a result, become unduly tolerant of underperformance” (Andrews and Martins, 2007).

### **CONCLUSION**

The paper has attempted to delineate and discuss some crucial issues. In so doing public services reform seems to have an unstoppable momentum, and though governments change, the rhetoric about the failings or limitations of public services and the need for improvement does not, in recent years the solutions to which governments turn have become increasingly similar. The issue is simple, how we connect knowledge and performance in public services and to some of the concerns and issues we have outlined. A framework for analyzing the different kinds of knowledge produced by different approaches to public services inspection and the uses to which it is put. It is an issue to motivate behaviour change at both individual and organizational level. Understanding the reasons for these differences requires an appreciation of the perceived risks that inspection is seeking to mitigate. However, as inspection becomes increasingly influential in the management of public services, investigations into its costs and benefits, the nature of the knowledge which it creates and the uses to which this information is put will be important areas for future research. However, it must be understood and registered that the issues raised are important, complex and necessary in order to improve upon public services. We have hitherto in this paper only touched the surface of a very dynamic and essential phenomenon and that there are a host of other issues that require discussion, debate and research.

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