Pathways to Public Service Delivery

A Conceptual Overview

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Session Plan

- Exploring traditional claims
- Understanding Performance
- Typology of Employees
- Principal-Agent Model
- Beyond Rational Choice…
- Pathways to Service Delivery
- Possible effects…
- Possible pathways
- Power of evaluation

Claim 1

"Government's work is God's work."

- Vidhan Soudha, Bengaluru

Claim 2

"In contriving any system of government, and fixing the several checks and controls of the constitution, every man ought to be supposed a knave and to have no other end, in all his actions, than private interest. By this interest, we must govern him and, by means of it, notwithstanding his insatiable avarice and ambition, co- operate to the public good."

- David Hume (18th C)

So what do you think?

Which of the two claims appears to be more true?

Understanding Performance

- According to Appelbaum et al (2000), performance is a function of
    - Ability,
    - Motivation, and
    - Opportunity
- Thus, as per the AMO theory, $p=f\{a,m,o\}$

On Government Performance

"The quality of an effective government administration cannot be lower than that of its clients – that is the private sector."

- PM Mahathir Mohammed (2006)

Taxonomy

- Employees
  - Knights
  - Knaves
- Citizens
  - Queens
  - Pawns

Source: LeGrand, Julian (2006) *Motivation, Agency and Public Policy: Of Knights and Knaves, Pawns and Queens*

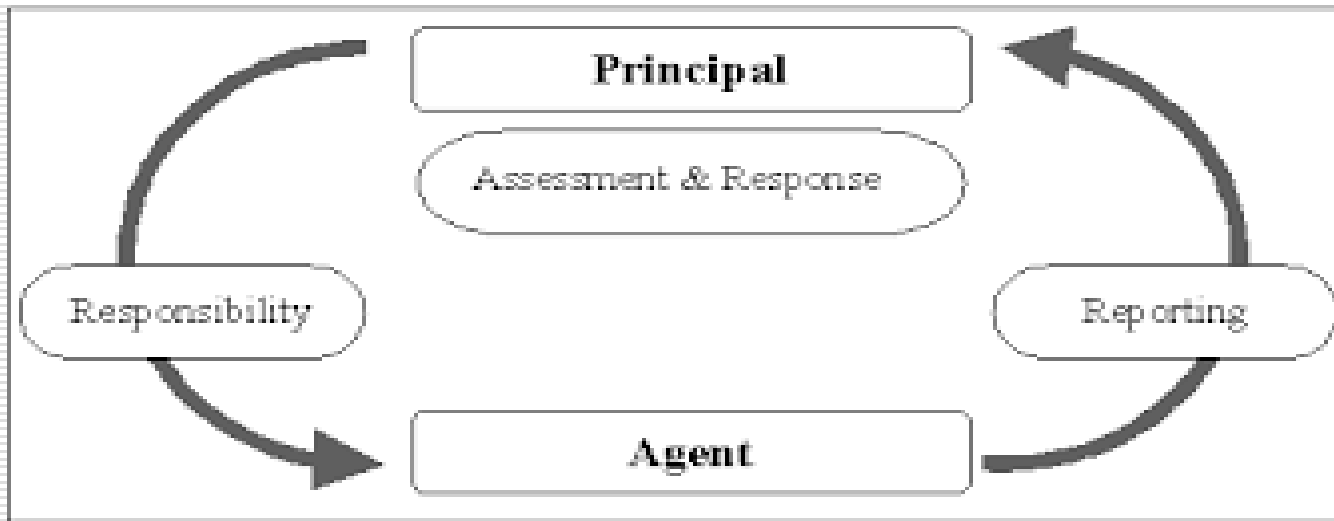# So what describes IAS officers best?

???

Principal-Agent Model - 1

□ Fundamental idea of agency theory

□ Explores the relationship between principal (say employer) and agent (say employee)

Principal-Agent Model – 2

- Focus on targets-based performance is normally based on principal-agent model

- Views government employees as *"self-interested, opportunistic agents…who feather their own nest at the expense of public interest"*

- As per principal-agent model, public employees (*agents*) can be made to function efficiently by government (*principal*) only if
  - their performance is effectively monitored
  - they are provided strong incentives to do job right

Beyond Rational Choice…

- Most public policies based on what is often termed as rational choice theory. Also known as *homo economicus*.
  - Theory of rational choice says that individuals' utility (or well-being) depends on their own self- interest and that, in making decision as to how to behave, they will try to maximize that utility in a consistent way, independently of irrelevant factors.
- Ideas being challenged by behavioural economics – Nudge's 'libertarian paternalism' - changing the choice architecture so as to 'nudge' behaviour in the right direction, but keeping freedom of choice

Pathways to Service Delivery - 1

- Usually, 4 main models of delivery of public services
  - ***Trust and Altruism*** – views *"public service ethic as bedrock of governmental performance"*
  - ***Choice and Competition*** – seeks to use choice among providers to foster competition among providers and thereby impact performance

Pathways to Service Delivery - 2

- ***Hierarchy and Targets*** – based on defined ex-ante targets and rigorous reporting mechanism – euphemistically, also called *"target and terror"* regimes

- ***Transparent Public Rankings*** – entails *"naming and shaming"* through ranking of individual entities

League Tables (UK)

Target-based ranking: critique

- Problems both statistical and behavioural

  - First, what gets measured eventually becomes important – issue of selection of targets & indicators

  - Need for objective Performance Indicators

  - Most PIs are like *tin-openers* leading to *synecdoche* (part seen to be representing the whole) – focus on statistical outliers and ignore those "hiding in the pack"

  - Also PIs may fail to capture key dimensions of effectiveness

Problems of Gaming

- Gaming called "*reactive subversion…*"
- Three main effects of gaming noted
    - *Ratchet effects* – perverse incentive to set low targets and not to exceed them even if they can
    - *Threshold effects* – entail sub-optimal outcomes by better performers to crowd towards target (where targets uniform)
    - *Output distortions* – effects on significant but unmeasured aspects of performance - *hitting the target and missing the point*
- Thus, important to build-in systems to counter effects of gaming in performance systems

Gaming effects…

Other Problems

- Loss of provider morale – often touted as an important outcome of "naming and shaming" exercise

- Other effect is "goal displacement" – where performance measures supersede actual outcomes as agency's objectives

- So may lead to improvement in numbers without improvement in outcomes

Possible Pathways

- May be useful to view public service delivery through principal-agent model

- Also need to look at funding mechanisms to improve service delivery

- Further refinement possible using ideas of behavioural economics

- Target & Terror model useful to ameliorate a bad situation in the short run

- In long-run, use of choice and public rankings more sustainable

The power of evaluation

- What gets measured, gets done
- If you don't measure results, you can't tell success from failure
- If you can't see success, you can't reward it
- If you can't reward success, you are probably rewarding failure
- If you can't see success, you can't learn from it
- If you can't see failure, you can't correct it
- If you can demonstrate results, you can win public support

To Public Policy…

- ☐ Design and Policy Implementation inextricably linked

- ☐ Implementation bedeviled by poor service delivery

- ☐ Application of conceptual ideas can help refine implementation pathways

- ☐ Need to find enduring solution – amalgam of various elements

Thank You