PADM 691
INCREASING PUBLIC SECTOR PRODUCTIVITY, Summer 1991

Instructor: Blue Wooldridge
816 West Franklin Street
Richmond, VA 23284
Office: 367-1046
Home: 343-3386
Tu/Th. 7-9:40 pm, Business #1116A

According to the Committee for Economic Development (CED), when governments are faced with the prospects of ever-increasing demands for services, an increase in the cost of providing these services, and an existing revenue base that does not increase in line with demand, they may pursue any or all of three possible strategies:

Public officials may attempt to expand the use of financial resources or to identify new resources to supplement existing ones.

They may enact an actual cutback in service. Approaches to budget cutting can range from a percentage reduction "across the board" or to the identification and ranking of priorities.

Finally, in a challenge that is, perhaps, new to many in the public sector, officials may implement strategies designed to increase organizational productivity.

In the Public Administration curriculum at Virginia Commonwealth University, strategy #1, that of a systematic approach to revenue planning and management, is the focus of PAD 662 (Revenue and Taxation). The design of public budgeting systems that will facilitate the allocation of scarce resources to high priority expenditures in an efficient and effective manner is the objective of PAD 622 (Public Budgeting). This Special Topics course will focus on the third strategy, that of increasing public sector productivity.

GOALS OF THIS COURSE

The goal of this course is for you to increase your capabilities as managers and/or analysts to assess and improve your organization's productivity. You can expect to increase your knowledge and understanding and ability to use productivity measurement and to select productivity improvement strategies. Furthermore you will increase your knowledge and understanding of the skills necessary for designing and implementing productivity improvement programs, forecasting the potential negative impacts of productivity improvement programs, and developing strategies to minimize these negative impacts. Finally you will develop skills in stimulating concerns for productivity improvement activities in other parts of your organization.

GENERAL OUTLINE OF THE COURSE

Although concern for the productivity of government organizations is not new there is still considerable debate around key terms used in this concept. One useful definition that appears to be growing in acceptance is that <u>productivity improvement occurs when there is an increase in the ratio of public sector output (either in quantity or quality or both) to the inputs (resources) utilized.</u> Another theme that has gained growing recognition is that there is not one best way to increase the productivity of public organizations. Catherine Lovell and her former colleagues at the University of California at Riverside suggest that it might be useful to group attempts at productivity improvement into six broad categories: Operations assessment and methods improvement; organizational restructuring (both internal and external); incentive systems and motivation; training; goal clarification and integration; and technological innovation. These six categories will form the basis for this course.

In Session I we will deal with the basic definitions used in productivity improvement, various approaches to improving productivity in public organizations and how to select initial "targets of opportunity." The following sessions will delve into the improvement strategies in more detail. Unfortunately we cannot improve productivity if we cannot measure it, so Sessions II & III will be devoted to the important topic of productivity measurement.

Sessions IV & V will focus on operations assessment and methods improvement. This category focuses on improving the technical efficiency of production processes. This approach requires many of the techniques and skills developed by industrial engineers. Techniques such as work measurement, procedure design, flow process charting and crew sizing can substantially decrease the cost of performing an activity or increase efficiency.

Sessions VI and VII will focus on the productivity improvement strategy of organizational restructuring. This approach concentrates on finding better patterns for arranging and structuring organizational activities to meet program objectives. Beyond these internal changes, such restructuring possibilities as contracting and interjurisdictional cooperative arrangements will be explored.

Altering existing incentive systems in order to improve motivation will be discussed in Sessions VIII and IX. This approach focuses on the importance of the human resources in the organization as the basis of productivity improvement. In Session X the course will focus on training and management development. Training for public employees has long been considered a major strategy for improving the productivity of public organizations. Little attention, however, has been given to the question of how productive training is. This session will describe techniques designed to increase the productivity of public sector training.

Sessions XI and XII will focus on an extremely important approach to improving productivity, Total Quality Management.

Session XIII will focus on the use of technological innovations as a strategy for

improving productivity. Particular attention will be placed on feasibility analysis to determine if the innovation will truly increase the productivity of the organization. Goal clarification and integration concerns the importance of clarifying ends before selecting means in order to develop greater efficiency and effectiveness. This category includes programs designed to identify dysfunctions caused by ill-defined goals and objectives. Session XIV will also discuss efforts such as management by objectives and program budgeting that are intended to assist organizations to blend organizational systems into a more unified and common effort at meeting the goals of the organization.

The final session will deal with the very important question, "How do you implement productivity improvement efforts?" The answer is, "Very carefully."

SPECIAL RESOURCES THAT WILL BE USED IN THIS COURSE

Texts:

Moreley, Elaine, A Practitioner's Guide to Public Sector Productivity Improvement

Epstein, Paul, Using Performance Measurement in Local Government

Hatry, Harry, A Review of Private Approaches to the Delivery of Public Services (on reserve)

Assorted readings to be provided by me.

Class participants are urged to read the daily papers and other current journals for relevant articles. Materials of importance should be brought to class for discussion. Students should make themselves aware of the various journals of interest published by the professional associations and universities. Examples include:

Public Administration Review
Public Policy
The American Political Science Review
Policy Sciences
Administrative Science Quarterly
Policy Analysis
Public Interest
State Government
Public Management
Government Finance
National Productivity Review
Municipal Yearbook
American Economic Review
The Bureaucrat
Policy Studies Journal
Nation's Cities
Industrial Relations

Public Productivity & Management Review
Public Administration Quarterly
Future Survey Annual
Administration and Public Personnel Management Society
Sage Public Administration Abstracts
Personnel Journal
American Demographics
The Futurist
Futures: The Journal of Planning and Forecasting
Journal of Policy Analysis and Management
Policy Review

Be sure to be familiar with the endnotes and references in your readings.

STUDENT RESPONSIBILITIES

You should be alert to the fact that fifteen (15) three-hour sessions have been scheduled for this course during this term. THERE WILL BE NO CLASS ON THURSDAY JULY 4th. The last session will be held on Thursday July 11th.

Since it is expected that you will actively participate in the class discussion, it is necessary that assigned readings be completed prior to class time. YOU SHOULD DEVELOP QUESTIONS THAT WILL HELP YOU BETTER UNDERSTAND THE READING MATERIAL. Class sessions will be spent responding to your questions and presenting new material. You are advised to use the syllabus as an aid in doing the readings. I might even throw in a "pop quiz" just to see if the readings are understandable. The results of such a quiz will not count towards your grade. I also recognize that there is a large amount of reading required and that the educational value of this experience to you is a function of your preparedness so please read each assignment closely. SINCE THE GRADED ASSIGNMENTS WILL REQUIRE REFERENCES TO THE LITERATURE YOU MIGHT FIND IT USEFUL TO TAKE COMPLETE NOTES AS YOU DO THE READINGS.

Experience of previous classes leads me to expect that you will probably spend an average of 6-8 hours per session doing the work for this course. I would like feedback from you as to the amount of time required to successfully complete the work for this course so please keep track as you do the assignments/readings.

Please make sure that you are clear as to the expectations of in-class and written assignments and that you obtain adequate feedback on your performance. Since an additional goal of this class is the fostering of adequate communication skills, you are urged to examine your written work for deficiencies in clarity of presentation. Specific minimum learning objectives have been identified for each module. You should achieve those objectives through the readings, class discussions, lecture or any other means. Let me know if you feel that these objectives have been met.

IT IS EXPECTED THAT CLASS PARTICIPANTS WILL ATTEND EVERY SESSION

Assignments

There will be two (4) written graded assignments. All of these will be of the "take-home" variety and you will have at least ten days for each assignment. The assignments are as follows:

#1 Report on the Design and Implementation of a Performance Measurement System in "your agency" (20% of grade)

#2 Report using the techniques of Operations Assessment and Methods Improvement to improve productivity in "your agency" (20% of grade)

#3 Report analyzing the appropriateness of a public service being "contracted out" by "your agency" (25% of grade)

#4 One other report applying any of the other approaches to productivity improvement to "your agency" (20% of grade)

Detailed descriptions of the assignments will be provided before the due date as indicated in the course syllabus. Assignments are to be completed at the beginning of the session indicated. LATE PAPERS WILL BE PENALIZED. Each of these written assignments should reflect graduate level work. That is, the written work meets the objectives of the assignment, is in clear, correct English and shows conceptual understanding of major issues with pertinent points discussed in a way that demonstrates some creativity or originality (rather than merely stringing together a series of quotes). There should be a good grasp of the reading material evidenced in the written assignments. These assignments will require research into materials additional to the assigned readings. In addition to reflecting standards of professional report writing, these written efforts should reflect the writing style, tone and approach of such professionally-orientated journals as the Public Administration Review, Public Productivity Review, Budgeting and Financial Management and/or Public Personnel Management.

Special Note: If you would like to demonstrate your mastery of the course objectives by some means other than one or more of the four graded assignments please discuss with me what you would like to do. This discussion must take place before the assignment is due. Again, I would like to have feedback as to the relative "benefits/costs" associated with each assignment. Please make a note as you complete the assignment and report your perceptions to me at the end of the course.

FACULTY RESPONSIBILITIES

I will be responsible for leading an in-depth discussion and providing clearly articulated learning objectives on each subject area; furnishing class participants with adequate bibliographies and electronic sources covering the field; and counseling you in

regard to preparation for the assignments. I will be delighted to review drafts of your work before final submission. Participants can "re-do" one of the assignments if they wish. The final grade will be the mean of the two efforts. I will also provide feedback on your performance after each graded assignment and be available to meet with you at a mutually convenient time.

I will have office hours from 2-5 pm Mondays and Wednesdays. I am usually available at the same time on Fridays. I can be available for appointments at these times, before and after the class sessions, and in the evenings on most Mondays and Wednesdays. You can take your chances on "dropping in" on at the specified times, but even at those times it would be better to call ahead since there are often committee meetings, etc. I am delighted to meet with you and, in addition, will guarantee to return your calls to either my office or my home.

COURSE OVERVIEW AND SCHEDULE

SESSION I   INTRODUCTION TO PRODUCTIVITY IMPROVEMENT: DEFINITIONS, ISSUES AND CONCEPTS

SESSIONS II & III   INTRODUCTION TO PRODUCTIVITY MEASUREMENT

Assignment I--Due Session V

SESSIONS IV & V   OPERATIONS ASSESSMENT AND METHODS IMPROVEMENT

Assignment II--Due Session IX

SESSION VI   INTERNAL ORGANIZATIONAL RESTRUCTURING

SESSIONS VII EXTERNAL ORGANIZATIONAL RESTRUCTURING

Assignment III--Due Session XI

SESSIONS VIII & IX INCENTIVE SYSTEMS AND MOTIVATION

SESSION X   TRAINING AND MANAGEMENT DEVELOPMENT

SESSIONS XI & XII TOTAL QUALITY MANAGEMENT

SESSION XIII   TECHNOLOGICAL INNOVATION

Assignment IV--Due Session XV

SESSIONS XIV   GOAL CLARIFICATION AND INTEGRATION

SESSION XV   IMPLEMENTING PRODUCTIVITY IMPROVEMENT

Session I
INTRODUCTION TO PUBLIC SECTOR PRODUCTIVIY IMPROVEMENT

Productivity Improvement issues, definitions and concepts
Strategies for increasing productivity
Selecting "targets of opportunity"

Objectives:

At the end of this session class participants should be able to:
1. Describe and discuss the key definitions and issues in public sector productivity improvement.
2. Describe and understand the various possible approaches to increasing productivity.
3. Be able to select those parts of an organization where efforts to improve productivity should begin.

Readings:

Wooldridge, "Squeezing the Blood from the Library Turnip"
Morley, Chaps. 1-5.
Ewing et al, "Meeting the Productivity Challenge in the Federal Government"

Sessions II & III
INTRODUCTION TO PRODUCTIVITY MEASUREMENT

Why use productivity measurement?
How is it defined?
What to measure: inputs, outputs, process/efficiency, effectiveness/impact/outcome

Objectives:

At the end of these sessions participants will be able to:
1. define productivity measurement and present a rationale for this concept and indicate how this data can be analyzed
2. describe the characteristics of, and differentiate between, input-output-process/efficiency and impact/effectiveness/outcome measures.
3. establish a productivity measurement system.

Readings:

for Session II: Morley, Chap. 6; Salemme, "Measuring White-Collar Work"
for Session III: Epstein

Sessions IV & V
OPERATIONS ASSESSMENT AND METHODS IMPROVEMENT

Tools of Operations Assessments
Flow Process Charting
Work Distribution Charting
Office Layout Analysis
Demand Analysis

Objectives:

At the end of this session participants will be able to describe, discuss, understand the utility of, and be able to apply various approaches to operations assessments and methods improvement.

Readings:
Morley, Chaps. 7 & 8

Sessions VI
INTERNAL ORGANIZATIONAL RESTRUCTURING

- Definition of organization, organizational design, elements of organizational structure
- Purposes and processes of organizational design
- The systems approach to organizational analysis
- It all depends: The contingency approach to organizational design
- Making sure it fits: The concept of organizational congruency
- Tying the theories together: A framework for analyzing the adequacy of existing organizational design.

Objectives:

By the end of this session participants will be able to:
1. Describe the various definitions of organizations
2. Identify and discuss the various elements of structure and the subsystems that make up an organization structure
3. Describe the various contingency theories of organizations and understand the relationship of these theories to the concept of congruency
4. Assess the appropriateness of the existing design of an organization and make recommendations for improvement.

Readings:

Handouts to be provided by me.

Session VII
ORGANIZATIONAL RESTRUCTURING/EXTERNAL

- Contracting with the private sector
- Intergovernmental service arrangements

- Grants-vouchers
- Donated labor and other donations

Objectives:
At the end of this session participants will be able to describe and discuss the advantages and disadvantages of the alternatives to the direct delivery of public goods and services by regular government agencies. Participants will also be able to analyze a specific public service to determine its compatibility with alternative service delivery strategies.

Readings:
Handouts to be provided by me.

Supplemental Readings on reserve:
Hatry, Harry, A Review of Private Approaches for Delivery of Public Services
Marlin, John (ed.), Contracting Municipal Services: A Guide for Purchase From the Private Sector

Sessions VIII & IX
INCENTIVE SYSTEMS AND MOTIVATION

Models of Employees
The Rational Economic Employee
The Social Employee
The Self-Actualizing Employee
The Complex Employee

Theories of Motivation
Equity Theory
Expectancy/Valence Theory
Goal Setting Theory
Linking theories of motivation to reward systems
Cultural implications of rewards systems

Objectives:

At the end of these sessions participants will be able to describe and discuss the four "models of employees" identified above and identify specific incentives linked to each model. In addition participants will be able to describe and discuss the characteristics, assumptions and consequences for management of the three theories of motivation listed above. Participants will also be able to identify key contributors to the above listed theories and describe their contributions.

Readings:
Handouts provided by me.
Morley, Chaps. 9-11

Supplemental Readings on reserve:
Pugh and Hickson, Writers on Organization
Read, in order, chapters on Schien, Taylor, Fayol, Weber, Mayo, Argyris, Herzberg, Trist, Silverman, Burns, and Hofstede.

Session X
TRAINING AND MANAGEMENT DEVELOPMENT

Topics will include:
- The Critical Event Model of Training Design
- Diagnosing employee performance problems
- The role of learning styles in training design
- The relationship between learning objectives and instructional strategy
- The Contingency approach to training design

Objectives:

At the end of this session participants will be able to describe the steps in the design of a training program and be able to discuss the factors that must be taken into consideration in training design.

Readings:

Wooldridge, "Increasing the Productivity of Public Sector Training," Public Productivity Review, Vol. XII, #2, Winter 1988.
Wooldridge, "Improving the Effectiveness of Public Management Education: Integrating the Results of Research on Selective Learning Styles into Curriculum Design and Delivery"

SESSIONS XI & XII
TOTAL QUALITY MANAGEMENT

Definition
Principles of TQM
Process of TQM
Uses of TQM in the public sector

Objectives:

At the end of this session participants will be able to define the concept of Total Quality Management, understand the processes involved in the implementation of TQM, and assess this concept in light of the productivity problems of their own agency.

Readings:
Handouts to be provided by me.

SESSIONS XIII
TECHNOLOGICAL INNOVATION

Definition of Technology
Developing new technology
Technology transfer
Estimating costs of technological transfer
Life-cycle costing

Objectives:

The class participant will understand the definition of technology, will be able to process the analytic steps in choosing new technologies and will understand how economic choices can be made among competing projects by comparing costs and benefits.

Readings:

Morley, Chap. 13

SESSION XIV
GOAL CLARIFICATION AND INTEGRATION

Definition of Goals and Objectives
Need for and Importance of Goals and Objectives
Management by Objectives, Purposes & Process
Identifying Key Results Areas
Hierarchy and congruency of objectives

Objectives:

At the end of this session the class participant will understand the various factors involved in organizational goal setting and will be able to relate the goal setting processes to the measurement and improvement of productivity. In addition the participant will be able to describe the basic steps in MBO and will understand how it can be used to strengthen employee commitment to organizational ends.

Readings:

Morley, Chap. 12

SESSION XV
OBSTACLES TO IMPLEMENTING PRODUCTIVITY IMPROVEMENT PROGRAMS

Common problems in implementation
Planning a productivity improvement program
Implementation Feasibility Analysis

<u>Objectives</u>:

At the end of this session participants will be able to identify common problems in improving productivity and analyze a situation to identify potential obstacles to productivity improvement.

<u>Readings</u>:

Wooldridge, "Increasing the Success Rate of Improvement Efforts: Integrating Implementation Feasibility Analysis into Productivity Planning"
Morley, Chap. 14 and Appendix A