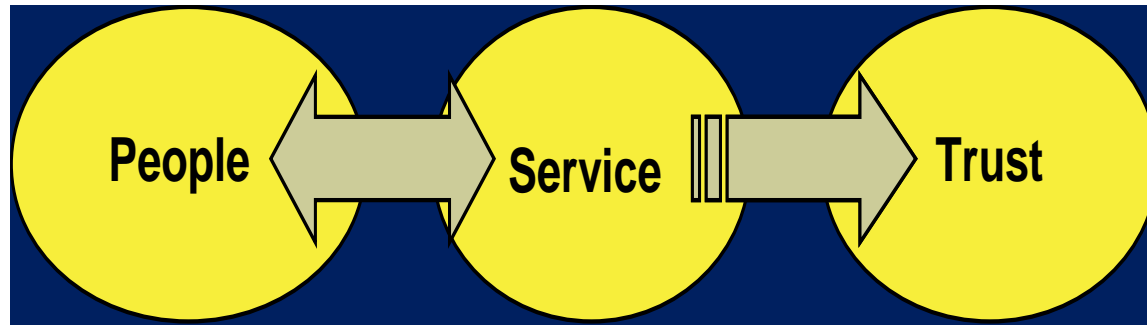


An Introduction to the Public Sector Service Value Chain



D. Brian Marson

Government of Thailand Presentation

APO-TES, September 2013

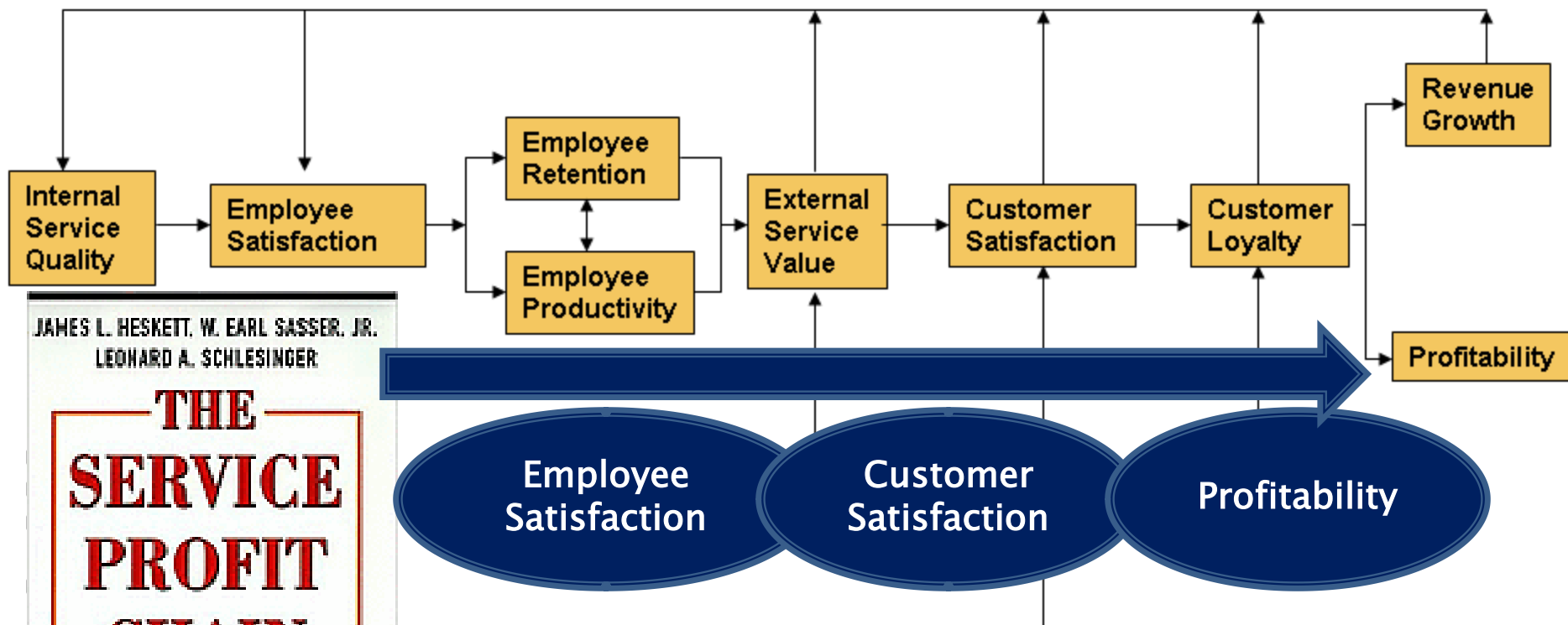


Presentation Outline

1. **Are People, Service and Trust connected links in the public sector performance agenda?**
2. **What “drives” People, Service and Trust performance in the public sector?**
3. **How are “drivers” being used by public sector organizations to improve performance?**

Harvard Research: The Private Sector `Service Profit Chain`

Operating Strategy and
Service Delivery System



JAMES L. HESKETT, W. EARL SASSER, JR.,
LEONARD A. SCHLESINGER

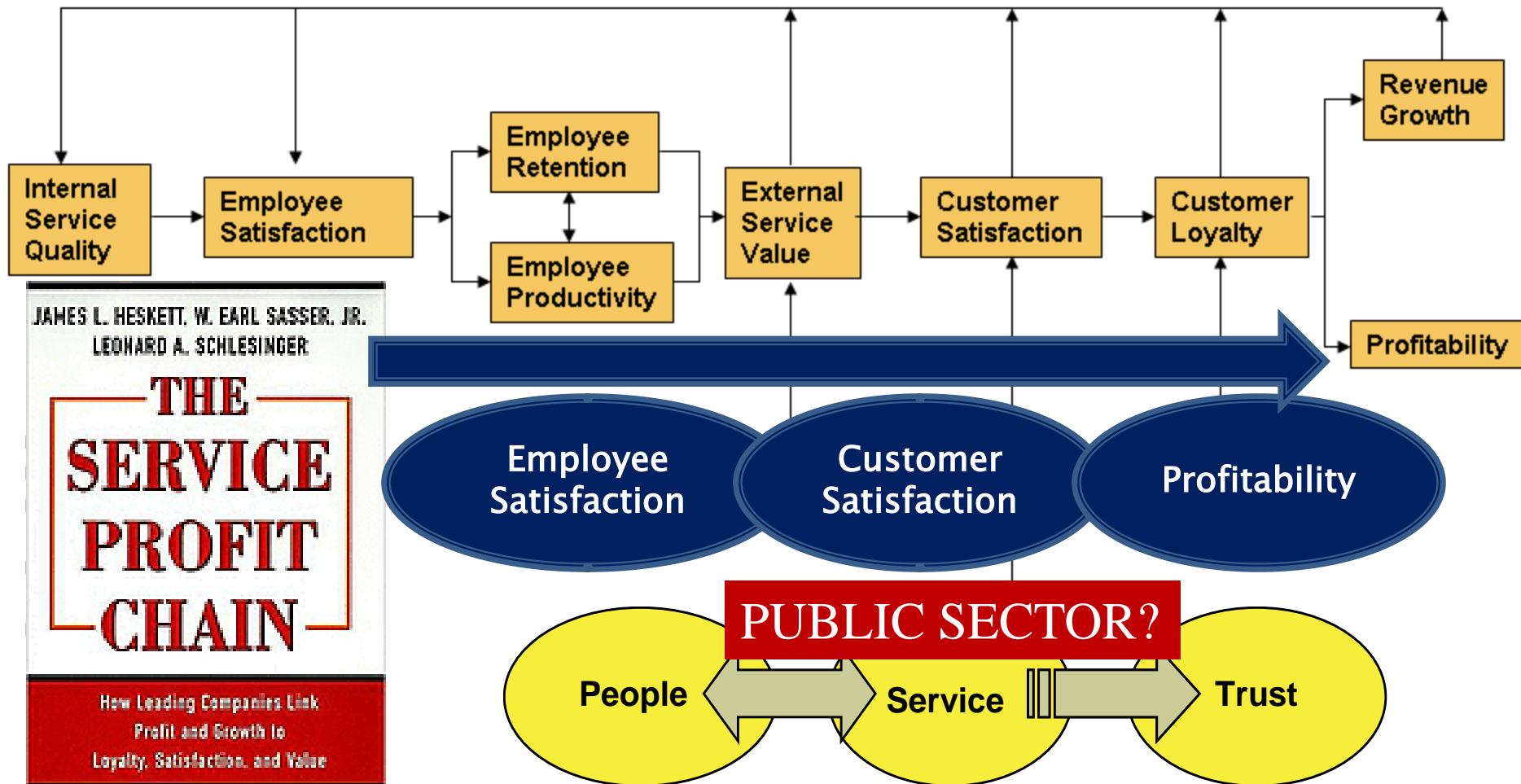
**THE
SERVICE
PROFIT
CHAIN**

How Leading Companies Link
Profit and Growth to
Loyalty, Satisfaction, and Value

Harvard Business Review, July-August 2008, "Putting the Service-Profit Chain to Work,"
by Heskett, Jones, Loveman, Sasser Jr., and Schlesinger

Harvard Research: The Private Sector `Service Profit Chain`

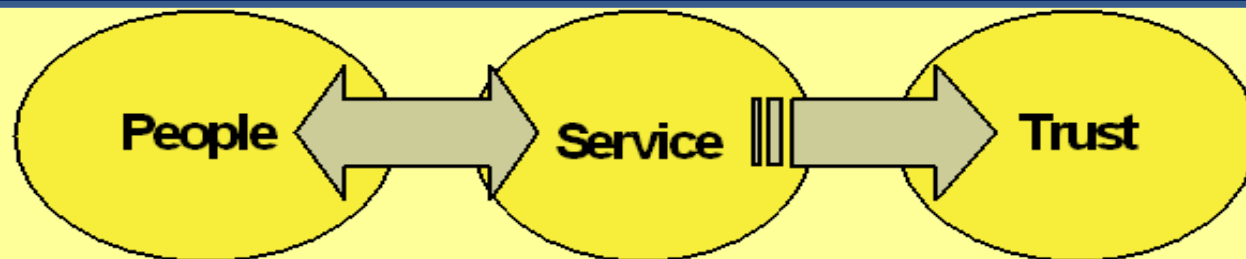
Operating Strategy and
Service Delivery System



Harvard Business Review, July-August 2008, "Putting the Service-Profit Chain to Work," by Heskett, Jones, Loveman, Sasser Jr., and Schlesinger

The Public Sector Service Value Chain

-Links Employees, Service and Public Trust



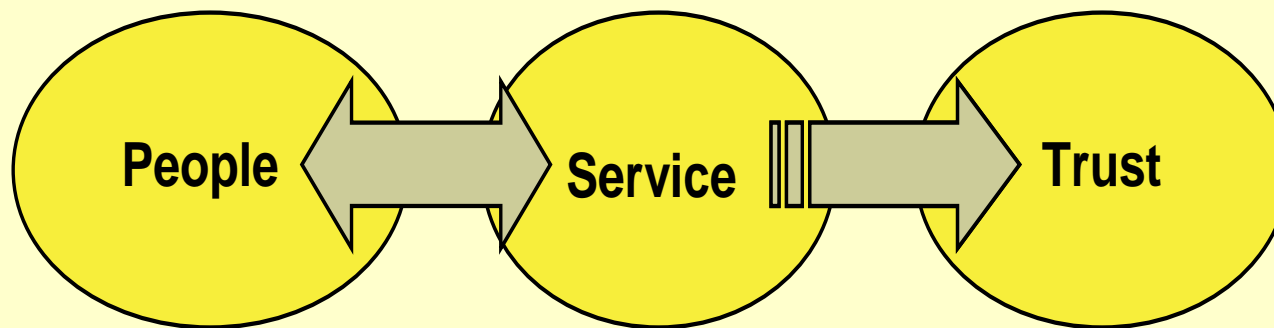
“Leaders need to look at the Public Sector Service Value Chain (Heintzman and Marson 2005) and understand the connection of employee satisfaction and commitment to public service performance, and citizen trust and confidence in government”

-Ransford Smith, Commonwealth Deputy Secretary

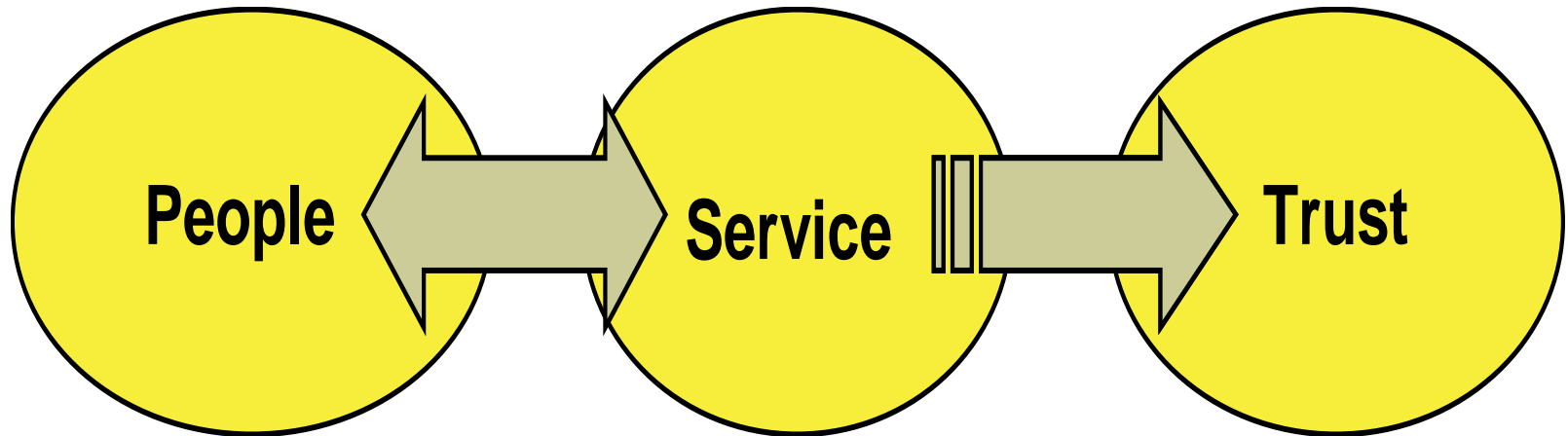


Staff Satisfaction, Service Satisfaction, and Trust in Public Organizations are Linked

- ▶ The Public Sector Service Value Chain concept proposes that these three aspects of public management are linked:
 - ▶ **LINK ONE:** Engaged employees provide better service, and in the other direction good service to clients results in proud and engaged employees
 - ▶ **LINK TWO:** Excellent service is one important factor (along with good management) that helps build trust and confidence in public institutions

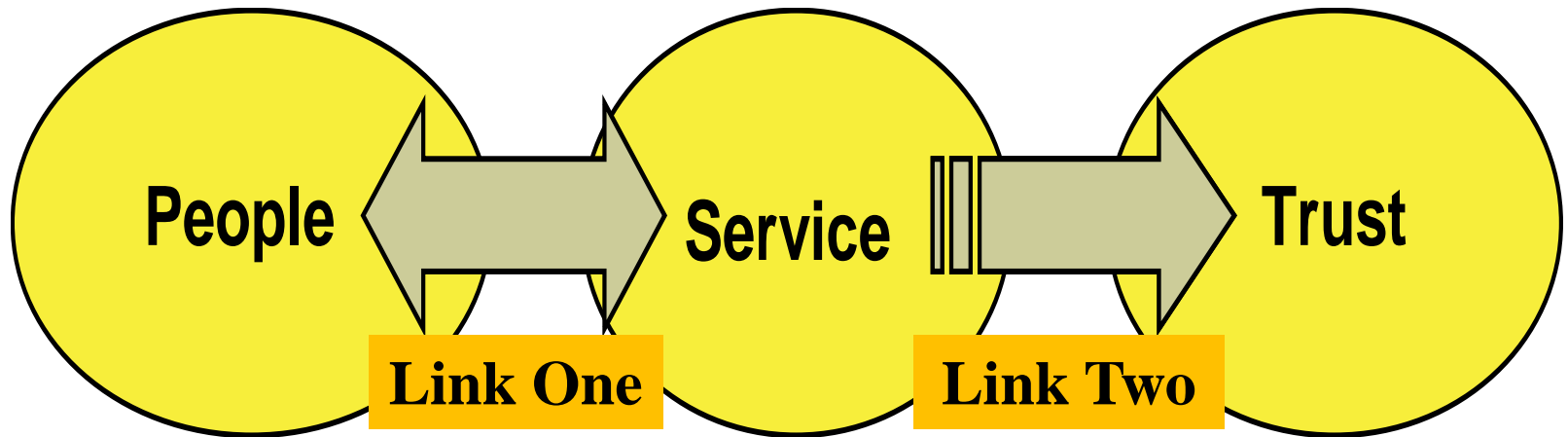


Engaged Employees, Government Service and Public Trust: Are They Really Connected?



©Heintzman and Marson 2003

People, Service and Trust: Looking Closer at the Links in the Chain

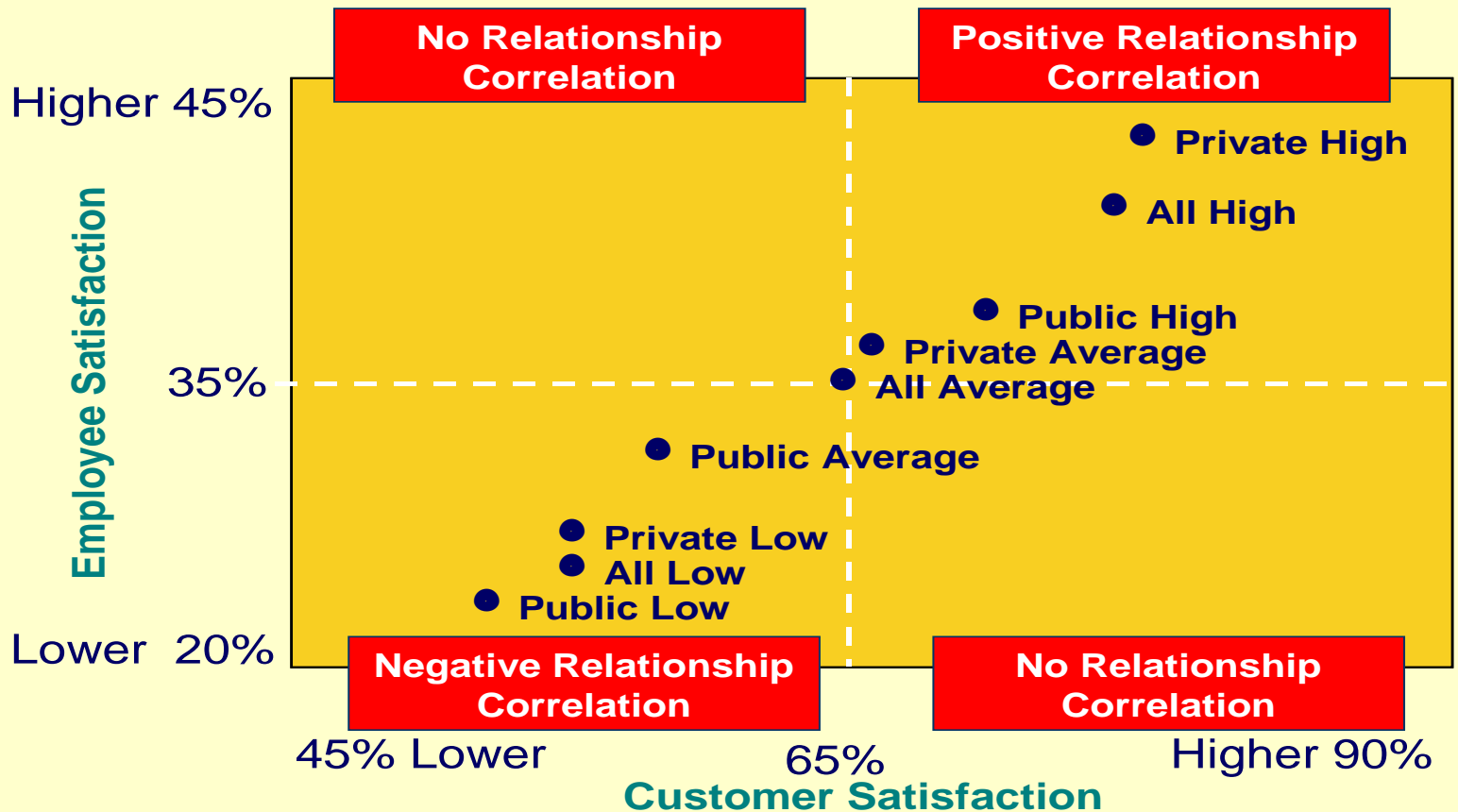


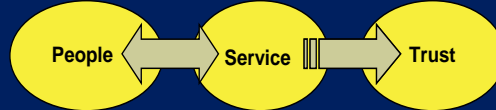
©Heintzman and Marson 2003

Link One: Employee Engagement Impacts Service

SQM Study of Staff Satisfaction and Customer Satisfaction in Call Centres (Treasury Board 2005)

Key Finding: Private or public call center's employee and customer satisfaction is correlated.



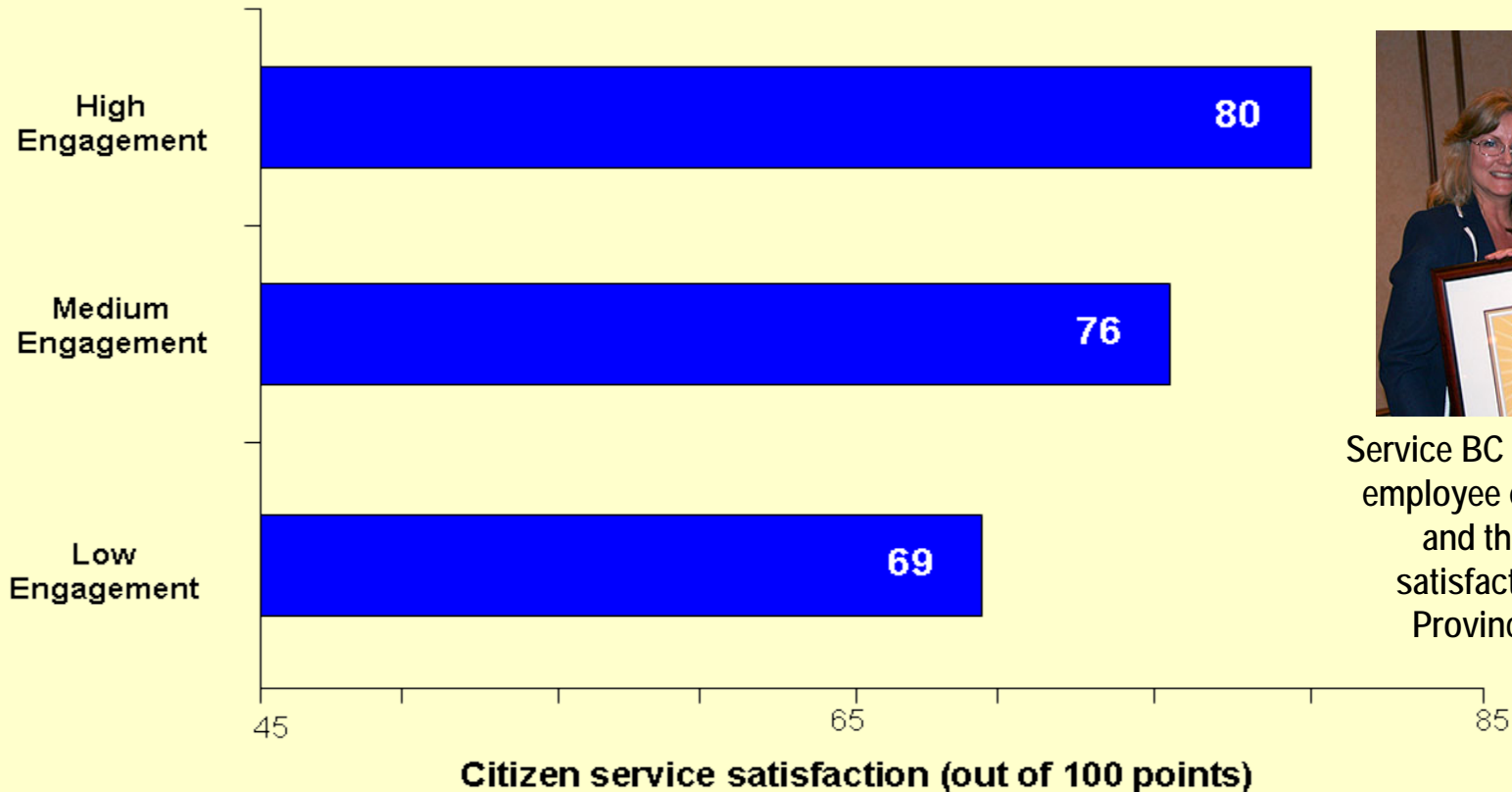


Link One: Does It Work in Both Directions?

Employee Engagement Impacts Service

BC Government Stats Agency -Work Units in BC and Peel

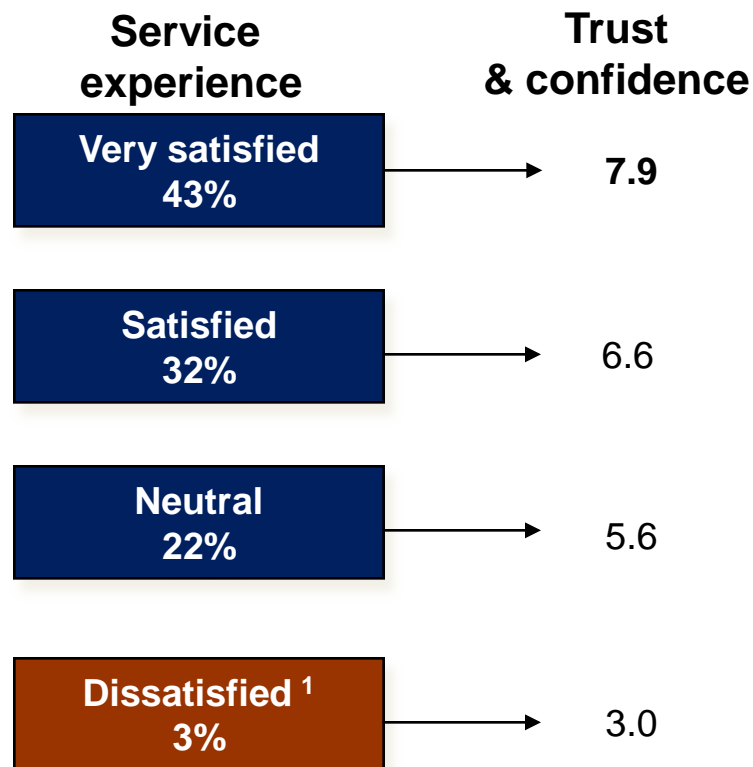
Work units with high employee engagement scores have significantly higher service satisfaction scores.



Service BC has both the highest employee engagement scores and the highest client satisfaction scores in the Provincial Government

Region of Peel (Toronto) Research 2011

The Impact of Service on Trust & Confidence



When clients are very satisfied with their service experiences (averaging above 8/10), overall trust and confidence in Peel is 7.9 out of 10.

When clients are dissatisfied with their service experiences (averaging less than 5/10), trust and confidence is 3.0 out of 10

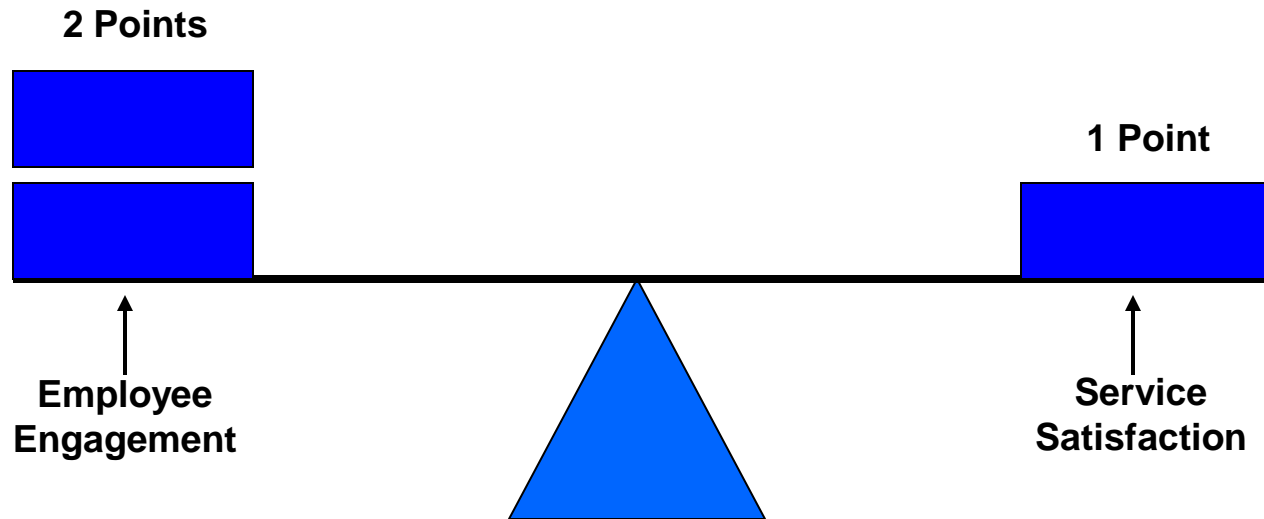
This illustrates that, trust and confidence in the Region of Peel rests in part on satisfaction with Regional services.

Source: Region of Peel

Employee Engagement and Service

British Columbia Statistics Study of 41 Work Units in BC and Peel

Increasing employee engagement leads to improvements in service satisfaction.



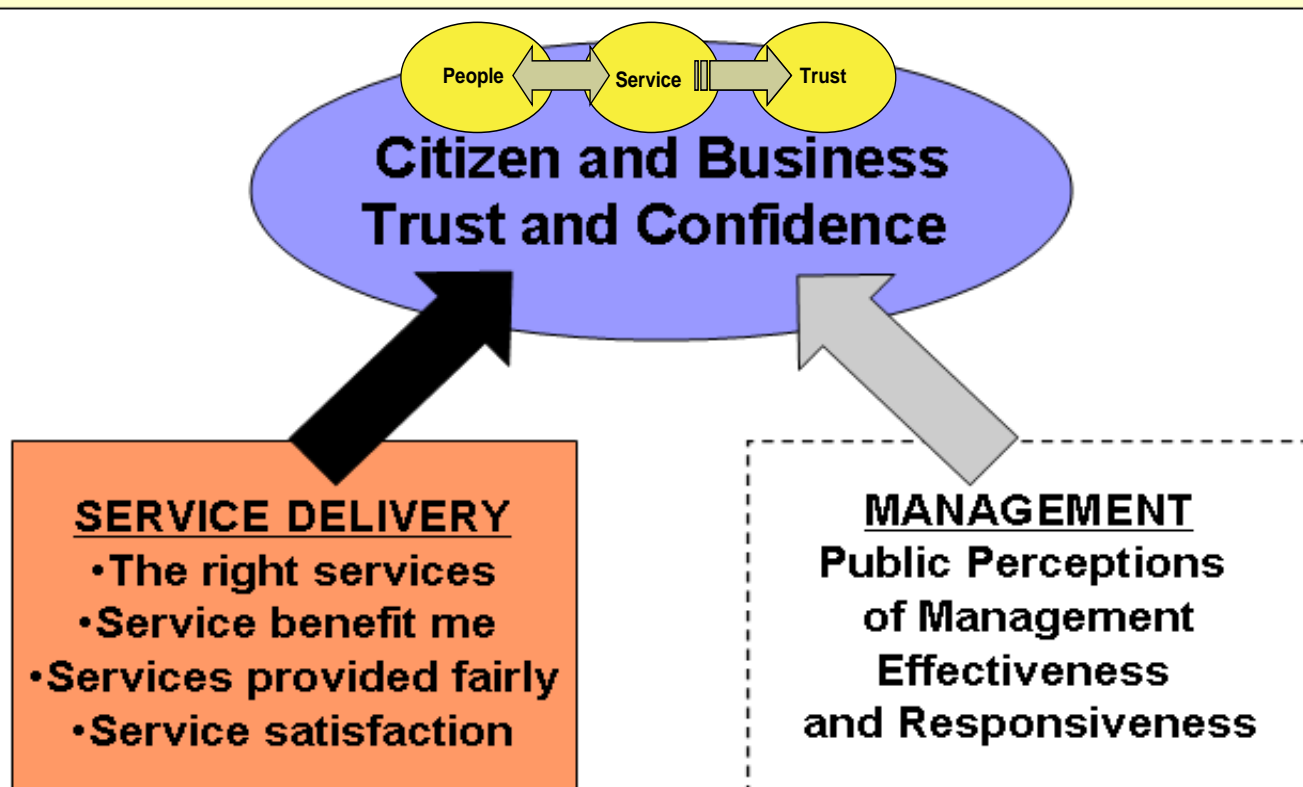
For every 2 point increase in employee engagement, citizen service satisfaction increased 1 point, and vice versa.

Source: BC Stats July 2008

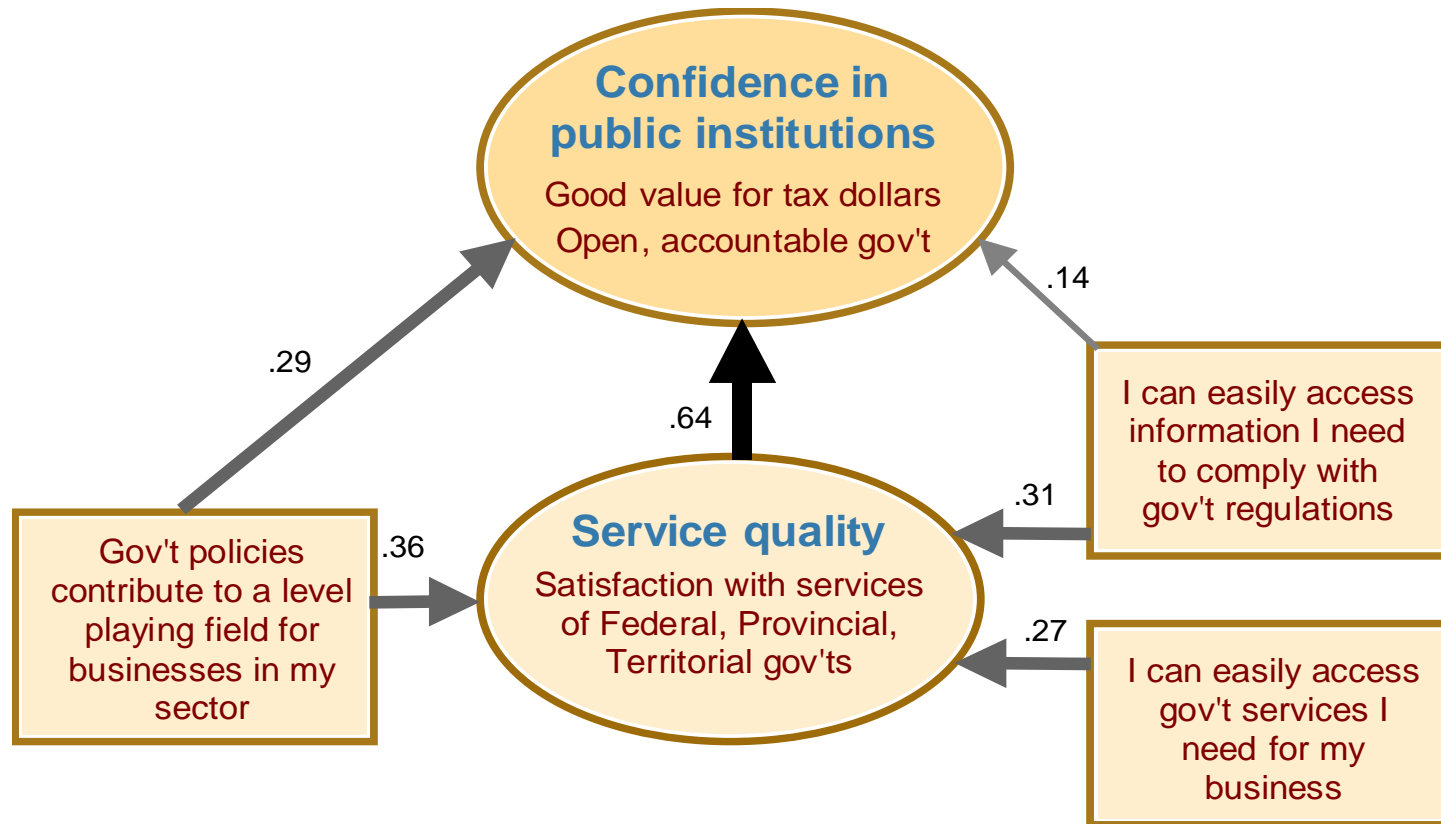
Link Two: Service and Public Trust

Service Impacts Citizen Confidence in Public Organizations

(Confirmed by *Citizens First-5* and *Taking Care of Business-2*)



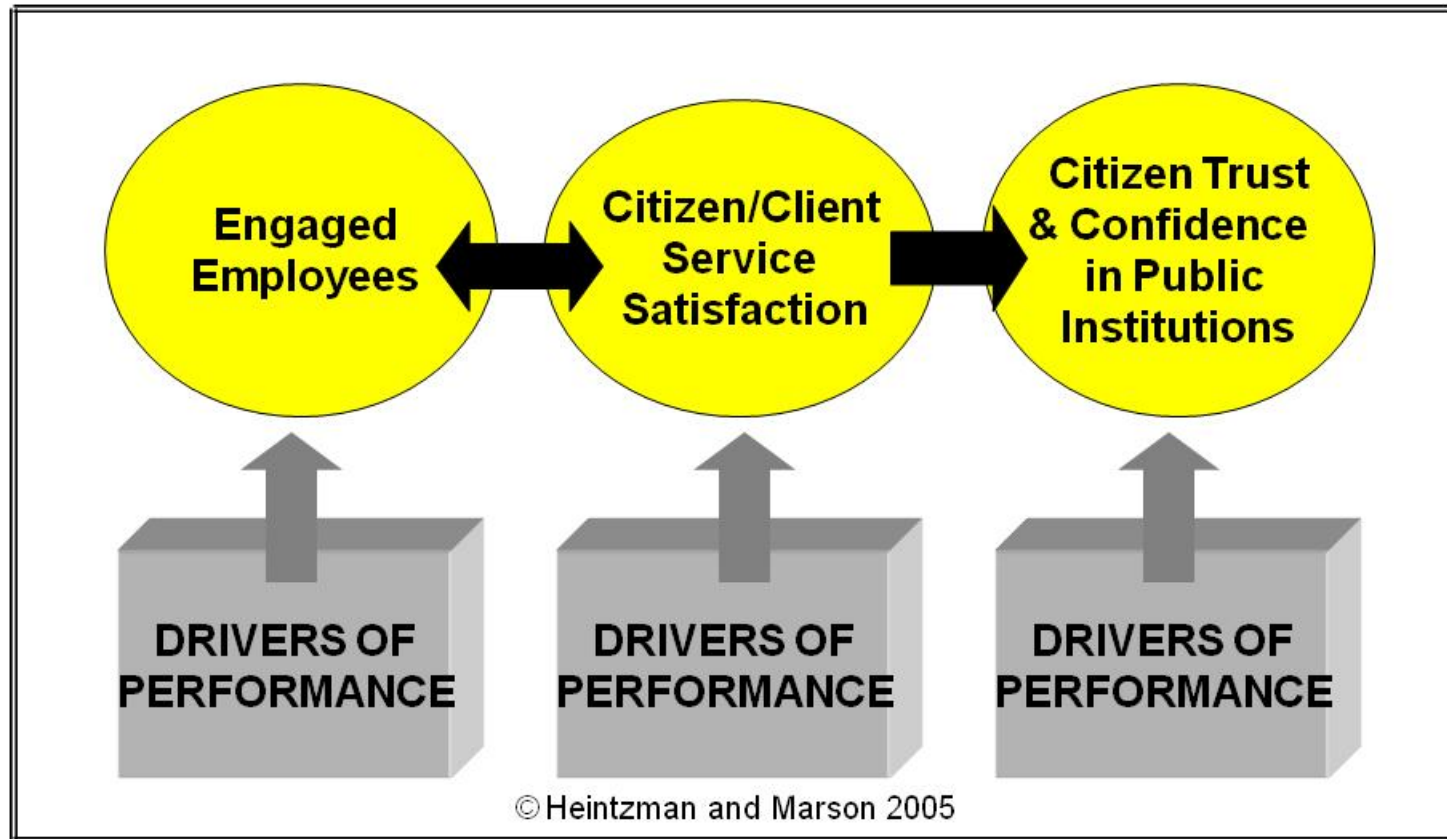
LINK 2: Good Service Helps Drive Business Sector Trust and Confidence in Government



The model accounts for 87% of the variance in confidence.
Heavier arrows/larger numbers indicate stronger influences.
Numbers are standardized regression coefficients.

Source: ICCS

Looking at the Performance 'Drivers' Along the Service Value Chain

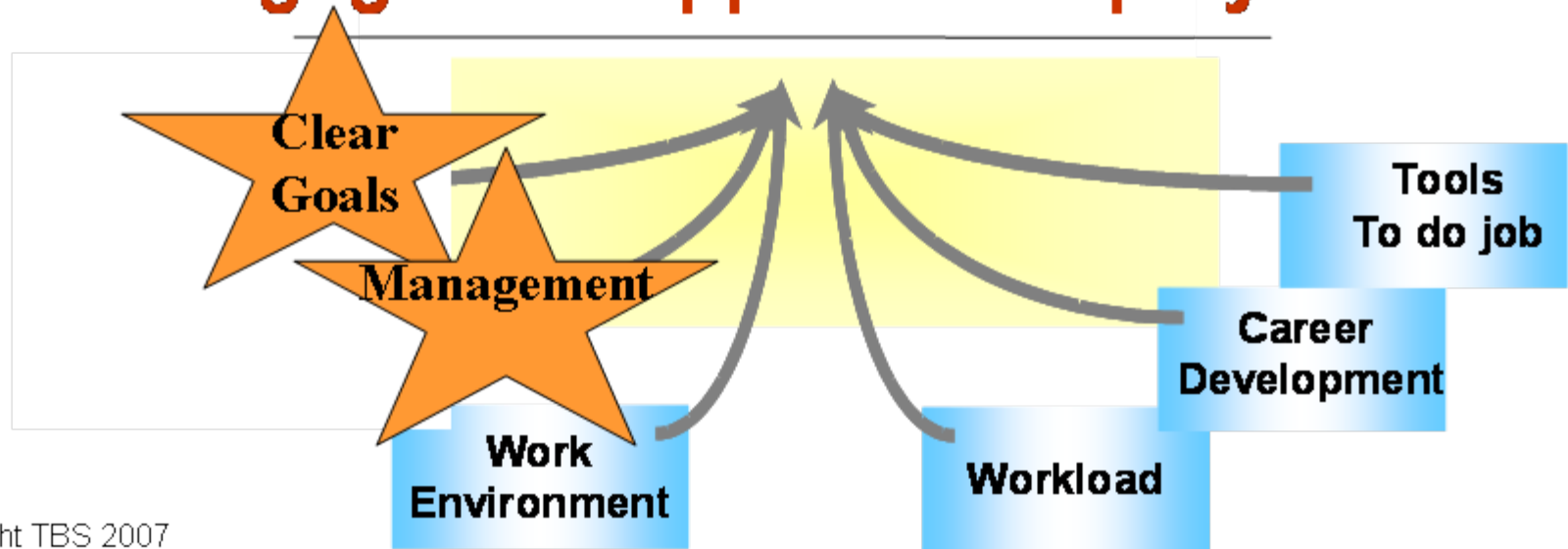


What “Drives” People Performance?

(Aggregation of Ontario PS, BC, Peel Region, Government of Canada)

Identified Drivers of Employee Satisfaction and Commitment

Engaged & Supported Employees



Exercise: What Are the Priority Areas for Improving Employee Satisfaction and Engagement in Thai Public Sector Organizations?

CHOOSE THREE:

- ▶ Leaders setting and communicating clear goals
- ▶ Quality of Immediate Supervisor
- ▶ Good Senior Leadership and Management
- ▶ Workload
- ▶ Career Development
- ▶ Training
- ▶ Tools to do the Job
- ▶ Recognition
- ▶ Fair human resources practices
- ▶ Annual employee satisfaction surveys
- ▶ Others _____

Service Satisfaction: Identified Drivers

These satisfaction drivers and their relative importance are consistent with those found in previous *Citizens First* studies

Citizens First 4

CLIENT SATISFACTION



Source: ICCS

EXERCISE: WHAT ARE THE PRIORITIES FOR IMPROVING THE DRIVERS OF TRUST IN PUBLIC ORGANIZATIONS? (CHOOSE 3)

– **Leadership and Management**

1. Listen to citizens and the views of the community;
2. Admit mistakes when they happen;
3. Conduct business in an open and accountable manner;
4. Do a good job of managing tax dollars (no scandals);
5. Have strong and competent leaders, and well managed agencies.

– **Equal and Ethical Treatment**

6. Deal honestly with citizens;
7. Treat people fairly and equally.
8. Corruption free

– 9. **Deliver Quality services**

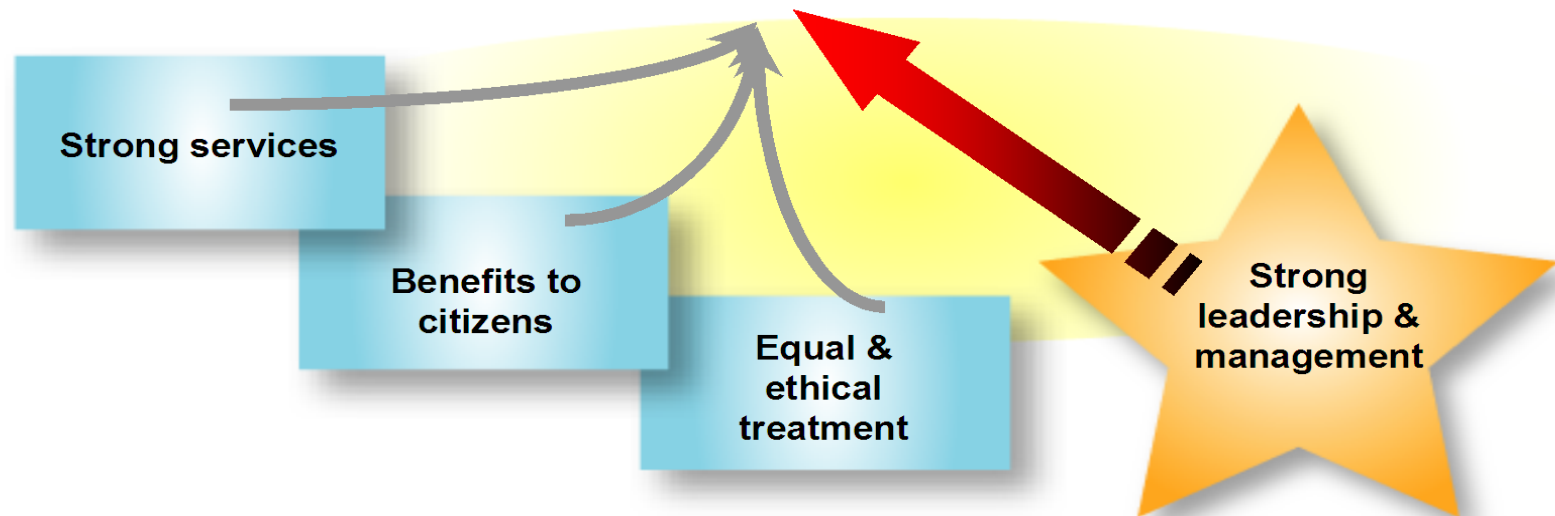
– 10. **Deliver services that meet citizens' needs**

Trust and Confidence in Public Organizations: The Service and Good Management 'Drivers'

Strong services contribute to confidence in the public service

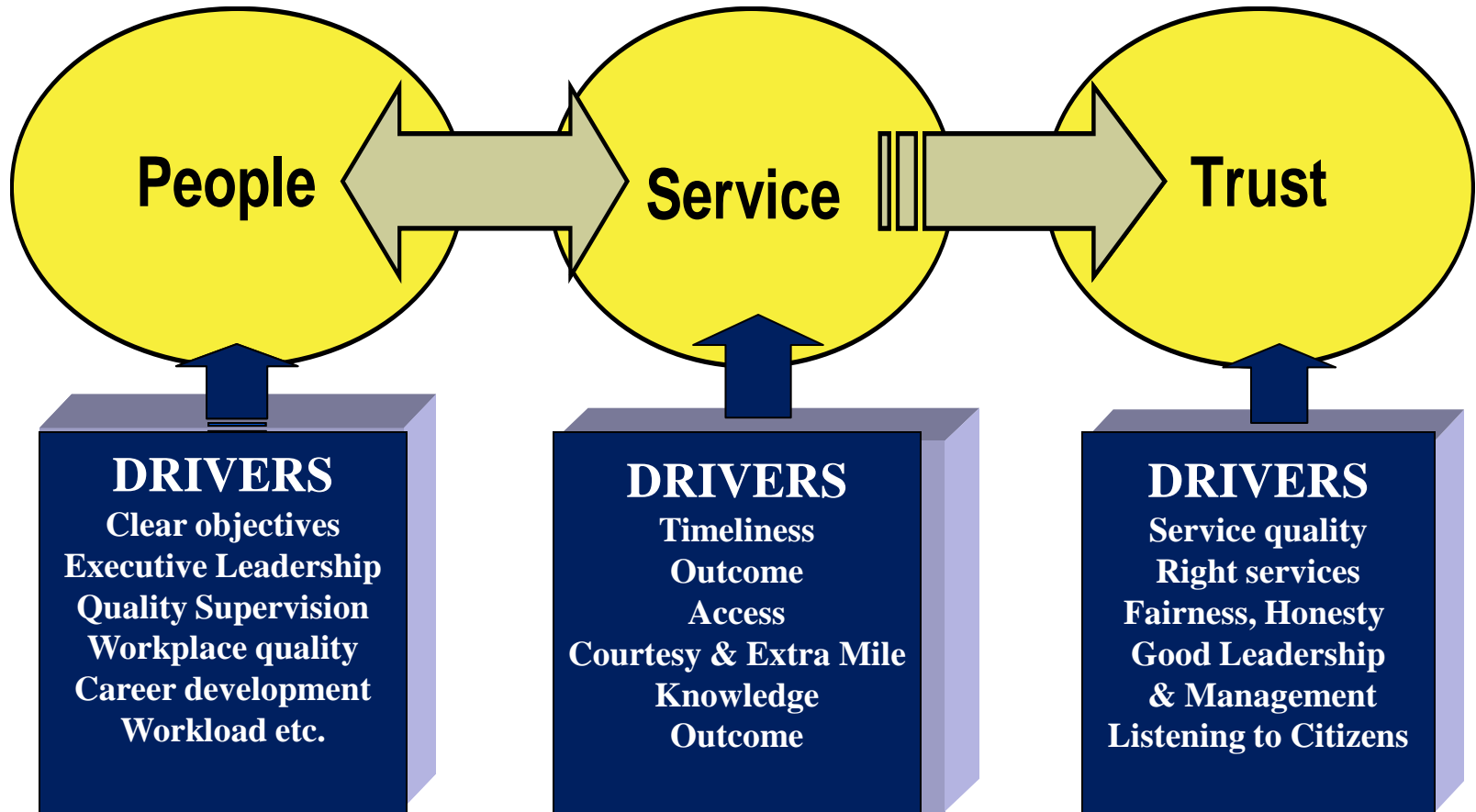
Citizens First 4

CONFIDENCE In Public Service



Source: ICCS

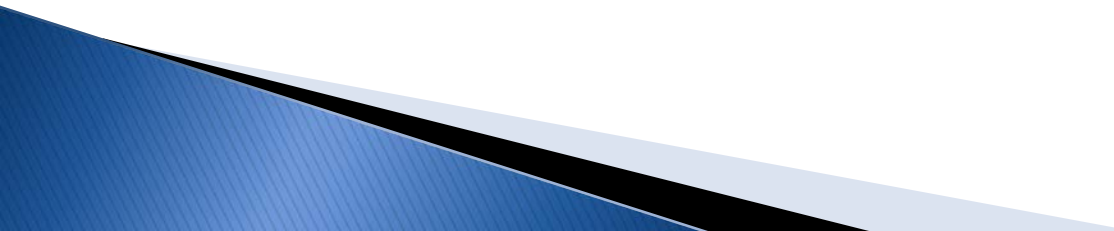
Improving Employee Engagement Results by Focussing on the Performance “Drivers”



© Heintzman and Marson 2007

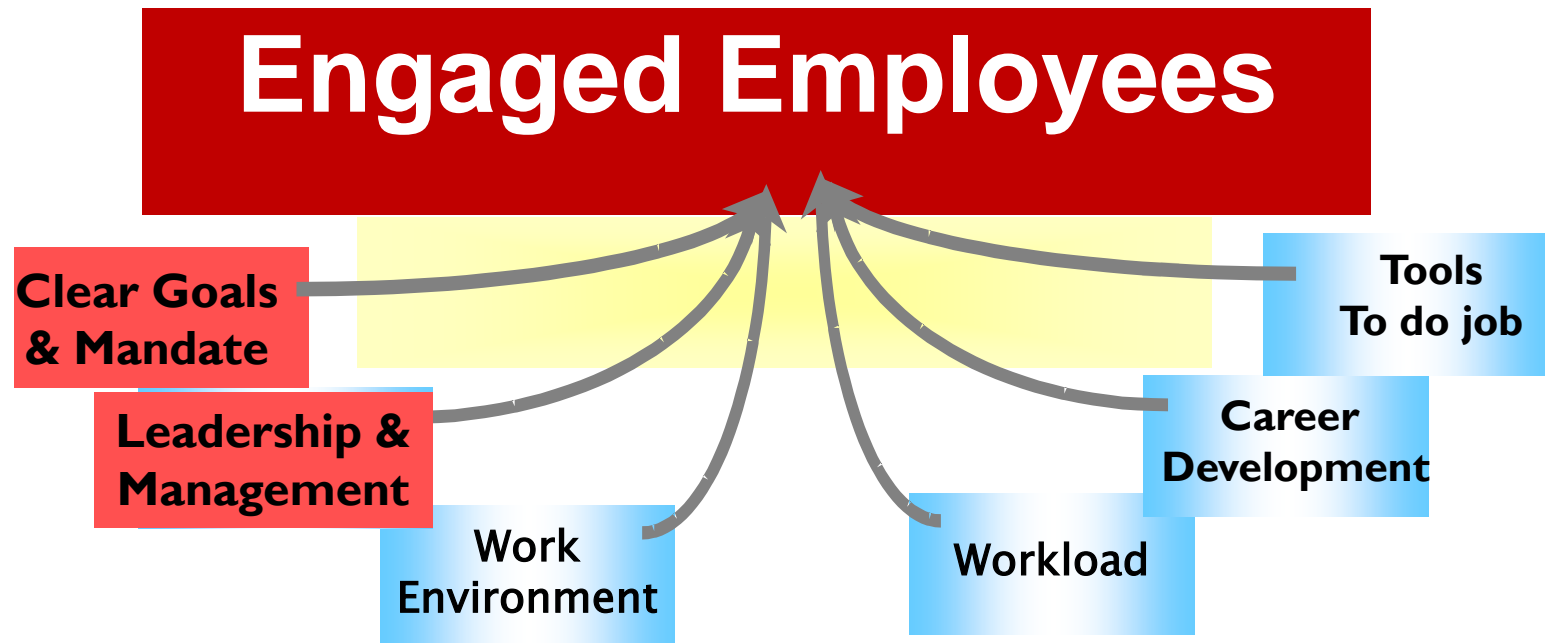
Case Studies of Organizations Who Are Improving Employee Engagement Scores

CASE STUDIES:

1. Government of Canada (National)
 2. Provinces of Ontario and British Columbia (Provincial Government)
 3. Peel Region (Local Government–Toronto)
- 

The Identified Drivers of Employee Satisfaction and Commitment

(Analysis of Canadian federal and provincial employee survey data)



Measuring Employee Engagement: The Canadian Public Sector Model (Supported by a Questionnaire and Benchmarking)

Employee Engagement

Employee Engagement Factors

- Co-worker relationships
- Quality of services provided
- Job fit
- Work-life balance
- Quality of leadership and supervision
- Clear expectations and direction
- Learning & development opportunities
- Opportunities for input
- Recognition
- Opportunities for growth and advancement

Engaged Employees

Extents to which individuals feel connected and involved with jobs and their organizations.

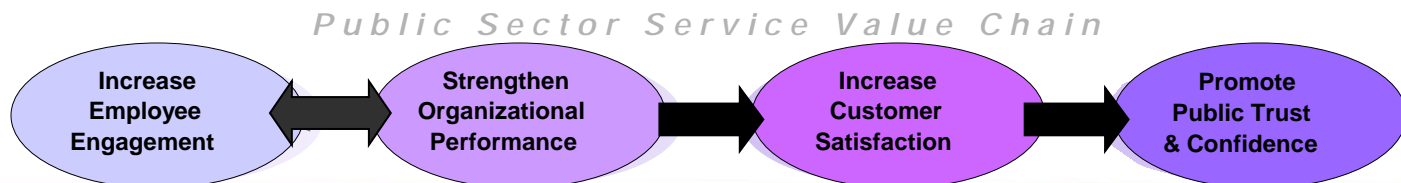
- Satisfied with overall employment
- Satisfied with organization
- Desire to serve or perform at high levels
- Positively recommend their organization to others
- Intend to remain with their organization
- Feel pride for their organization

Achievement of government goals and high levels of organizational performance

People, Service and Trust are Linked in the Ontario Public Service Management Agenda

Context: Public Sector Service Value Chain

- Public sector research shows that the degree of employee engagement is an important contributor to improved service outcomes
- Likewise, Citizens First 3 and 4 show that service delivery outcomes are a major factor in driving citizens' trust and confidence in the public sector
- These linkages form a service value chain within the public sector – linking employee engagement and internal service delivery, external customer service outcomes and public trust
- In 2006, the OPS launched a corporate employee survey as part of an ongoing Enterprise Employee Engagement Measurement Program to increase the level of employee engagement in the OPS and contribute to improved customer service satisfaction
- Increasing employee engagement is also an important part of the OPS Human Resources Plan



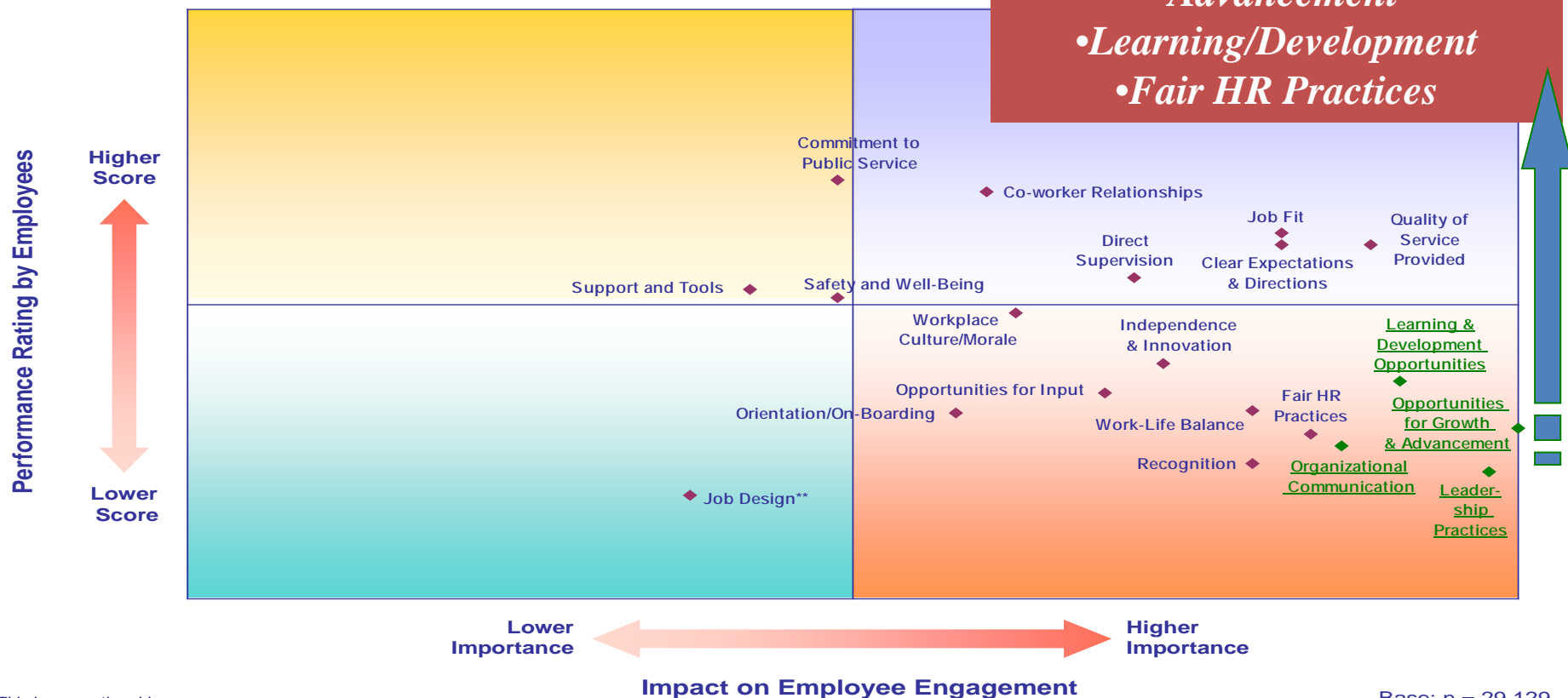
Ontario PS Performance/Importance Matrix 2007



OPS Priority Matrix

OPS Improvement Priorities:

- *Leadership*
- *Communication*
- *Advancement*
- *Learning/Development*
- *Fair HR Practices*



**This is a negative driver

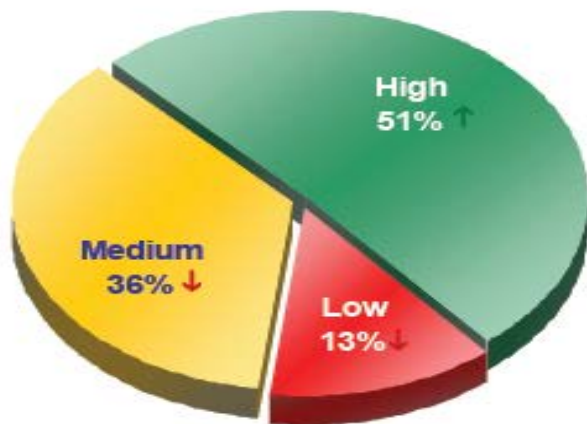
Ipsos-Reid
Loyalty

Base: n = 29,129

Using the Performance Drivers to Increase Engagement by 10%+: Province of Ontario

2009 OPS EE INDEX

72.47 ↑



↑ Results Significantly Higher than 2007

↓ Results Significantly Lower than 2007



↔ Results Are Not Significantly Different from 2007

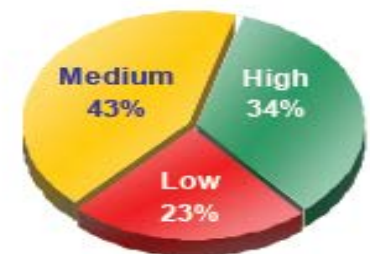
2007 OPS EE INDEX

65.97



2006 OPS EE INDEX

64.78

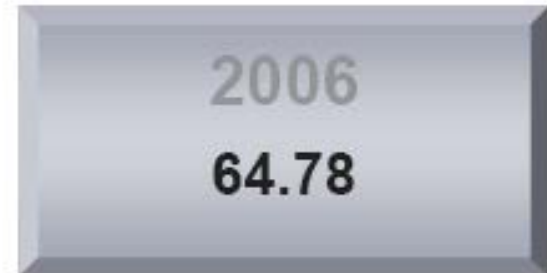
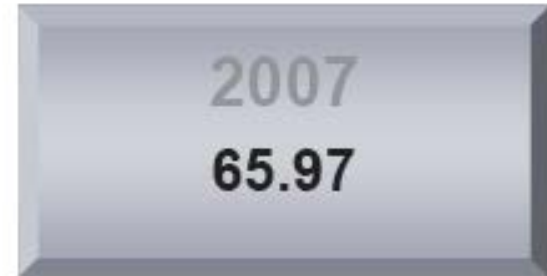


High Engagement: EE Index of 75+
Medium Engagement: EE Index of 50 to <75
Low Engagement: EE Index of <50

Comments

- The proportion of highly engaged employees significantly increased in 2009.

Ontario Public Service: Improving Employee Engagement Scores by Focussing on the Drivers



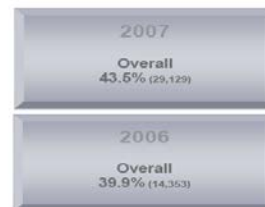
↑ Results Significantly
Higher than 2007

↓ Results Significantly
Lower than 2007

↔ Results Are Not Significantly
Different from 2007

Comments

- The level of engagement among OPS employees in 2009 has increased by 6.5 points over 2007. An improvement of 10%.

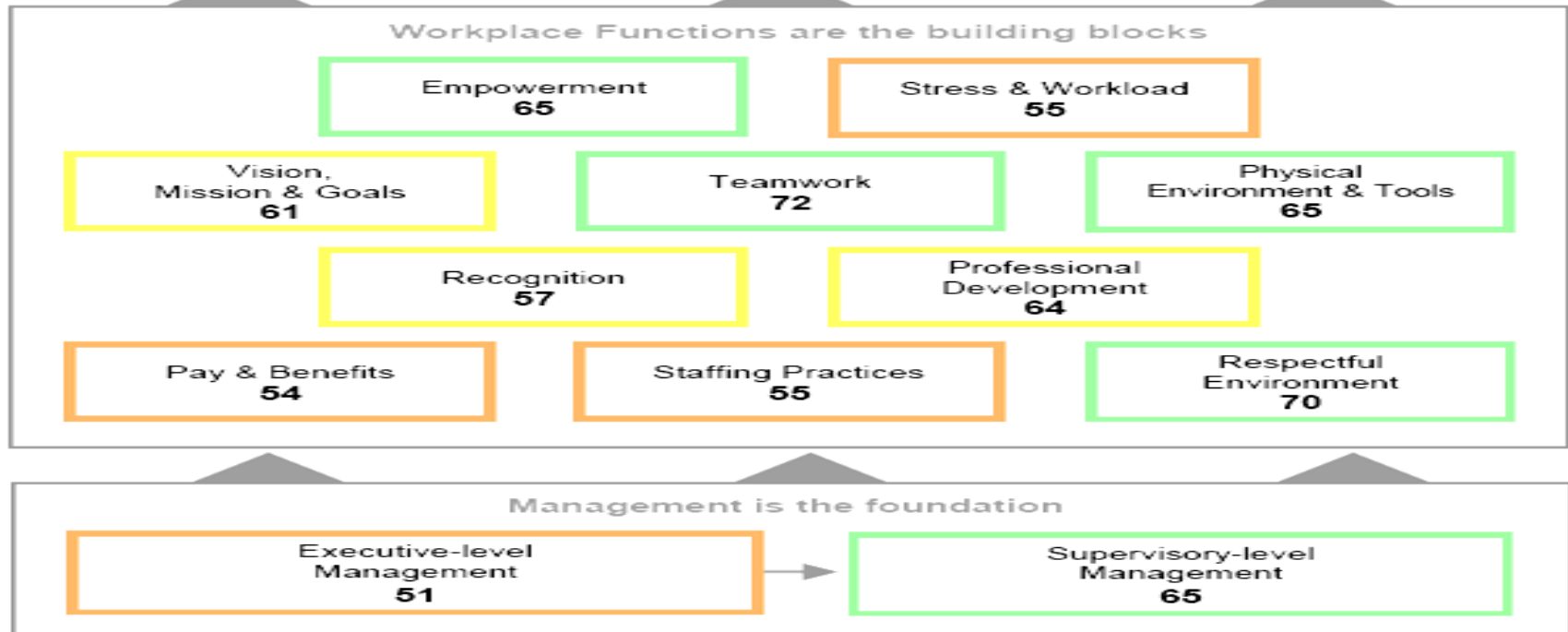


CASE: PROVINCE OF BRITISH COLUMBIA

for the BC Public Service
in 2007

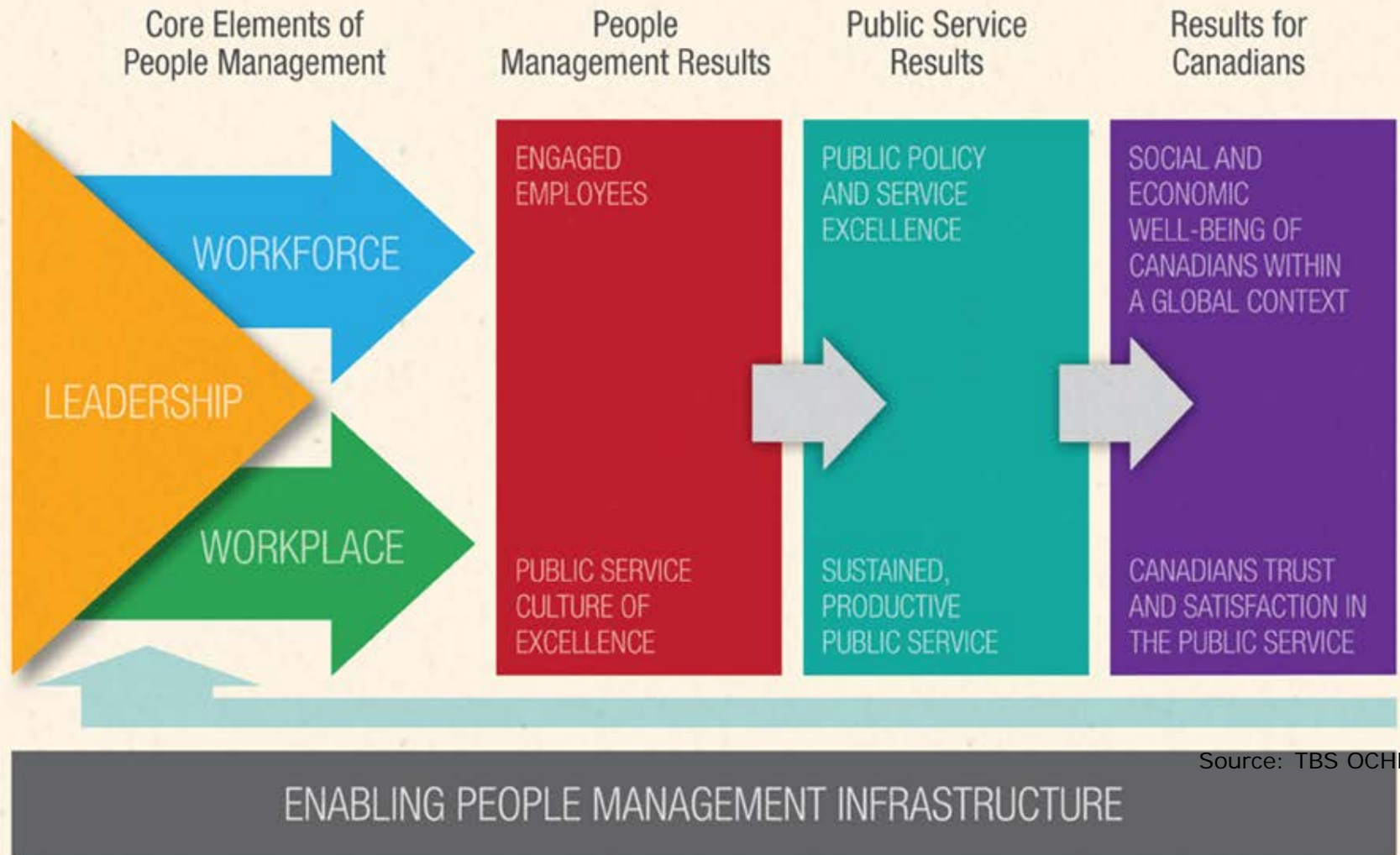
10% Improvement
in Next Two Years

- Understand your challenges (55 points or lower)
- Focus on improvements (56 to 64 points)
- Know your strengths (65 points or higher)

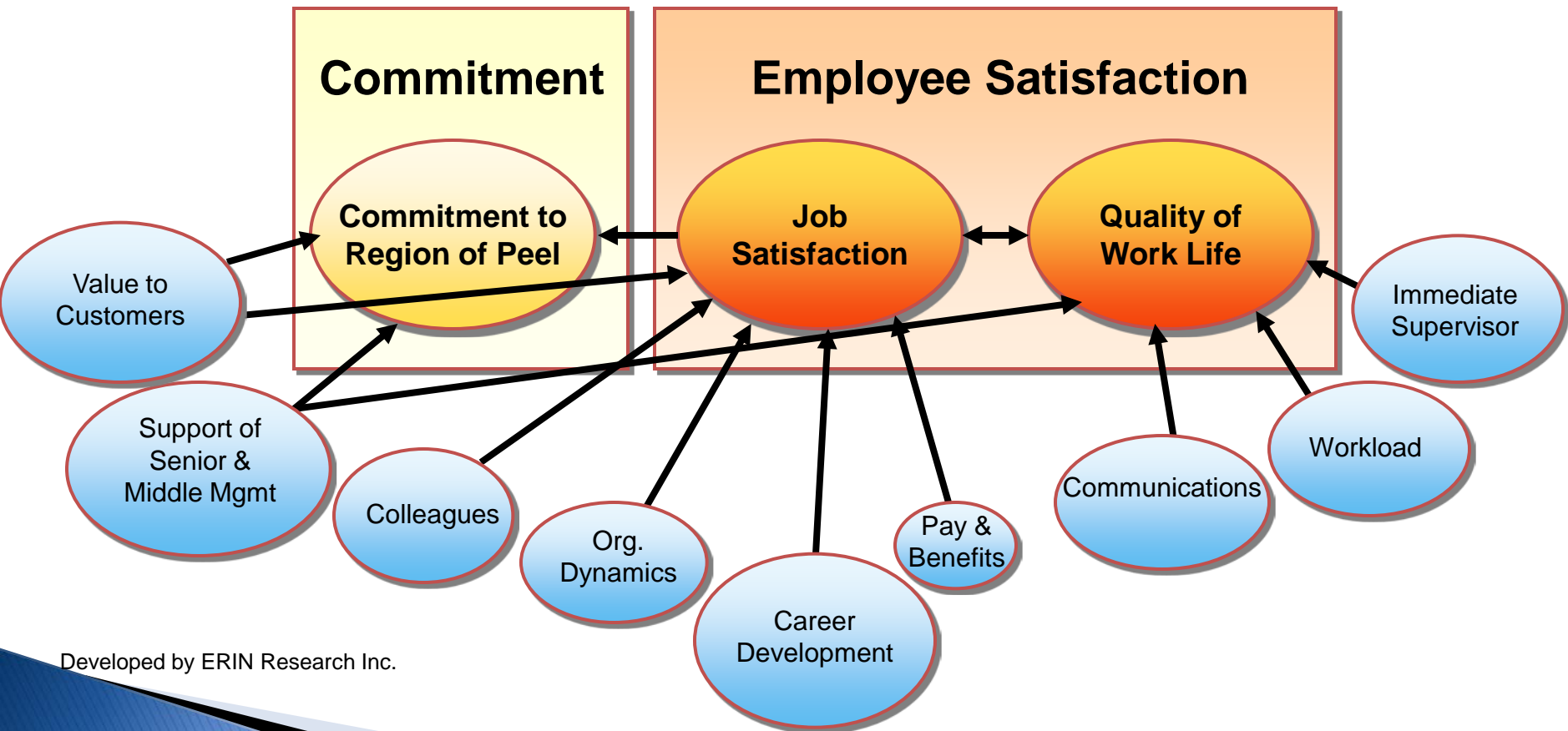


Linking People, Service and Trust

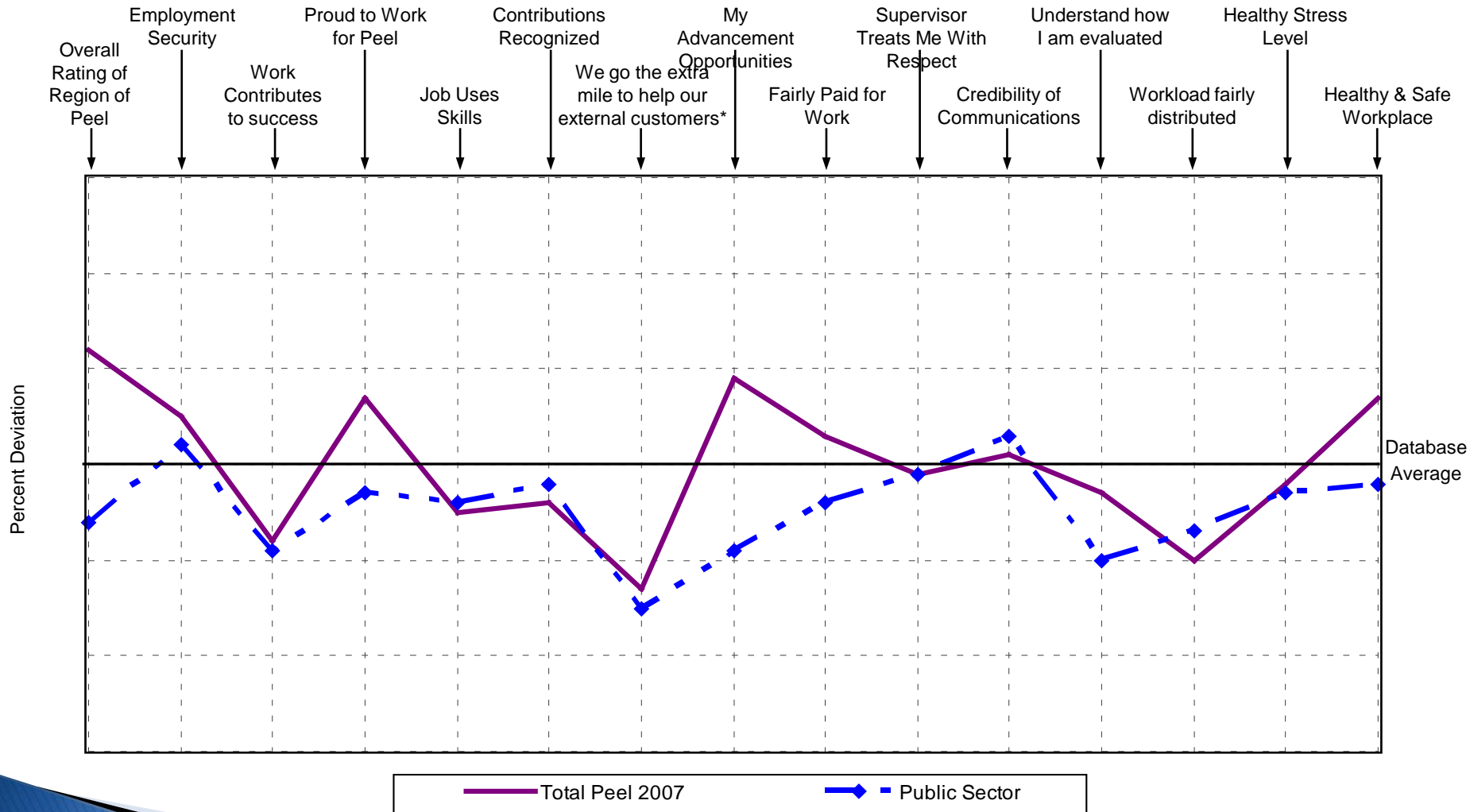
Government of Canada People Management Model



Peel Employee Engagement Model



Peel Region Employee Engagement Measurement and Benchmark Comparisons



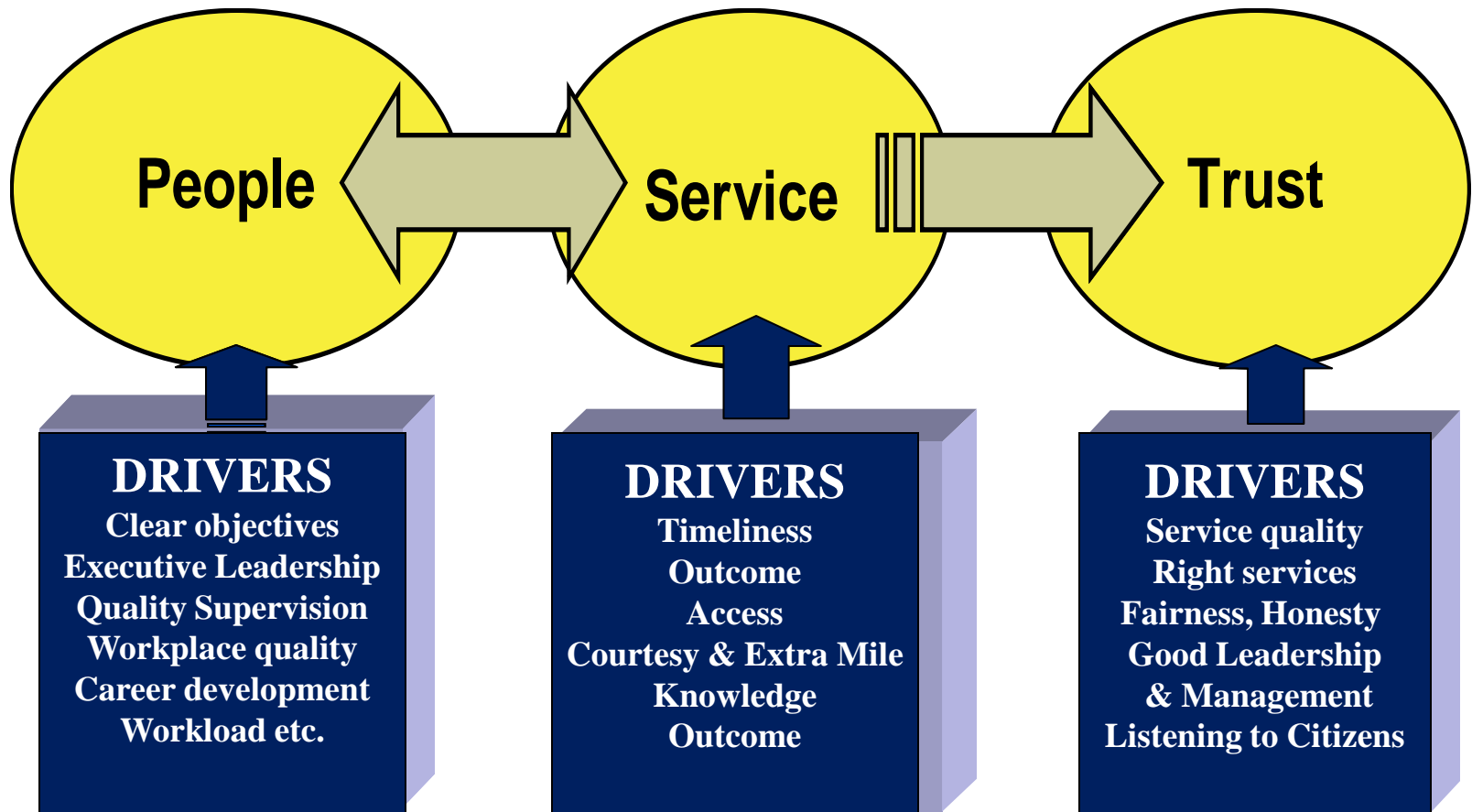
Peel Region Employee Engagement Improvement Actions

DRIVER	ACTION
Value to Customers	<ul style="list-style-type: none">▪ Service Improvement Initiative
Support of Senior and Middle Management	<ul style="list-style-type: none">▪ Leadership Development Program▪ Talent Management
Organizational Dynamics	<ul style="list-style-type: none">▪ Improve Decision-Making
Career Development	<ul style="list-style-type: none">▪ New Learning Assignment Policy▪ New feedback forms and learning plans for unionized employees
Pay and Benefits	<ul style="list-style-type: none">▪ Pay Review▪ Benefits Review
Communications	<ul style="list-style-type: none">▪ Communications Audit▪ Email Guidelines▪ Cascading Protocol

QUESTION: Did Public Management and Service Performance During the Bangkok Floods Impact Citizen Trust and Confidence in Public Institutions?



Improving Service Results by Focussing on the Performance “Drivers”



© Heintzman and Marson 2007

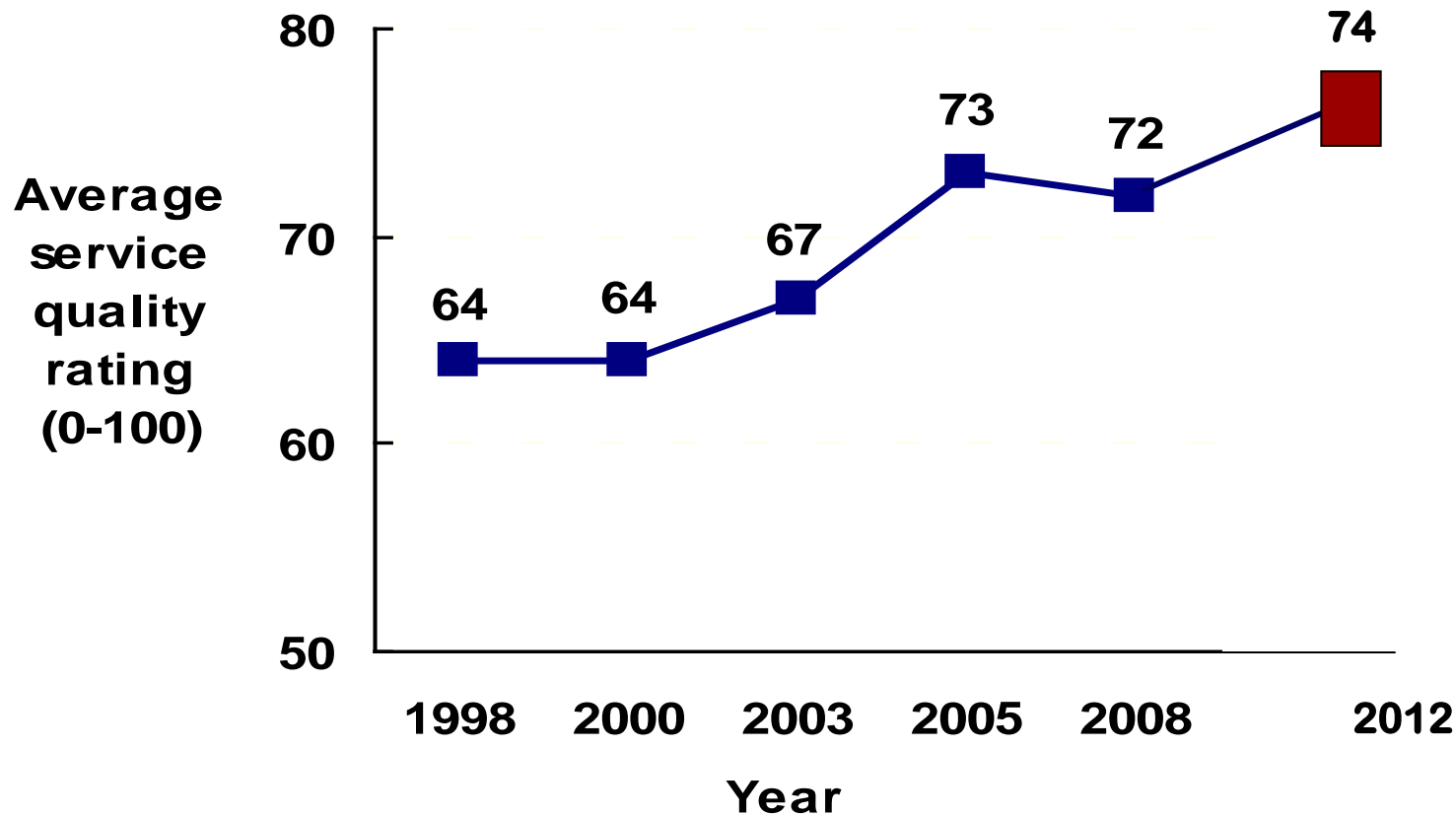
What “Drives” Citizen Satisfaction with Public Sector Service Delivery?

Timeliness	I was satisfied with the amount of time it took to get the service
Outcome	In the end, I got what I needed
Extra mile	Staff went the extra mile to help me get what I needed
Fairness	I was treated fairly
Knowledge	Staff were knowledgeable

The five drivers account for almost 75% of the variance in satisfaction ratings!

Source: ICCS, Citizens First 4

Canadian Public Sector: Using the Drivers to Achieve Continuous Improvement



Source: ICCS CF5 & CF6

Ralph Heintzman Service & Trust OECD 25 April 2013

Ralph Heintzman Service & Trust OECD 25 April 2013

Service South Australia- Focusing on Improving Timeliness (a Key Driver) to Improve Client Satisfaction

Branch 1: Pre Intervention



Branch 1: Post Intervention

CSC Skill Matrix		03:50	06:40	06:00	05:30	10:15
		2	3	4	5	6
PS ACT/Temp	Idle Time	A	B	C	D	F
PS ACT	2%	03:18	07:33	05:51	11:14	
PS ACT	30%	07:24	10:27	02:50	13:13	
PS ACT	7%	04:22	08:25	07:33	12:55	
PS ACT	4%	04:11	06:44	03:46	06:43	
PS ACT	5%	08:46	09:19	04:44	10:44	
PS ACT	16%	03:23	06:03	04:09	10:50	
PS ACT	5%	05:09	09:24	05:49	09:26	
PS ACT	14%	05:19	08:57	09:16	08:23	
PS ACT	49%	03:07	05:31	05:20	04:30	
PS ACT	2%	04:17	07:39	08:46	05:32	
PS ACT						
PS ACT	7%	04:06	08:03	04:33	07:22	
PS ACT	45%	05:05	09:14	04:11		
Temp	13%	03:05	08:39	05:39	06:20	
Temp	45%	04:17	08:27	05:49		
Temp	6%	03:14	08:38	05:46	08:36	
Temp	3%	04:58	07:38	06:16	11:06	
Temp/SRP	0%	04:45	06:28	08:10	09:03	
PS ACT	6%					
PS ACT						
Temp/SRP	25%	03:30	06:39	04:57	05:02	
Temp/SRP	5%	04:47	08:04	06:16	10:45	

CSC Skill Matrix		03:50	06:40	06:00	05:30	10:15
		2	3	4	5	6
PS ACT/Temp	Idle Time	A	B	C	D	F
PS ACT	36%	02:43	05:14	04:18	03:05	
PS ACT	4%	03:38	06:47	05:59	06:37	
PS ACT	10%	03:59	06:52	04:45	04:11	
PS ACT						
PS ACT						
PS ACT						
PS ACT	6%					
PS ACT	11%	03:37	06:23	03:36	03:55	
PS ACT	10%	04:03	06:56	05:45	04:52	
PS ACT	6%	04:13	06:15	04:40	04:07	
PS ACT	1%	04:09	08:52	07:16	05:53	
PS ACT	6%	03:11	05:41	05:11	04:01	
PS ACT	6%	03:41	09:58	09:32	08:08	
PS ACT	8%	04:43	07:35	05:41	04:18	
Temp/SRP	10%	05:05	14:18	08:40	09:46	
Temp	0%	03:46	07:40	05:54	03:58	
Temp	26%	03:15	07:47	05:11	05:01	
Temp						
PS ACT	6%	02:41	04:57	03:57	03:17	
Temp						
PS ACT	4%	03:30	06:23	08:40	04:24	

Service South Australia- Using the Drivers to Improve Client Satisfaction by 20% in 3 years



Using the Drivers to Achieve Excellence in Client Satisfaction in One-Stop Services

(CMT Data)

% Client Satisfaction

10

20

30

40

50

60

70

80

90

100

Service Canada Offices

Australia Centrelink Call Centre

211 Ontario

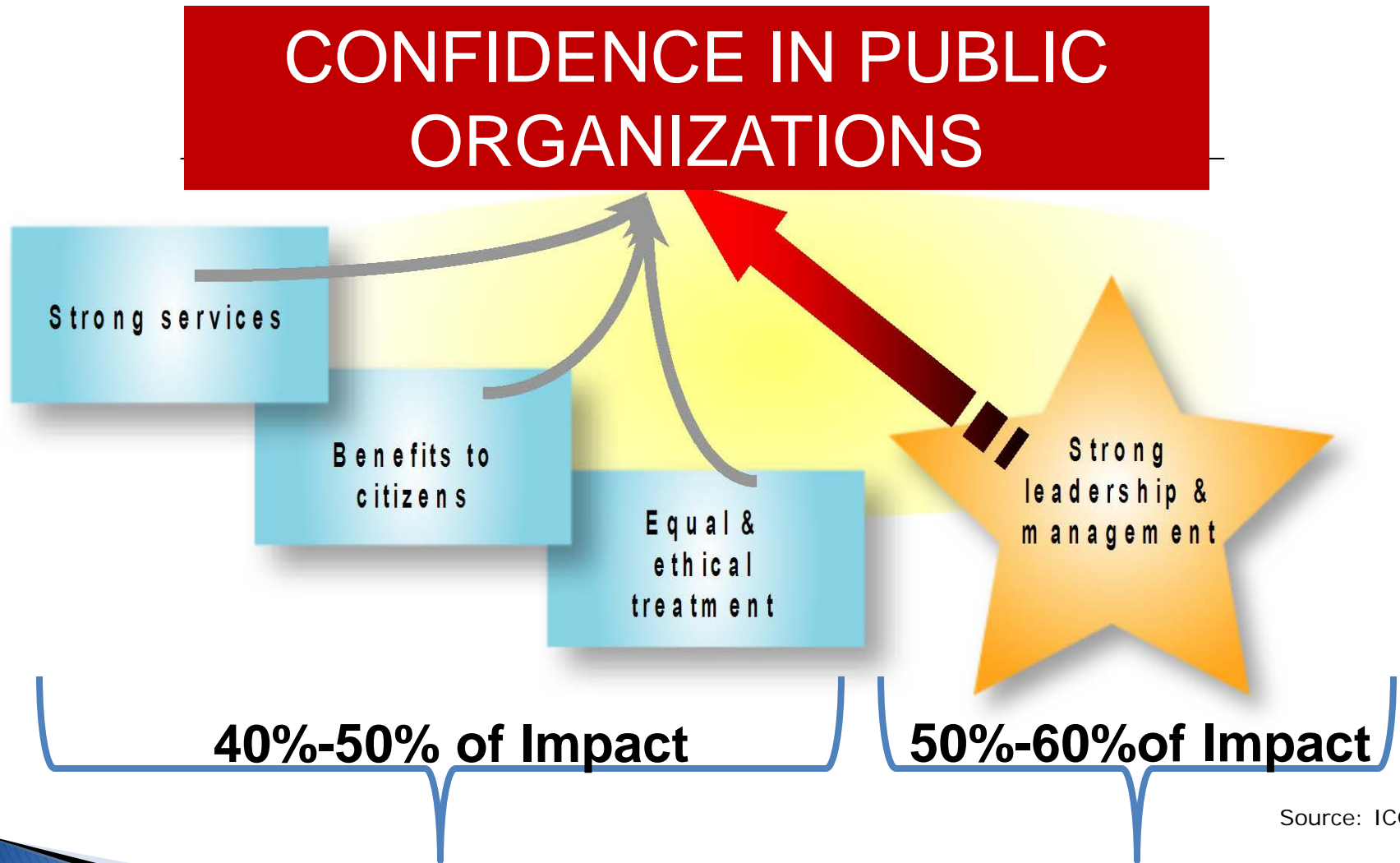
Service British Columbia



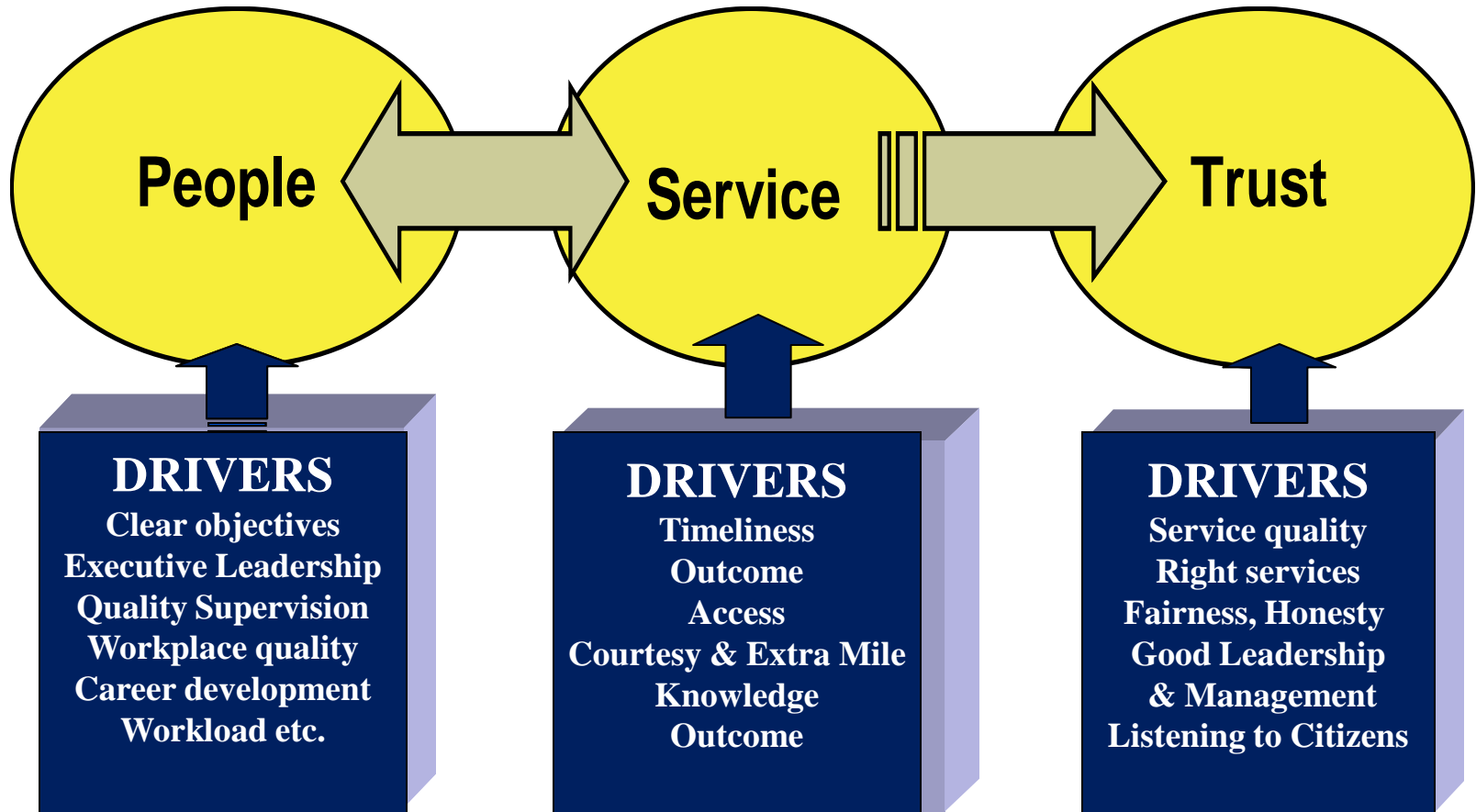
The Hurricane Katrina Example: Poor US Government Service and the Loss of Public Trust and Confidence



Citizens First-4 Research: Drivers of Citizen Trust



Improving Trust Results by Focussing on the Performance “Drivers”



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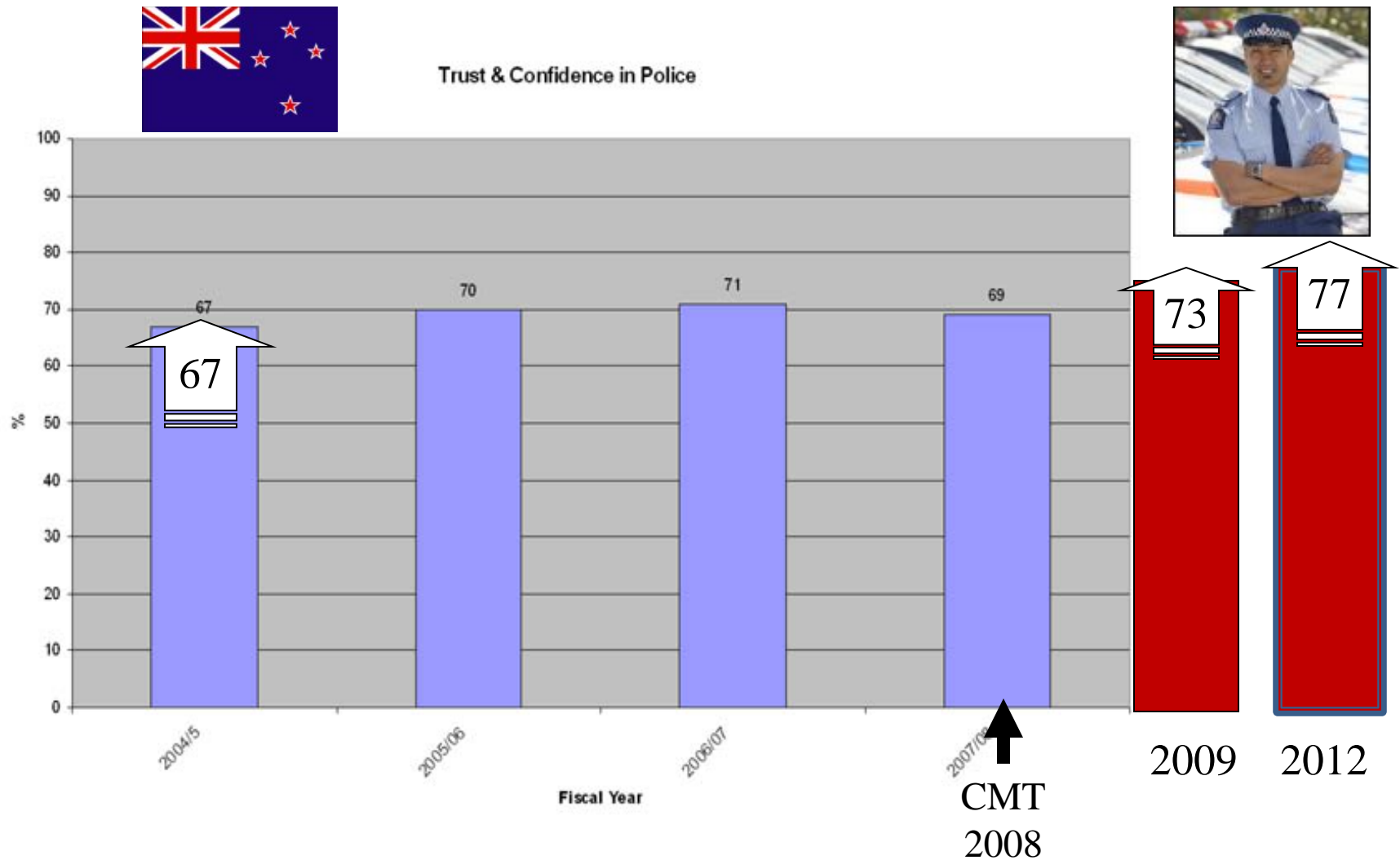
The Drivers of Citizen Trust and Confidence in Public Institutions*

- **Leadership and Management** (50-65% impact)
 - Listen to citizens and the views of the community;
 - Admit mistakes when they happen;
 - Conduct business in an open and accountable manner;
 - Do a good job of managing tax dollars (no scandals);
 - Have strong and competent leaders, and are well managed.
- **Equal and ethical treatment** (10-15% impact)
 - Deal honestly with citizens;
 - Treat people fairly and equally.
- **Deliver Quality services** (10-20% impact)
- **Deliver services that meet citizens' needs** (10-25% impact)

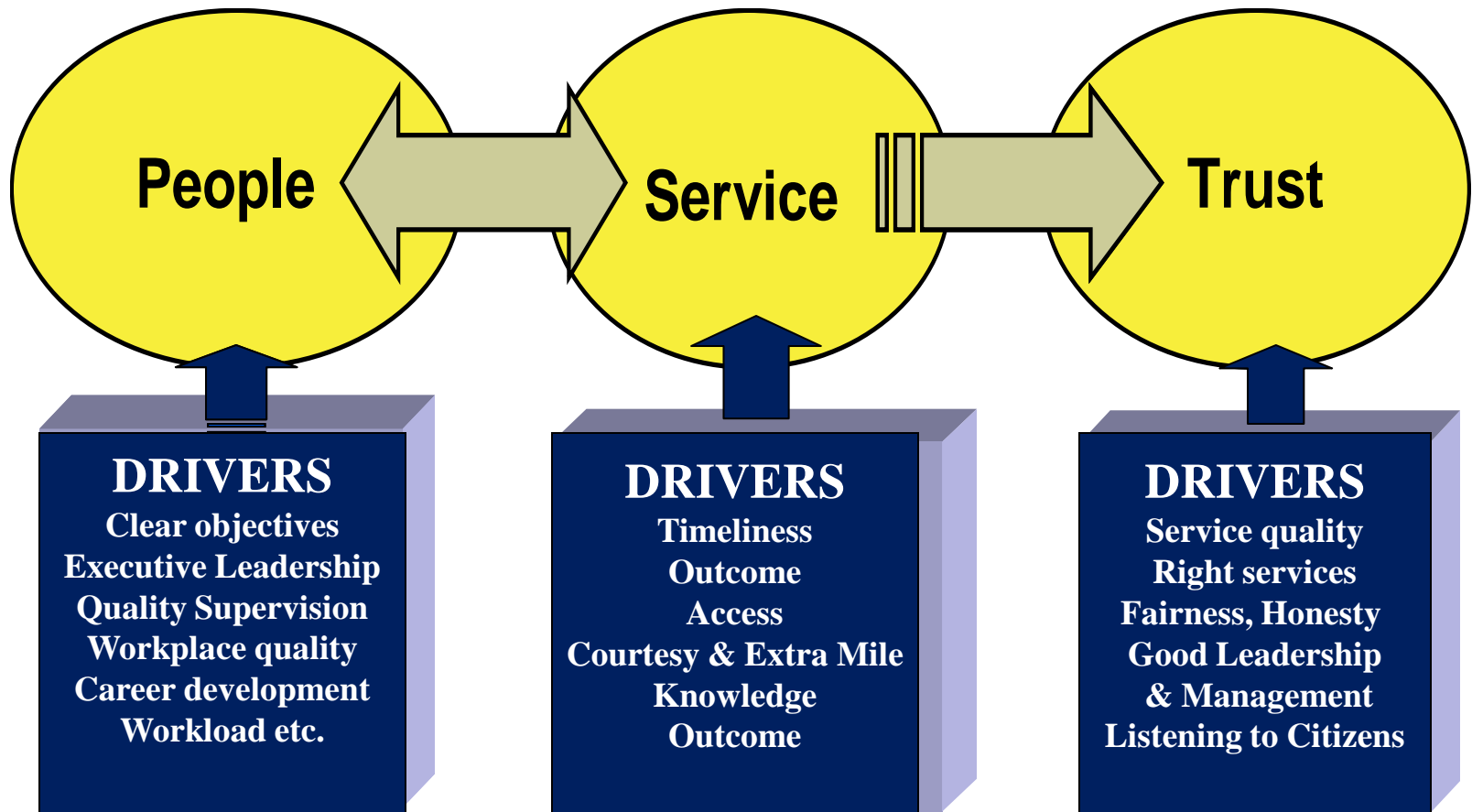


Using “Drivers” to Improve Public Trust

Public Trust and Confidence in the New Zealand Police



Improving All PSSVC Results by Focussing on the Performance “Drivers”



© Heintzman and Marson 2007



Peel Region: Service Value Chain Measurement (average score out of 10)

Outcomes

Employee Engagement
7.2

Client Satisfaction
8.0

Citizen Trust & Confidence
6.8

Drivers

- Clear and promising direction
- Respectful treatment & recognition
- Learning and growth
- Work and performance demands
- Immediate supervisors
- Value to customers
- Confidence in leadership
- Pay and benefits
- Colleagues

- Timeliness
- Service outcome (client got what they needed)
- Staff
 - made a real effort
 - gave clear and accurate information
- Process
 - is easy to follow
 - clear what to do if there is a problem

- Quality of Life
- Satisfaction with waste collection, water quality and billing
- Satisfaction with roads
- Peel staff service commitments
- Readily access services
- Peel meets needs of this diverse community

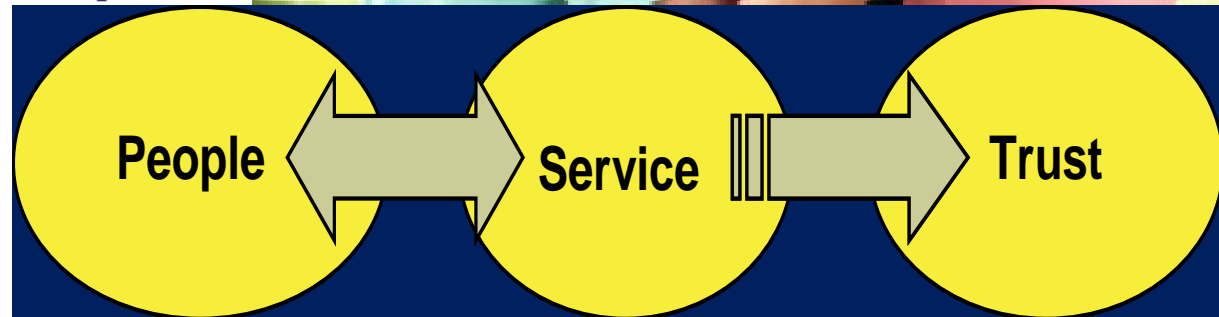


Service Excellence as “Moments of Truth”

Each service experience is a moment of truth

Strengthens or weakens confidence in public institutions and democratic citizenship

Both the challenge and the glory of service delivery in the public sector



The Public Sector Service Value Chain: Conclusions for Public Managers

WE can:

- Identify and then apply the “drivers” of employee engagement (staff satisfaction and commitment) in your organization
- Apply existing research findings on the five service satisfaction “drivers,” to improve citizen satisfaction with public sector service delivery
- Measure organizational performance for both citizen satisfaction (external) and employee engagement (internal)
- Contribute to citizen trust and confidence by focusing your annual improvement plans on the priority “drivers” – of employee engagement and of citizen satisfaction with service delivery – for your organization. Manage effectively to build public and business trust and confidence.



DISCUSSION: Could the Public Sector Service Value Chain System be Applied in the Thai Public Sector?

POSSIBLE APPROACH ? –A Thai public organization could volunteer to pilot the Public Sector Service Value Chain, with the support of a Canadian public organization like Peel Region that could be asked to `twin` with, and coach, the Thai organization.

- The management team of a public organization would need to be trained and committed to use the Public Sector Service Value Chain
- Employee Engagement Survey data would be required by any public organization using the Value Chain as a management tool (possibly using the Canadian Employee Engagement Questionnaire)
- Regular Client Satisfaction Survey data would be required, using a standard instrument such as the Common Measurements Tool to measure the drivers of satisfaction
- Regular survey questions measuring public trust in the organization would be embedded as part of the client survey