



# **EVOLUTION OF PRODUCTIVITY MANAGEMENT AS A CONCEPT WITHIN THE PUBLIC SERVICE**

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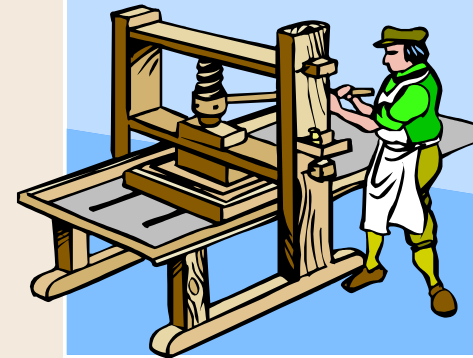


**WE SERVE**

# Presentation Outline



- Background
- Problem Statement
- What is Productivity Management?
- Key Productivity Drivers
- Factors Influencing Productivity Management
  - Leadership
  - Change Management
  - Knowledge Management
- Measuring Productivity
- Concluding Remarks



# There are many performance challenges...

## *The Public Sector Results Chain*



"I THINK YOU SHOULD BE MORE EXPLICIT HERE IN STEP TWO."

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# Background



- Traditionally, productivity is defined as ratio between **output** and **input** → measure of how *efficiently* and *effectively* **inputs** (labour, financial resources and infrastructure) are translated into **outputs** (goods and services).
- Provide public goods and services to 52 million citizens (↑) with limited inputs (↓).

*We simply must deliver more with less!*

# Background



- Emphasis on Public Service productivity.



**“The DPSA must ensure a productive public service where staff are motivated, supported, focussed and working efficiently and effectively.”**

**Minister Collins Chabane,  
Centurion, 4 June 20-14**

# Problem Statement



- Greater emphasis on public service performance than productivity.
- Finding *valid & relevant* productivity measures is problematic.



*You can have any colour,  
as long as it's black*

- Neglect of public service productivity management started due to historical application of work-study techniques with strong **Taylorist** (industrial efficiency/cost control) and **Fordist** (standardised mass production) orientation.

***WHAT IS  
PRODUCTIVITY  
MANAGEMENT?***



# GENERIC DEFINITION OF PRODUCTIVITY



*Productivity is the relationship between the output and input and indicates whether the activities of an organisation are efficient and effective.*



# HOWEVER.....SERVICE PRODUCTIVITY



**Service Productivity = Quality and Quantity of the Output  
Quality and Quantity of the Input**

# Definition of Public Service Productivity



- A more comprehensive definition is:

*The creation of citizen satisfaction through the generation and application of knowledge and skills to produce quality durable products and provide quality services which are accessible to all and that meet the quality needs and standards of the citizens and are consistent with their social, environmental and economic goals.*

- Thus:

$$\text{Public Service Productivity} = \frac{(\text{Quality}) \times (\text{Quantity}) \text{ of Output}}{(\text{Quality}) \times (\text{Quantity}) \text{ of Input}}$$

# QUANTITY vs QUALITY



- **Quantity**

*Each citizen or customer usually only receives ONE product or service unit e.g. One ID book or One house or One frontline engagement to pay an account*

- **Quality**

*The recipient of the One unit of goods or a service, judges the value of that One item/encounter to determine the quality of service through that experience hence influencing the perception of productivity*

# MANUFACTURING vs SERVICES PRODUCTIVITY



- **Productivity in Manufacturing**

*Mass production of goods which focuses on the quantity of units produced according to a set quality uniform standard*

- **Productivity in Service Delivery**

*The quality experience and value time spent in receiving the service by an individual citizen*

# MANUFACTURING vs SERVICES PRODUCTIVITY NEXUS



- In the provision of Public Service Sector services the processes of production and consumption are often simultaneous or can overlap - generating a specific set of challenges (Johnston & Jones, 2004; Mullins, 1998).
- **Citizens** are active participants in many service encounters, and therefore an important influence on productivity (Martin et al., 2001).

# MANUFACTURING vs SERVICES PRODUCTIVITY NEXUS



- **Quality** is so closely entwined with more measurable outcomes in service provision that it becomes very difficult to isolate any one influence on productivity.
- The intangibility of service, and therefore the importance of psychological outcomes (e.g. comfort and pleasure) in the process of quality creation, represent major challenges in measuring and understanding service sector productivity in general,  
(Gummesson, 1998; Hasan & Kerr, 2003; Johnston & Jones, 2004).

# Measuring Productivity-Challenges

- The issue of how to measure productivity in the service sector is a critical one . Gummesson (1998, 4) suggests that measurements of service productivity can be ‘ambiguous and inadequate’, resulting in unhelpful comparisons between industries (see also Schreyer & Pilat, 2001; Ahmad et al., 2003; Wölfl, 2004).
- PS often focuses on reducing labour costs while maintaining operational costs (labour generally comprises around a third of PS wage bill costs, and operational costs , another third)

# Measuring Productivity-Challenges

- Concentrating on the reduction of labour costs as a percentage of operational costs may achieve short term productivity targets but can also jeopardise long term viability due to the erosion of service standards.
- Poor service affects citizen satisfaction, which in turn influences outputs and productivity, thereby creating a cycle of poor productivity (Kimes, 2001; Reynolds, 2004).



***FACTORS  
INFLUENCING  
PRODUCTIVITY***



# Key Service Productivity Drivers

- Measuring what matters
- Building leadership and management capability
- Creating productive workplace cultures
- Encouraging innovation and the use of technology
- Organisational Learning
- Investing in people and transfer of skills
- Organising work efficiently
- Networking and collaborating

# LEADERSHIP



- “Leadership by example plays a strong role in creating a positive and productive workplace culture, and inspiring others to pursue those opportunities which have been identified. Leadership depth is important.”
- Balance between Contribution and Growth  
i.e. 40 hours Contribution + 5 hours Personal Growth
- Happiness is the new Productivity – CEO of MindValley
- ***Theory in Use*** is how employees in an organisation ‘reinforce’ or ‘discard’ patterns of understanding and doing things based on the construction, testing and restructuring of a certain kind of new knowledge driven by the type and nature of leadership which influences the culture.

# LEADERSHIP



- Event driven as cross-sectional control point instead of being process driven longitudinally
- Productivity of supervisor determines the parameters of sub-ordinate's Productivity as there are direct; group and cross-functional relationships
- Clear job analysis factors which distinguishes between compensable and comparable worth of different jobs
- Geographical Dispersion factors influence performance if there is no self-directed learning
- Diseconomies of Scale where norms and standards are not clearly understood

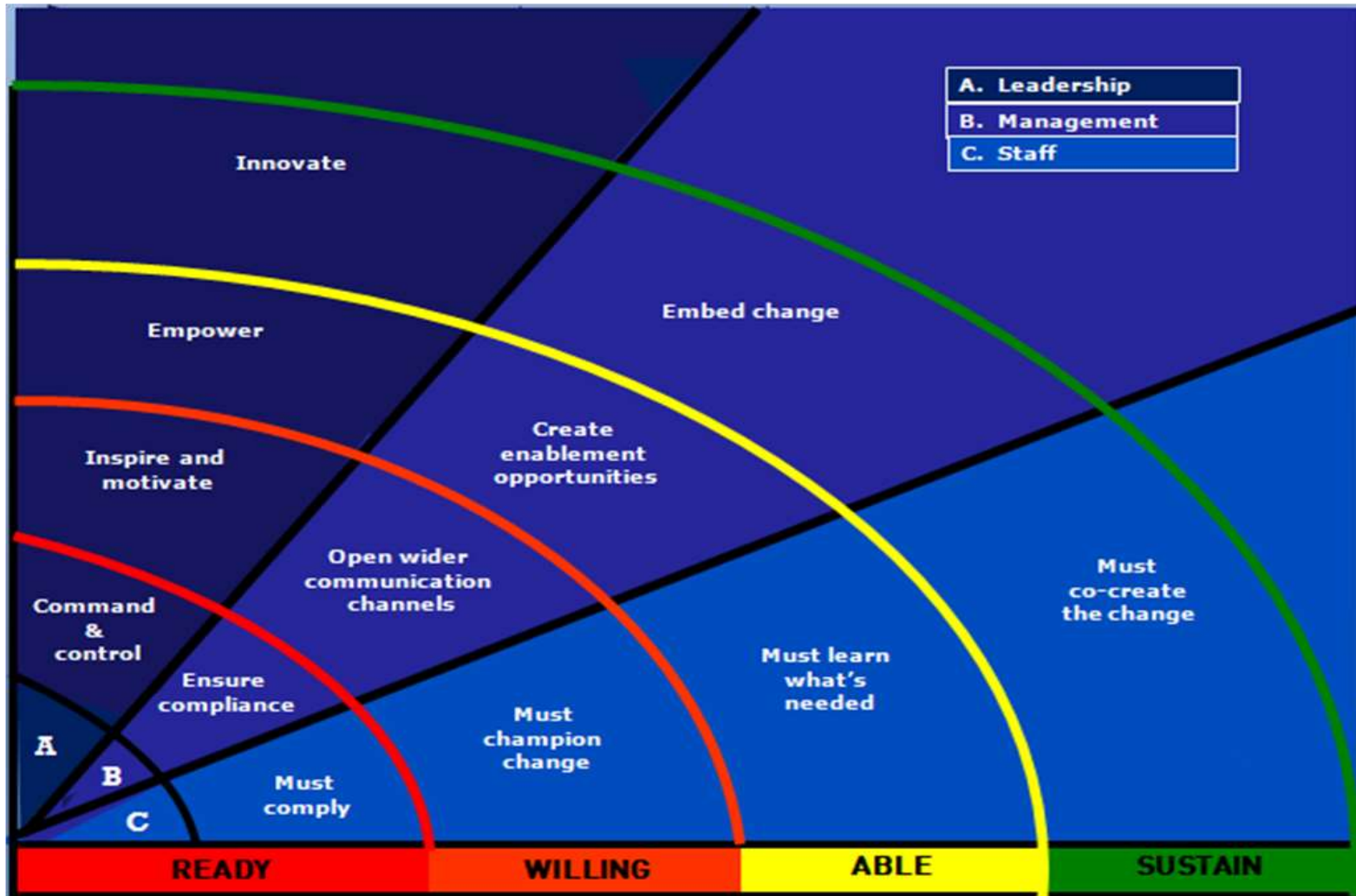
# ***CHANGE MANAGEMENT***



# Context of Organisational Learning

- Perspective on Organisation e.g. army; school
- Theory in Action
- Images and Maps of employees
- Limited Learning Systems – primary and inhibited learning
- Double looped learning
- Models of Intervention for Change

# Change Attitudinal Dimensions



# ***KNOWLEDGE MANAGEMENT***





# Process of Organisational Learning

- Knowledge Management is the ***explicit*** and ***systematic*** management of ***vital knowledge*** - and its associated ***processes*** of creation, organization, diffusion, use and exploitation - in pursuit of organisational objectives
- ***Tacit/implicit*** personal knowledge that provides context for people, places, ideas and experiences

# KNOWLEDGE MANAGEMENT (KM)

- KM programs are typically tied to organisational objectives such as improved performance, competitive advantage, innovation, lessons learnt and transferred (for example between projects) and the general development of collaborative practices.
- KM is about codifying people and organisational learning through managing knowledge assets; information and records
  - KM is about processes, methods and techniques
  - KM is a holistic initiative across the entire organisation
  - KM is about incremental performance improvement due to increased know-how, and should be an integral part of every knowledge workers daily responsibilities



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# ***MEASURING PRODUCTIVITY***



# MEASURING TOTAL SERVICE PRODUCTIVITY



## ■ ***Labour Productivity***

- Relationship between GDP and cost of salaries

## ■ ***Performance Productivity***

- Measuring whether the outputs and outcomes have been met in the specified time with the most efficient resource utilisation
- E.g. In a 40 hr week you work 8 hours a day and complete certain phases of your projects way before schedule. You are able to do more than planned

## ■ ***Operational Productivity***

- The operating environment has a direct impact on how you are able to perform i.e. ergonomics; physical location and layout; functional resource allocation e.g. a doctor at a hospital

# Principles of a Productivity Management Framework

- PMF will be **useful** insofar as it:
  - Easy to understand
  - Practical at the operational level
  - Takes account of the multiplicity of factors influencing service productivity
  - Identifies and measures those factors that can be affected by managerial interventions



# THANK YOU



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**Access:** Offering integrated service delivery

**Openness and Transparency:** Creating a culture of collaboration



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**Consultation:** Listening to customer problems

**Redress:** Apologizing when necessary

**Courtesy:** Service with a smile



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**Service standards:** Anticipating customer needs

**Information:** Going beyond the call of duty

**Value for money:** Delivering solutions

# KNOWLEDGE MANAGEMENT (KM)

- "Knowledge Management is the mechanism of enabling individuals, teams and entire organisations to collectively and systematically create, share and apply knowledge, to better achieve their objectives"
- "KM is the capabilities by which communities of practice or quality circles within an organisation capture the knowledge that is critical to them, constantly improve it and make it available in the most effective and practical manner to those who need it, so that they can exploit it creatively to add value as a normal part of their work"



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