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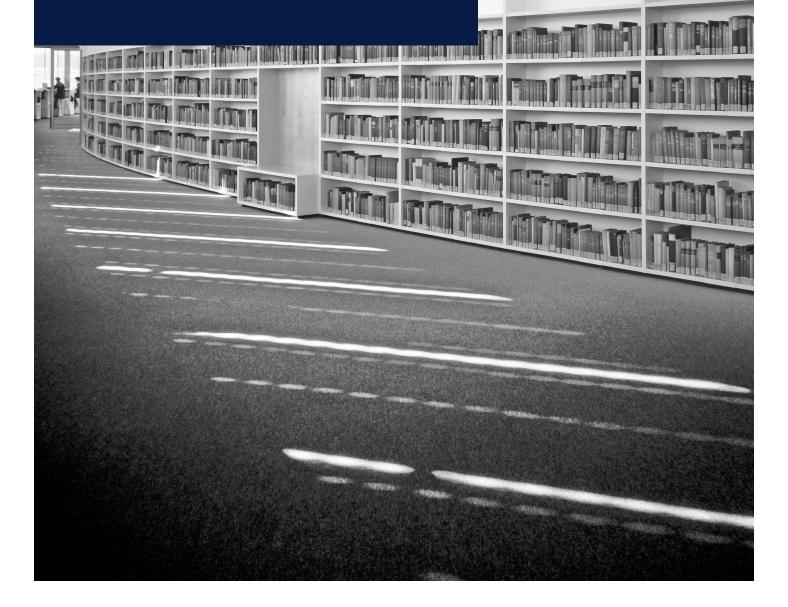A WHITE PAPER ON

OVERCOMING CHALLENGES TO IMPLEMENTING CHANGE IN CANADA'S PUBLIC SECTOR

JANUARY 2020

PURPOSE

The purpose of this white paper is to identify and analyze barriers that complicate change implementation in Canada's public sector and to offer strategies to overcome such hurdles. This white paper is also intended to analyze and offer insight to leaders of both public and private sectors on the markedly different ways change is implemented in each sector.

EXECUTIVE SUMMARY

The public and private sectors have unique characteristics, and each sector has its challenges regarding how to best implement change promptly and productively. This paper focuses on ways to most effectively implement change in Canada's public sector. This subject is selected for review because of the prominence of the public sector in Canada's economy and society; Canada has the sixth highest public sector employment in the world, falling just after the Scandinavian countries and France.[1] This white paper defines what is meant by "public sector" and "private sector." It unpacks potential barriers that hinder change in the public sector, namely high unionization, static culture, low employee morale, less capacity and fewer resources. The paper aims to offer strategies to overcome these barriers, and to propose ideas that turn what are apparent "challenges" in change implementation into "tools" for public sector leaders in charge of mobilizing change; these tools and ideas are pulled from a variety of sources and combined for comprehensive consideration. There is some sector comparison, but the intention of this is not to claim one sector is better at implementing change than another; rather, to offer ways that the public sector can adapt to more effectively navigate an everchanging contemporary landscape, regardless of the private sector's progress. These strategies include (1) utilizing unions; (2) recrafting departmental culture from the bottom up; (3) empowering workers; (4) increasing adaptability; while (5) bearing in mind the budget.

DEFINING THE PRIVATE + PUBLIC SECTORS

The public sector in Canada encompasses federal, provincial and local services and institutions. Its workers include those individuals working in public safety and the courts, crown corporations, government agencies and government-funded establishments, such as universities or hospitals, and more.[2] The private sector, by contrast, is not controlled nor funded, by the Canadian government. It refers to the part of the economy that is run by individuals and companies, and it is generally profit-seeking.[3] Those individuals who work for private firms or businesses are private-sector employees.

From September 2014 to 2019, Canada's public sector experienced a higher rate of employment growth than that of the private sector. The number of public sector employees grew by approximately 1.7% between September 2014 and 2019, compared to the number of private-sector employees, which grew less than 1.3%. Despite the slower rate of growth, the private sector still employs more individuals overall (both unadjusted for seasonality). In September 2019, the public sector accounted for 20.2 % of the total number of individuals employed in Canada, all classes of workers, unadjusted for seasonality. The private sector accounted for 62.2% of Canada's workforce, all classes of workers, unadjusted for seasonality.[4]

BARRIERS TO IMPLEMENTING CHANGE IN THE PUBLIC SECTOR

Some barriers make it challenging for the public sector to respond effectively to calls for change. Most studies uncover a 60-70% failure rate for organizational change projects.[5] While many change drivers are the same in the public and private sectors, the public sector faces unique obstacles, including high unionization, a static culture, lower employee morale and less adaptational capability and fewer resources. There is significant pressure on public institutions to respond promptly to economic, political, environmental and societal changes, yet they remain less equipped to do so. It is common for the public sector to outsource change management. This portion of the paper explains why the aforementioned "obstacles" hamper public institutions ability to respond promptly and successfully to calls for change.

HIGH UNIONIZATION

In Canada, the public sector is highly unionized. The Canadian Encyclopedia reports that collective agreements account for around 80% of public sector workers eligible for unions. This is a stark contrast to the private sector, where only 25% of those individuals eligible for collective bargaining are covered under collective agreements.[6]

Unions are arguably beneficial in that they offer protection and unity for workers. As described by Drexel University Associate Professor, Michele Masterfano, "Unions – along with a reasonable system of regulations – can be the brake we need on unfettered capitalism."[7]

Masterfano also acknowledges union leaders occasionally present impossible asks.[8] For senior managers in charge of change implementation, unions might look more like an expensive toll road than an open highway

on the route to change. The truth is, union leaders are strong negotiators, and often quite adept at mobilizing change efforts. In order to become change leaders on behalf of the organization (as opposed to against it), union members must have strong business acumen, and they must understand market trends, institutional viability and how to evaluate organizational success. Unions and managers can and should work together, rather than in opposition, when implementing change.

80%

of public sector workers eligible for unions are covered by collective agreements

CULTURE CONCERNS

Private companies can create and recreate their own culture. The public sector, however, has much less control over its culture and processes. There are two main issues with the public sector identified and dissected in this white paper: (1) a static culture and (2) "a culture of obedience".[9]

Public sector culture runs on long-term norms, and many things are done "because that is how they have always been done." This is good because it means that once employees and the public fully understand what is expected of them, processes run smoothly and consistently. It is problematic because it means that processes are not always as efficient as they could be.

According to Optimizing Government: A White Paper on Public Sector Modernization by Canada's Public Policy Forum, modern public sector organizations face (1) politicized dynamics and (2) siloed, hierarchal structures. In a volatile government, compounded by new technology and incessant scrutiny by media outlets, public servants "stick with the status quo" to avoid backlash. This approach decelerates change. The "siloed system" refers to the complex hierarchal structures that complicate getting things approved and implemented in the public sector.[10] Any proposal, idea, strategy, or design not orchestrated at the top, must jump through hoops and go through numerous rewrites before getting approved, let alone implemented.

This overly complicated system not only impedes culture from evolving past its current stage and disables organizations from being promptly responsive but may also reduce employee morale and workplace satisfaction due to frivolously complicated methods or lack of trust.

A second problem plaguing huge public entities is a culture of obedience.[11] The larger an organization is, the less involved and influential employees feel in times of change. By its nature, the public sector is characterized by its grand size and far reach, meaning that the person who helps you at Service Canada really might have little influence on speeding up or creating a solution to amp up the agency's efficiency as a whole. It is less appropriate to challenge your boss at the hospital because there is only so much they can do. Moreover, critically challenging (albeit politely) higher ranks in the corporate world is often encouraged, and potentially a pathway to gaining respect and achieving success.

Organizational culture directly affects the beliefs and behaviour of employees; an undeviating culture affects employee morale.

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EMPLOYEE MORALE

The public sector should make for a satisfying career. When employees feel empowered and motivated, they are more committed to contributing to their company's success.[12] Unsurprisingly, when employees are disengaged at work, they are less productive and efficient. Morale is low in public sector institutions when employees do not feel heard or appreciated, and processes are so bureaucratic that they take an unreasonable amount of time and energy to finish, or if they believe that they are not involved in change.

Shared Services Canada (SSC) was launched in 2011 to deliver standardized, modern and secure IT services to Government of Canada departments and organizations.[13] The Government of Canada's Email Transformation Initiative (ETI), also launched in 2011 as one of three priorities for SSC, is an excellent example of how low morale leads to slow, or failed, change implementation. The ETI was created to merge the email systems of 63 governmental departments into one sphere. Global News reported in March 2018 that the multimillion-dollar project, outsourced to Bell Canada and GCI Information Services in 2013, had stalled indefinitely. SSC said the project was still less than 1/5 of the way to completion, in its sixth year.[14]

Employee morale was reportedly extremely low at SSC.[15] A study led by IPSOS in 2016 found that addressing low morale must be a priority at SSC. Employees expressed a desire for greater access to superiors, internal hiring processes and recruitment at colleges. The report also suggested that outsourcing should be minimized, and employee training and mentorship maximized.[16]
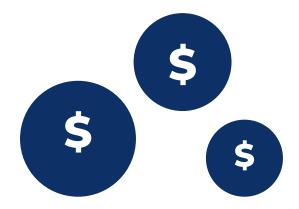

ADAPTATION CAPABILITY

The private sector is well equipped and capable of employing change with its resources and practitioners internally. Furthermore, the more experienced practitioners in private organizations are at adapting to change, the faster they become at it. There fewer boundaries with which individuals in the private sector are constrained. Co-author of Engaging Change, Mark Jenkins, asserts that private companies are incentivized to respond immediately and effectively to change, or the competition will take advantage of the gap. Public bodies lack this competitive incentive.[17]

Public institutions more frequently outsource their change. Jenkins describes this as problematic for several reasons: (1) it takes in-house employees out of the decision-making process, causing change to feel like something "done to them," not "done by them," in turn decreasing cooperation and increasing resistance; (2) it is more expensive, and public bodies have set budgets; and (3) external change agents must spend time understanding the internal operations and workings of a business, adding to the total time allotted to take an initiative from an idea to an accepted and utilized process.[18]

RESOURCES

Related to capability are resources and funding. Instead of aiming to maximize profit, public sector institutions strive to serve the public. The public sector predominantly uses tax dollars to generate revenue and fund its services. For example, the composition of annual Canadian revenues in 2016-2017 included personal income tax (49%), corporate income tax (14.4%), EI premiums (7.5%), GST (11.7%), other taxes and duties excluding GST (5.8%) and non-residential income tax (2.4%) and other revenues (9.2%).[19]

This inherently puts a cap on the amount public organizations are allotted. Respective departments must operate within the budget that they are allocated annually, and such tight budgets require that the public sector maximize efficiency while minimizing cost.

THE PROBLEM WITH PUBLIC INSTITUTIONS OUTSOURCING CHANGE FREQUENTLY

#1

causes change to feel like something "done to employees," not "done by employees"

#2

it's more expensive

#3

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HOW TO OVERCOME CHALLENGES ASSOCIATED WITH CHANGE

UNIONS AS A CHANGE AGENT

Unions and management can share a "happy marriage" when handled appropriately. Unions are historically powerful change agents when effectively utilized. Union leaders can help overcome resistance to change; they should be actively engaged in the process. Management should communicate the process early and often, and in conjunction with union members.

Three key ingredients to securing an alliance with union leaders, and to working together to create change, are as follows:

1

See unions as partners. Talk together about problems within the institution and brainstorm options for change that create win-wins.

2

Communicate with unions about methods of intercommunication; stay positive and avoid blameful language; make the partnership about sharing strategy.

3

Teach union leaders about the organizational components that are imperative to success. Give them the know-how to be effective decision-makers and strategic thinkers.

Utilizing unions might be one of the best decisions; not only will it alleviate an us-vs-them mentality, but will also create higher employee satisfaction, which directly relates to morale, as discussed earlier.

BOOST EMPLOYEE MORALE

A few steps for keeping morale high are as follows[20]:

#1 Communicate, communicate, communicate! The number one factor in keeping employee morale high is keeping them informed and included in as many decisions as possible.

#2 Empower employees. Do not outsource projects. Shared Services Canada's ETI is an excellent example of why outsourcing can be problematic. It removes trust in the employees for creating change and removes ownership from movements, making the change feel like an obligation and not an opportunity. Public sector organizations need to leave it to their employees to make change happen. It will most certainly boost morale, and increase ownership and pride at work.

#3 Invest in the employees. Make public agencies a pleasant place to be so that employees want to be there. This can be done on a low budget; it just requires time and attention.[21]

#4 Keep workers connected to the mission or goal of the organization. Make this a part of the culture. Remind them why they work there, how many people they are helping. Studies show that when employees understand the value of their work, effort and satisfaction increase.

#5 Focus on the little things and control what you can. In public sector institutions, many components (i.e. vacation days, bonuses, office size, etc.) are not controllable. As a leader in a public sector institution, focus on what you can control, whether big or small. Pay attention to the details of what employees may be lacking, and when possible, fix it.

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In my opinion, good and clear communication is essential. Listening and patience is requirement of good communication. You have to respect the opinions and perspectives of all stakeholders. A singular lens is not a good thing.

Dr. Ian Humphreys
Consultant + Former Vice President, Academic

MAKING HIGH PERFORMANCE + CONSTANT CHANGE A PART OF THE CULTURE

Unlike large companies, where organizations can implement initiatives top-down, departments may be better at implementing culture bottom-up, with support from higher up. This means that leaders within the respective departments must spearhead the culture creation for the respective environment in which they operate. If public sector leaders were encouraged to attend a conference or training on how to implement culture, that would also benefit the institution and enable for consistency across departments.

Another idea is to make constant change a part of the culture. Talk about change. Be transparent. Get employees excited about new opportunities and new ways of doing things. If employees believe they are entering into a dynamic culture, where processes are constantly changing and improving, they will be better equipped to handle change when it does occur. If change is spun as an opportunity to learn, like a work perk, which is precisely what it is, it may be better received.

BE INTERNALLY ADAPTABLE

Being able to adjust your strategic approach in response to changes in your external environment is adaptability. An adaptable organization requires an adaptable workforce. How to get that? Train your people.

By training employees to manage and plan for change, the organization will be equipped to manage change. By outsourcing change, organizations assume the position they are internally incapable of managing change.

In order to be adaptable, organizations must have dynamic and flexible systems in place. The best way to get those systems is to teach people how to make them and maintain them - being adaptable means sticking to your standards but finding alternative solutions when one is not working. It requires a 'can-do' mentality not a 'not for us, not for me' mindset.

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We inherently, at least in the post-secondary education sector, have a collaborative and collegial spirit in which we go about most of our business. Extending this to change management initiatives can be a critical factor in the ultimate success of these actions.

Dr. Bradley O'Hara
Executive Dean, Vancouver Campus
Adler University

THINK HIGH QUALITY, LOW BUDGET

McKinsey's white paper *Better for Less: Improving Public Sector Performance on a Tight Budget* stated 5 attainable actions for government leaders in order to improve public sector performance on a tight budget. The actions listed by McKinsey[22] are as follows:

#1
Set clear, long ranging-aspirations for public sector performance. Governments need to set high goals, long term, so employees have something to work toward.

#2
Intensify efforts to measure employee performance. This will increase competitiveness and readily identify weak points.

#3
Use data (from measurements) to help make the right decisions.

#4
Hold regular dialogues with those accountable for progress.

#5
Establish comprehensive, sustained programs of change and lead them from the front.

CONCLUSION

There are clear differences between the public sector and the private sector, and both have their respective challenges when it comes to navigating change implementation. Where the public sector faces specific impediments, there are tools to prevail and still effectively and promptly respond to change. These include: (1) make allies out of unions and union leaders. (2) As a leader in a public agency, create a culture of learning, openness and change within your department. Frame change as an opportunity, not an obligation. (3) Empower your employees; give them ownership over the change. Keep the mission and the end-goal clear and relevant. (4) Be internally adaptable. Try to avoid outsourcing. (5) Work high quality within the budget scope. It is possible, and it just takes careful consideration. With these tips and tricks, researched and derived from a variety of sources, public sector bodies will be better equipped to handling major calls for change when they next occur, which surely will be soon.

ABOUT THE AUTHOR

As Principal with McDermott + Bull, Canada, Alex brings 16 years of experience in executive search. He has a strong track record of success partnering with client organizations to deliver best-in-class talent in a diverse set of industries and functional areas. At McDermott + Bull, Alex's practice is focused on post-secondary education, NPOs, healthcare, professional colleges and associations, and municipalities.

ABOUT McDERMOTT + BULL

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