

Developing High Performance: Performance Management in the Australian Public Service

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1.0. Executive summary

The focus on performance management both globally and in Australia is not new. Both the public and private sectors have aspired to achieve high performance through performance management systems, procedures, and practices. Despite previous attention from both practitioners and scholars, the performance puzzle remains. Recognising that there is no ‘magic bullet’ and the concept that no ‘one size fits all’ this paper explores new propositions that will assist organisations in strengthening the performance framework within the individual organisational context. It is time to re-think the way that performance management is being conceptualised, both in general and in the APS. The *Ahead of the Game Blueprint for Reform* (AGRAGA 2010) stretched the notion of high performance beyond that of an organisation, or single agency, to that of a system-wide aspiration. This paper reconceptualises existing ideas of high performance and provides both a conceptual and practical robust foundation to ‘Strengthen the Performance Framework’.

The paper focuses on the concept of high performance government¹ as aspirational since it reflects key ideas in the reform agenda set out in the *Ahead of the Game Blueprint*. Three major themes have emerged in our analysis of the literature to date:

1. The need for a multi-level framework that includes High Performance Governance to capture system-level design principles;
2. The need for a strategic focus on performance management and the incorporation of key notions such as competences, dynamic capabilities and management capacity at the organisational level;
3. The interaction between current practices and those recommended for effective management of high performance.

These themes have led to the development of a multi-level conceptual construct that will assist in building high performance government. This model “rethinks” performance management in the context of high performance government and provides a framework to inform practice by linking together the three levels of high performance government:

1. The macro-level - High Performance Governance System (HPGS)
2. The meso-level - High Performance Organisations (HPOs)
3. The micro-level - High Performance Groups and Individuals (HPGIs)

HPGS - sets the system-wide architecture to enable high performance. Stewardship, orchestration and meta-leadership are features crucial to the creation of a HPGS for high performance across government.

HPO - comprises the characteristics and set of practices of a high performing organisation. The integration of practices at this level is central to building capability

¹ The term ‘high performance government’ is a term commonly used in the literature to describe the collective performance of public service organisations. This is how it is used in this paper; we are *not* referring to the performance of the government of the day.

and enabling the management capacity necessary for enhancing organisational performance.

HPGI – employees are crucial to any system as it is their behaviour that will determine the achievement of organisational goals. Whilst their role is part of the means to achieving high performance, their effectiveness is only possible if they are in a functioning system that integrates the three levels: HPGS, HPO and HPGI.

We know about parts of the performance management puzzle, especially the HPO and HPGI levels. However, the HPGS has received little attention. What this paper does is explore this level and makes predictions about high performance governance.

Effective performance management requires attention to the three levels and recognition of the dynamic interaction between them. A better understanding of the role of capabilities and the need for an organisation-level strategy for performance management is also an essential element. From the existing literature, we can identify practices for different levels of this model and some initial guiding principles that can inform performance management approaches:

1. **Adaptability to context:** the ability for organisations and individuals to anticipate, respond and adapt to changing circumstances.
2. **Mutuality:** emphasises the need for employees and managers to be mutually responsible and accountable for performance management. Mutuality is crucial as it encourages the clear articulation of performance, behavioural and role expectations, thereby optimising the possibility of employee and managerial expectations being met.
3. **Understanding of the important role of organisational competences and dynamic capabilities for high performance:** requires consideration of organisation-level requirements and the inter-related role of *competences* (the means for understanding how resources are integrated and leveraged to enhance performance); *capabilities* (the configuration of ‘bundles’ of assets developed within an organisation which drive performance improvement); and *dynamic capabilities* (the routines, structures and processes supporting organisational productivity, which enable an organisation to adapt to change).
4. **Performance management capacity:** the ability of *all* managers and employees, at all hierarchical levels, within an organisation to undertake performance management effectively. When performance management capacity is evident, both managers and employees: actively engage in performance management; are accountable for the process and outcomes (mutual accountability); take ownership over the process (mutual obligation) and perceive performance management in positive terms.

It is suggested that, encouraging an emphasis on adaptability, competences, dynamic capabilities and management capacity at the organisational level, as well as capabilities and competencies at the work group and individual level, will provide an enabling environment which will enhance high performance at all levels.

The high performance framework explored in this paper provides a more sophisticated model, enabling more meaningful analysis for the emergence of a high performance government. By focusing on high performance in the first instance, this will provide clarification of what it looks like in its ‘ideal form’. This will enable the

clear identification of the skills, capabilities and behaviours necessary for the emergence of a high performance culture, as well as providing a clearly articulated strategy for the effective management of underperformance.

2.0. Background

In September 2009, the Australian Government announced its intention to make the Australian Public Service (APS) the best anywhere in the world. They called for sweeping reforms underpinned by a blueprint for a public service to prepare Australia for the 22nd century. To develop this blueprint, an Advisory Group comprised of departmental secretaries, chief executives and representatives from academia and the private sector was convened. The aim of the Advisory Group was to provide reform recommendations that would enable the APS, and the broader Australian public sector, to adequately address both contemporary public policy and organisational challenges.

Following the synthesis of over 200 submissions, engagement in public sector and online forums, a benchmarking survey by the consulting firm KPMG, and advice from a senior APS reference group, the Advisory Group identified four main components of what they considered to be a high-performing public service. These components were identified in the *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (AGRAGA 2010) and depicted as a public service that:

1. Meets the needs of citizens by providing high quality, tailored public services and by engaging citizens in the design and development of services and policy;
2. Provides strong leadership and strategic direction;
3. Is distinguished by its highly capable workforce;
4. Operates efficiently and at a consistently high standard.

(Australian Government Reform of Australian Government Administration [AGRAGA], 2010).

These components formed the basis for a proposed suite of reforms, each with a series of sub goals, which sought to:

1. Deliver better services for citizens;
2. Create more open government;
3. Enhance policy capability;
4. Reinvigorate strategic leadership;
5. Introduce a new Australian Public Service Commission (APSC) to drive change and provide strategic planning;
6. Clarify and align employment conditions;
7. Strengthen workforce planning and development;
8. Ensure agency agility, capability and effectiveness; and
9. Improve agency (organisational) efficiency.

(AGRAGA, 2010).

Recommendation 7.4 of the Ahead of the Game Blueprint outlined key action areas designed to 'Strengthen the Performance Framework'. The APSC was tasked with the implementation of actions aimed at fostering a high performance culture, providing

performance management training for all Senior Executive Service (SES) employees and managers and developing APS-wide guidelines for dealing with underperformance (see Appendix 1 for an overview of the project design).

The recommendations emerging from this research regarding the performance framework will be evidence-based, reflective of world best practice, explored within the APS and provide practical guidance to strengthen the framework. This will be achieved through the APSC working in partnership with three Australian universities: The Australian National University, the University of Canberra and the University of New South Wales, Canberra. In itself, this partnership is consistent with the reform agenda, which recommended that APS agencies build partnerships with academia to enhance policy capacity within organisations (Ahead of the Game Blueprint Recommendation 3.2).

This paper will outline a draft conceptual performance framework which will be operationalised throughout the lifespan of the research project and will establish the foundation for a new approach to performance management in the APS.

This paper will provide: a background to the conceptual framework, an explanation of what is meant by effective performance management and high performance and outline the planned approach (highlighting concerns with the extant approaches). It will outline the three levels of the proposed conceptual framework: High Performance Governance System (HPGS), High Performance Organisation (HPO) and High Performance Group and Individual (HPGI). The paper concludes by outlining what will be the next steps in developing a new performance management framework.

3.0. Introduction

For decades, the enhancement of government performance has been the focus of public administration and management research, policy and reform. Globally, governments are looking to improve their performance in all facets: the use of public resources; the delivery of program outcomes; as well as the enhancement of transparency, accountability, citizen participation and citizen satisfaction. The best way to measure performance has increasingly become important for government organisations as both political actors and the citizenry apply increased pressure on organisations to demonstrate effectiveness and their impact on complex problems. Interestingly, few topics challenge the leaders of public service more than the question of what constitutes organisational performance. Recent rhetoric has escalated this focus and discussed the notions of ‘high performance’ and ‘high performing organisations’, with the push to enhance the productive capacity of public sector organisations to deliver the desired governmental outcomes (McBride, 2008).

The focus upon performance management both globally and in Australia is not new: both the public and the private sectors have consistently tried to achieve effective performance systems, yet enduring challenges remain (National Commission on the Public Service, 2005). In Australia several reports have been published over the past decade addressing the performance management ‘issue’. The publication of the Management Advisory Committee (MAC) report (2001), two APSC publications (2002, 2006a and b), Australian National Audit Office (ANAO) reports (2002, 2003, 2004, 2006) and most recently the Ahead of the Game Blueprint (2010) have

demonstrated an ongoing interest in, and efforts with improving, the effective management of performance in the APS.

Despite attention from both practitioners and scholars, the performance puzzle remains. What has emerged is that the idea of a ‘magic bullet’ that will fix all performance management problems is an unrealistic aspiration; the increased complexity of both the environment and government means that to move forward in designing more effective performance management approaches, we must dismiss the notion of a one-size fits all approach, a point made forcibly by the National Commission in the United States:

The major public service reform commissions of the 20th century sought to find single, consistent, overarching solutions to broad and complex organizational and management challenges. If that was ever a viable or relevant approach, it is no longer. One size does not fit all in a government performing tasks as complex and varied as ours. Agencies have broadly different missions. One delivers monthly pension checks, another regulates the securities industry, a third conducts research on the frontiers of science, and so on. Because missions differ so widely, no single administrative structure or management approach can work effectively in all cases. Excellent performance requires organization, leadership, and culture that fit the mission, not just a single theory of administration (National Commission on the Public Service, 2005, p.20).

The need to dismiss the one-size fits all approach has also been echoed in the APS, with the sentiment that “although there may be many common elements, performance management frameworks are diverse and what works best in a particular organisation will depend on a range of environmental factors” (Management Advisory Committee [MAC], 2001, p.9). These factors include leadership, the nature of the business, organisational culture, organisational history, the maturity of performance management systems, and the workplace relation’s climate. These factors can influence the development of performance management approaches, which will, in turn, influence organisational culture (MAC, 2001). Thus, the existence of divergent environmental factors for organisations across the APS means that the criteria for assessing performance are likely to vary. This suggests that how we convey the criteria for success will be important for government, citizens and employees. Thus, a performance framework must be sufficiently flexible so that each organisation can determine approaches most appropriate to the issues uniquely faced by them, allowing for individual differences with regard to success criteria. However, it must also be integrated in order to optimise high performance across the APS.

Why the focus on performance management in the Australian Public Service

Performance management in the APS extends from assessing individual employee performance against the achievement of workgroup objectives through to assessing organisational capability. As the business focus for the APS becomes more complex, the ability to clearly identify and measure individual and organisational performance becomes more challenging but also more important. For more than a decade, a number of reports have highlighted the challenges that organisations face when endeavouring to manage performance; many of these are still evident across the APS today (MAC, 2001; Australian National Audit Office [ANAO], 2002; 2003; 2004).

In the MAC Report (2001) *Performance Management in the Australian Public Service - A Strategic Framework* performance management was defined as the “use of interrelated strategies and activities to improve the performance of individuals, teams and organisations” (p.14). It was described as an “essential tool” which “provides a means to improve organisational performance by linking and aligning individual, team and organisational objectives and results” (MAC, 2001, p.7). Three factors were identified as supporting the operation of a successful performance management system: alignment with the outcomes sought by government; credibility of the system (reducing the gap between rhetoric and reality) and integration with the overall corporate management structure of the organisation.

Building on the framework outlined in the MAC report, the ANAO (2004) published its findings of an audit of APS agencies in *Performance Management in the Australian Public Service*. The ANAO concluded that the application of better practice performance management principles across APS agencies was variable. Further, they reported that, in many cases, there was a lack of alignment between performance management processes and agency goals, with the performance management mechanism being driven more by industrial relations processes than deeply linked to the business needs of agencies and the outcomes sought by government. The audit found that many agencies did not have established processes which related to, or supported, their performance management systems. Little attempt had been made to assess the organisational impact of the performance management systems, with an apparent lack of processes in place to adequately evaluate the outcomes of the performance management, or to establish links between managing individual performance and improving organisational performance. Furthermore, attitudes towards performance management were hindered by the poor perception of employees. Performance management systems were not considered to be effective in assisting employees to evaluate and improve their own performance, for developing their capabilities or for managing underperformance. These factors made it difficult for agencies to establish strong links between the conduct of their performance management and improved agency performance. The ANAO (2004) report also raised concerns regarding the level of commitment to performance management of immediate supervisors and senior managers, making it more difficult to inculcate a culture emphasising high performance and continuous improvement. In this report it was also argued that the majority of employees perceived that insufficient priority was given to effective people management skills and that those managers displaying such skills were not adequately recognised or rewarded (ANAO, 2004). The ANAO findings suggest that performance management systems were not always aligned with agency requirements, integrated with other practices, or supported by the necessary capabilities at the supervisory and managerial level to lead to high performance. These issues are discussed throughout this paper.

Although many agencies across the APS responded to the findings of these reports and reviewed their systems and processes, it appears this had had little impact on the effectiveness of performance management across the APS. This is evident when reflecting on data captured in the State of the Service Reports (SoSR) over the last nine years, with Table 1 providing a snapshot of some of the responses from agencies and employees for the last three years.

Responses to performance management processes in the APS	2009	2010	2011
My most recent review will help me improve my performance	52%	51%	50%
Percentage of employees who felt a member or members of their work group consistently underperformed	Data not collected	Data not collected	36%
Line managers being accountable for the implementation of performance management systems	64%	60%	68%
Percentage of agencies that asked employees about the effectiveness of the performance management system in staff surveys	43%	37%	62%
Percentage of employees who agreed that their agency deals effectively with underperformance	25%	24%	23%
Percentage of employees who agreed their supervisor dealt appropriately with underperformance	43%	42%	43%

Table 1: State of the Service findings 2009-2011

Results from the State of the Service Reports suggest that, although agencies have procedures and systems in place, there is considerable room for improvement in the areas of people and performance management. In particular, there are challenges evident in the provision of adequate feedback, the establishment of realistic performance expectations, the recognition of the contribution of employees and with managers optimising employee performance (refer to Table 2 for a summary of performance management issues). For example, the 2010-11 SoSR showed: 90% of agencies require all employees to have a formal performance agreement; 86% of employees reported having a documented performance plan in place and 88% of employees received formal performance feedback (generally from their supervisor - 97% of employees). However, only 50% of employees agreed that their most recent performance review would help them improve their performance (34% neither agreed nor disagreed) (APSC, 2011). Fifteen per cent of employees did not agree that their assessment helped their performance. Some of the reasons included:

- performance assessments might be better targeted by drawing on additional sources of feedback
- performance plans are too generic and not tailored to employees or their role
- organisational changes or lack of knowledge or experience of supervisors reduce the quality of performance assessments
- performance assessments do little to distinguish between high performers and those doing the bare minimum
- challenges and limitations, due to factors beyond employee control, are not reflected in performance assessments
- performance management often seems to be more of a compliance task
- feedback is not constructive and does not identify ways to improve
- development needs or opportunities are not actioned due to budgetary or time constraints

(APSC, 2011, p.149).

Similarly, the SoSR 2009-10 reported that agency performance management systems generally include many of the better practice features needed, with 93% of agencies requiring all employees to have a formal performance agreement and 88% of employees reporting having received formal individual performance feedback in the last year, generally from their supervisor (96%). However, only 51% of employees agreed that their most recent performance review would help them improve their performance (Australian Public Service Commission [APSC], 2010). The 2009-10 SoSR also reported that only 37% of agencies claimed they included appropriate questions in employee surveys to test the effectiveness of the performance management system, noting that the larger the agency, the more likely it was to have these mechanisms in place (APSC, 2010).

Analysis of the SoSR data over the past six years has also highlighted issues regarding the interactions between supervisors/managers and their employees. In 2005-06, only 42% of employees agreed that their manager dealt appropriately with employees who performed poorly (APSC, 2006a). In 2007-08 and 2008-09, a little more than half (57% and 58% respectively) of employees reported that their manager drew the best out in their people (APSC, 2008; 2009). In 2009-10, less than 50% of employees reported being satisfied with the ‘recognition and feeling valued’ scale, compared with just over 40 per cent of employees reporting satisfaction in 2008-09 (APSC, 2009; 2010). Moreover, in 2010-11, only 43% of employees agreed that their supervisor appropriately dealt with employees who perform poorly (APSC, 2011), demonstrating little shift since similar results were reported in 2005-06. These results suggest that, whilst some of these results may appear relatively positive, many employees still do not think their manager draws out the best in people, are not completely satisfied with the level of recognition they receive and do not think their manager deals effectively with employees who perform poorly. This suggests that more needs to be done with regard to managerial and supervisory capability.

Summary of issues
<p>Whilst agencies require employees to have a performance agreement and the majority of employees receive feedback, performance management issues still remain. Perceptions of employees include:</p> <ul style="list-style-type: none"> • Performance reviews do not necessarily result in improved performance <ul style="list-style-type: none"> ○ Due to: generic performance plans; little distinction between high performers and those doing the bare minimum; performance management treated as a compliance task; feedback that is not constructive; and development needs or opportunities not actioned • Agencies do not manage underperformance effectively • Supervisors do not necessarily deal with underperformance appropriately • Employees do not feel satisfied with the level of recognition they are provided or feel valued • Managers do not necessarily draw the best out of their people
<p>Source: State of the Service Reports</p>

Table 2: Summary of performance management issues

Managerial capabilities were raised as an important area for attention in the Ahead of the Game Blueprint. Through the consultation process, nCompassHR raised the importance of managers “developing the skills and confidence necessary to conduct meaningful conversations in order to build relationships, agree career and personal

development plans, do coaching and work on issues *before* they become major problems” (emphasis added) (AGRAGA, 2010, p.24). The latter point highlights the importance of addressing issues and concerns as they arise, rather than allowing them to escalate into problems that require resolution through underperformance processes. Immediate action has important implications in the management of underperformance that will assist organisations to better address performance management issues, thus minimising the need for underperformance management. This should address concerns regarding underperformance management raised in the Ahead of the Game Blueprint.

In their submission nCompassHR called for a change in the language and culture surrounding performance management (AGRAGA, 2010). This may explain, in part, the desire for a high performance culture espoused in the Ahead of the Game Blueprint. However, language relating to the establishment of a ‘performance culture’ is not new to the APS. The desire for a performance culture was implied in recommendations in two ANAO reports. In ANAO (2002), the requirement for a performance-based culture was argued to be essential for the continued success of the APS. In ANAO (2003), agencies were recommended to take a “medium-term approach to achieving a performance culture” (p.57). The actual achievement of such a culture has been questionable. In the ANAO (2002), it was argued that a “truly performance-based culture has not yet been achieved/embedded in many of the agencies” (ANAO, 2002, p.40), adversely impacting on the effectiveness of performance management processes (because high and low performers were not being clearly differentiated). It was also found that managers were not actively dealing with underperformance. Similarly, in 2003, the ANAO found that “few agencies demonstrated approaches to performance management that contributed to building a performance culture in the agency” (ANAO, 2003, p.57). There was a clear tendency for most agencies to focus on the system and associated processes. Perhaps the emphasis placed on a ‘high performance culture’ in the Ahead of the Game Blueprint suggests that, more than a decade on, the APS is still struggling with many of the same issues.

Clearly, it is time to re-think the way that performance management is being conceptualised, both in general and within the APS, so that a new approach can be undertaken. If we continue along the same path it seems unlikely that the transformational change required to enact the reform agenda will take place. To facilitate such change, this research project aims to enhance performance in the APS through a better practical understanding of the systemic, organisational and group/individual factors that contribute to high performance. We argue that focusing, in the first instance, upon high performance will enable a clarification of what performance looks like in its ideal form. This will, in turn, enable a clear identification of the skills, capabilities and behaviours necessary to achieve such performance. Adopting this focus will not only enable the development of a high performance culture but also the development of a clearly articulated strategy for managing underperformance.

4.0. What is High Performance?

Definitions of high performance are varied: some are prescriptive and contain specific elements that purportedly comprise high performance, whilst others adopt a more fluid approach, arguing that definitions will vary according to the nature of an organisation (sector, industry, type). Jupp and Younger (2004) argued that understanding what high performance means and how to create high performance organisations is a difficult and challenging exercise in both the public and private sectors: “no consistent standard of value has emerged to serve as a reliable guide for governments on their high-performance journey” (p.16). Nevertheless, some academics and practitioners have attempted to transcend these challenges and discern high performance. The definition used in this conceptual framework was developed by Pickering (2008) who defined high performance as:

The simultaneous delivery of all three of these elements - quality of products and services, outstanding customer value, and sound financial performance (p.135).

According to this definition, the quality of products and services incorporates meeting the wants, needs and expectations of ‘customers’, as well as paying attention to the organisation’s support systems and work processes to ensure they enable the organisation to perform best-practice process effectively. Outstanding customer value focuses on relationship development and maintenance with citizens and other stakeholders. It incorporates satisfaction, responsiveness, service, timeliness, convenience, courtesy, competence of employees and problem resolution. Part of customer value is identifying the myriad of customers of organisations, and understanding their diverse (and often conflicting) needs, wants and expectations. Sound financial performance incorporates the generation of revenue, minimisation of costs, the establishment of a good business model, and efficient systems. It incorporates the design of financial management systems that provide sufficient information for organisational members to make sound financial decisions, demonstrate they are contributing to business outcomes and receive the necessary resources to do so (Pickering, 2008). These three factors combine to encourage organisations to focus on their key current and future stakeholders, who they need to satisfy the most, and their customers’ specific needs, wants and expectations (Pickering, 2008). Therefore, organisations are encouraged to ensure that they are investing their resources in appropriate endeavours targeted at addressing customer needs, wants and expectations.

This approach is suitable for the purposes of developing an APS performance framework as it recognises that the aspiration for high performance in the form of enhancing quality, delivering value and effective financial management applies across the APS. The specific detail of products, services and ‘customers’ will vary across organisations due to differing environmental demands which requires an idiosyncratic approach for each organisation; irrespective of the inter-organisational definitional aspects of high performance, what is most important in an organisational context is agreement upon what constitutes high performance at the organisational and group levels. Once a shared understanding and agreement of what comprises high performance is reached then this will frame the establishment of organisational processes, practices and measurement systems that will encourage associated behaviour and enable the evaluation of the extent to which individuals, groups and the organisation are high performing.

High performance is considered to be achievable in different ways, two of which are the humanistic and rational process perspectives (Willcoxson, 2000). According to proponents of the humanistic perspective, high performance is attributed to investment in the ‘softer’ people aspects of organisational life. Through valuing, trusting, developing and empowering employees, encouraging cooperative modes of operating and stakeholder engagement, organisations can achieve high performance. Emphasis is also placed on organisational culture as a key element of success or failure (Willcoxson, 2000).

According to proponents of the rational process perspective, high performance is attributed to the ability of organisations to effectively interpret the business environment, and to anticipate and act upon new business opportunities. Organisations also have the flexibility necessary to maintain ‘core values’ while adjusting outputs to meet new market demands, and the willingness to implement employee remuneration strategies that increase productivity and financial returns to the organisation (Willcoxson, 2000). Reflective of a private sector management orientation, the rational process perspective emphasises the financial performance of organisations and the ability to respond to market demands. The same principles would be applicable in the public sector, with an emphasis on cost efficiency and the ability to anticipate and respond to changing political and administrative demands.

These two means of pursuing high performance (humanistic and rational process) differ significantly, each encompassing different processes and practices which will tend to exist simultaneously in any one organisation. The differentiated nature of public service organisations means that the demands of different groups within an organisation will require characteristics associated with both perspectives. Thus, the achievement of high performance does not involve *either* humanistic *or* rational processes, rather it incorporates both. This observation has important implications for the characterisation of High Performance Organisations (HPOs) which have been labelled as such because of the characteristics that purportedly define them; characteristics which seem to appeal to either perspective, but not necessarily both. Through providing an overview of the literature on the characteristics commonly identified with HPOs, in relation to both the humanistic and rational perspectives, it is possible to understand what high performance is in a given organisational context.

5.0. The Characteristics of High Performance Organisations

There is a growing body of literature around the concept of HPOs which has the underpinning assumption that employees are crucial to effective organisational outcomes. HPOs are people-centric, focused upon utilising and enhancing the capacity of employees to perform to their utmost potential (Popovich, 1998). Consequently many of the characteristics of HPOs relate to employee performance and outcomes. Table 3 summarises these characteristics, drawing upon literature from both the public and private sector.

Characteristic	Description
Strategic Orientation	<p>HPOs have a focus on business strategy, with clear articulation of the strategy, desired outcomes and shared vision and mission across the organisation. A strategic orientation also involves the explicit alignment between strategy, systems and processes; including performance management. Organisations utilise performance measures to ensure all levels of the organisation are oriented towards the attainment of organisational strategy and outcomes. This includes ensuring that policies and programs facilitate strategy attainment, organisational objectives cascade down to teams and individuals, and the behaviours of individual employees are consistent with the strategy.</p> <p>Proponents of the strategic orientation characteristic of HPOs frequently emphasise rational process means of achieving strategy. The notion of a clear ‘line of sight’ from goals to individuals is often seen as a mechanism for eliciting desired behaviours. This notion is underpinned by the assumption that developing and implementing systems and processes are sufficient for achieving organisational strategy and outcomes.</p>
Outcome and Citizen Orientated	<p>HPOs are mission, outcome and citizen-oriented. Through clearly defining their ‘reason to be’, HPOs clearly identify desired outcomes and the end-state they are working towards (‘what we are trying to achieve’). Through defining desired outcomes, HPOs establish what mechanisms are required to ensure that “people with the right skills do the right job at the right time” (Parston & Goodman, 2008, p.6). Through clarifying desired outcomes, HPOs provide a mechanism to measure their performance (how an organisation knows it is achieving what it set out to achieve). HPOs develop leaders across all hierarchical levels, mobilising those from across the multiple functions of the organisation to ensure efforts towards desired outcomes are coordinated.</p> <p>HPOs also have a citizen orientation, with citizen needs feeding into the desired outcomes of the organisation. Rather than focusing on what the organisation assumes citizens needs to be, engagement and consultation with citizens is necessary for ascertaining their future needs and requirements.</p> <p>The adoption of an outcomes orientation may primarily occur through means associated with the rational process perspective, whereby organisations routinely identify their desired outcomes through the outcomes/outputs framework which underpins budgetary and accountability mechanisms. The adoption of a citizen orientation may occur primarily through means associated with the humanistic perspective, with employees establishing relationships and routinely engaging in two-way communication with citizens to identify, understand and address their needs.</p>
Cooperative Partnerships	<p>To achieve outcomes, HPOs place high value on teamwork, cooperation and the establishment of partnerships. Internally, teamwork and cooperative modes of operating are advocated. In achieving organisational outcomes, employees are encouraged to think and work across boundaries, both within and outside the organisation. Recognition of the cross-cutting nature of many public policy challenges, leads to HPOs placing an emphasis on joined-up working, networking, and establishing partnerships with other organisations (public, private and non-profit) and stakeholders to determine priorities, citizen needs and co-produce services. Networking and partnerships are also important for leveraging the expertise, resources and human capital of other organisations, jurisdictions and sectors, thus enhancing the quality of government policies, programs and services.</p> <p>Both the humanistic and rational process perspectives are evident in cooperative partnerships. From a rational</p>

	<p>perspective, partnerships are seen as a means of achieving outcomes, with the dominant mechanism supporting cross-boundary interactions including structural mechanisms. From a humanistic perspective, capabilities around cooperative mindsets, relationships and networks are critical for cooperative partnerships.</p>
Capabilities and Competences	<p>HPOs focus on developing and nourishing the capabilities and competences required for enabling the organisation to achieve its mission and outcomes. This characteristic covers both people aspects (skills, attributes and knowledge) and managerial processes.</p> <p>In HPOs, emphasis is also placed on the quality of management for coaching and facilitating the ability of employees to work in a manner consistent with these organisational-level capabilities and competences. Resources are devoted to activities that aid the development of managerial capabilities, such as learning and development, with a focus on proactive approaches (i.e. adequately preparing managers for people management roles).</p> <p>The identification and development of capabilities and competences can occur from both the humanistic and rational process perspectives. From a rational process perspective this characteristic incorporates the identification of the competences necessary for the achievement of organisational goals; that is, identification of the complementary set of skills and knowledge required at the organisational level. This characteristic also incorporates the establishment of management processes that support the development of these competences across the organisation. From a humanistic perspective, this characteristic incorporates the development of individual competencies (skills, attributes and knowledge), with particular emphasis on satisfying organisational needs to deliver on outcomes, but also taking into consideration alignment between individual and organisational requirements.</p>
High Employee Engagement	<p>HPOs treat their employees well, providing a workplace environment that is safe and secure, both psychologically and physically. For example, through providing: job resources (such as performance feedback and supervisory coaching); supportive managerial environments and interpersonal relationships that allow people to experiment with new approaches (without fear of the consequences); meaningful interactions with colleagues and superiors; and opportunities for challenging and varied work.</p> <p>Other examples include providing opportunities for job involvement, autonomy, empowerment, meaningful tasks (incorporating both routine and new skills to ensure a balance between feeling competent, growing and learning), and clearly defining roles, responsibilities and goals. Employees are more likely to consider the organisation to be a good place to work, feel valued and worthwhile, and that they are making a contribution. When attention is paid to optimising person-job and person-manager fit, employees are able to utilise their skills, knowledge and experience to achieve outputs and contribute to organisational outcomes.</p> <p>Through focusing on enhancing employee engagement, HPOs adopt both humanistic and rational approaches for ensuring employees feel safe and secure in their work environment. Consideration is given to the well-being of employees and ensuring they are provided with the support necessary to engage with the organisation, their work group and job. Consideration is also given to the exchange relationship between employees, their supervisors and the organisation itself (discussed further in section 8.0).</p>

Continuous Improvement	<p>HPOs are focused on continuous improvement of employees, processes and services in order to adapt to environmental demands and changing circumstances. HPOs innovate by focusing on what it does best and developing new processes and ideas to accentuate this. They continuously simplify, improve and align processes to develop their ability to respond to events efficiently and effectively. HPOs continuously review their ways of working, including the skill sets of their workforces, ensuring alignment with the organisational strategy.</p> <p>A focus on continuous improvement is underpinned by the humanistic and/or rational process perspectives. However, there is a clear tendency towards rational thinking whereby the emphasis is largely on the improvement of processes, rather than people capabilities.</p>
Vertical and Horizontal System Alignment	<p>In HPOs, management processes are integrated, aligned and supportive of the organisation's mission and outcomes (vertical alignment). The specific processes adopted and how they are utilised will differ across organisations as they depend on the requirements of each organisation according to its mission.</p> <p>Management processes are integrated and complementary, consistently encouraging and reinforcing desired behaviours oriented towards the mission, goals and outcomes (horizontal alignment). Ultimately, management processes are seen as a 'system' that is intentionally employed to enhance organisational performance.</p> <p>The quest for vertical and horizontal system alignment largely reflects the rational process perspective, with emphasis on the alignment of processes to organisational requirements in order to enhance performance.</p>
Walking the Talk	<p>Leaders and managers display behaviours that are aligned with the organisation's mission and engage in intra- and inter-organisational leadership (working across boundaries) and encourage their employees to do the same. To enable their employees to perform, they also actively seek to reduce, or remove, barriers to high performance.</p> <p>Leaders and managers work in a complementary way to: ensure performance expectations are clearly articulated and aligned with the business strategy and mission; the right people are selected for the right jobs; high performers are rewarded and promoted; and a proactive approach is undertaken with underperformers (including anticipating a potential underperformance situation and identifying the myriad of reasons for underperformance). A key enabler of high performance is the role of the 'strategic middle manager', who facilitates, coaches, mentors, and translates strategies into goals for employees.</p> <p>Investment in the selection, development and promotion of high quality leaders and managers may occur according to both the humanistic and rational process perspectives. From both perspectives, investment is made in developing the skills and knowledge of leaders and managers so they can adequately manage the performance of their organisation, group and employees. Through the humanistic lens, this development is focused on their people management skills. Through the rational process lens, leaders and managers are equipped with the skills and knowledge necessary for translating organisational goals and outcomes at the local level.</p>

Table 3: High Performance Organisation Characteristics

Adapted from: (de Waal, 2007; de Waal, 2010; Holbeche, 2003; Jamrog, Vickers, Overholt & Morrison, 2008; Jupp & Younger, 2004; Kahn, 1990; Macey & Schneider, 2008; Owen, Mundy, Guild & Guild, 2001; Parston & Goodman, 2008; Pickering, 2008; Popovich, 1998; Price, Mores & Elliotte, 2011; Saks, 2006; Schaufeli & Bakker, 2004).

Of note is that de Waal (2007, 2010), Holbeche (2004) and Pickering (2008) argued that HPOs are also characterised by the need to demonstrate an ability to anticipate, respond and adapt to changing circumstances. Similarly, Popovich (1998) argued that employee adaptability to change is also critical. However, there is no actual explanation of how this would be undertaken or recognised. Reflecting upon the identified need for contextual fit, this lack of clarity about adaptability may provide a reason as to why many current performance management approaches are not achieving their espoused outcomes.

The HPO ethos of ‘putting people first’ has been adopted by the APS (AGRAGA, 2010), along with an aspiration for a high performance public service. The Ahead of the Game Blueprint identified four main components of a high-performing public service that would form a framework for evaluating APS performance and set a benchmark for future reviews. These components are included in Table 4.

Component	Description
A world-class public service must meet the needs of citizens by providing high quality, tailored public services and by engaging citizens in the design and development of services and policy.	In an era of rapid technological advancements, customers expect greater service quality from the public sector, just as they expect it from business. At the same time, advances in information technology enable governments to not only deliver services in a more citizen-friendly manner, but also to incorporate citizens’ ideas and perspectives into service delivery.
A high performing public service provides strong leadership and strategic direction.	In particular, the best public service leaders oversee the provision of high quality strategic advice, provided to ministers in an open and honest manner. Such advice must be delivered while maintaining a clear organisational strategy to improve workforce performance, strengthen service delivery and improve regulation.
A high performing public service is distinguished by a highly capable workforce.	Today’s public servants are passionate and committed to improving the lives of others. APS employees have an overwhelming sense of pride and commitment in the work of the APS and a willingness to seek new and improved ways of delivering services to the Australian public.
A high performing public service operates efficiently and at a consistently high standard.	The APS must continually seek better ways to do business, to spend public funds efficiently and effectively, and to be accountable for its spending.
Source: AGRAGA (2010: pp.vi-vii)	

Table 4: High performance as defined in the APS

It is of note that, although these four appear equal, the fourth of these, ‘efficiency’, has dominated the recent discussions leading to an apparently rationalistic focus. These four components of high performance reflect some of the characteristics argued in the literature as being qualities of HPOs. However, what is of interest here is that the APS has extrapolated the concept of a high performance organisation to the concept of a high performance system; that is, in this setting, the aspiration for high

performance is trans-organisational and crosses organisational boundaries. This idea is explored further in this paper to identify a gap in the current thinking on HPOs and underpins the conceptual framework.

In this context, a ‘high performance system’ comprises a myriad of separate yet interrelated parts. Organisations see themselves as a part of this system and are focused on enhancing the performance of the broader APS, rather than limiting their focus to individual organisational goals and outputs. The development of high performing organisations is necessary for a high performing system because “public agencies are the building blocks of the government” (McBride, 2008, p.962). Moreover, the achievement of high performance organisations would also require high performing groups and individuals within these organisations. In fact, Popovich (1998) proposed that change could start in pockets of an organisation and evolve into system-wide initiatives aimed at achieving high performance. Looking at the concept of high performance in this way suggests that, when aspiring towards a high performance public service, a multi-level perspective is required. The notion of high performance must be simultaneously applied at the system, organisational and group/individual levels. Consequently, this paper focuses on the concept of *high performance government* as aspirational since it reflects key ideas in the reform agenda set out in the Ahead of the Game Blueprint.

In developing this aspiration, this paper endeavours to identify how to enable high performance government through high performing organisations. To achieve this, a multi-level conceptual framework has been developed that takes into consideration key enabling factors at the governance, organisational and group/individual levels. This conceptualisation is different from that in the existing scholarly and practitioner literature in that we identify three levels of high performance government, each requiring attention to enable the effective operation of such an approach and the achievement of Governmental goals:

- The macro-level – High Performance Governance System
- The meso-level – High Performance Organisations
- The micro-level – High Performance Groups and Individuals

These levels are interconnected and represent a complex system of performance management. We note that much of the work on performance management, and high performance, tends to operate at one level, or two at most. This work is also largely located in private sector firms, which have different institutional and structural arrangements than public sector organisations that operate in a system of interconnected organisations. In conceptualising a high performance framework in this way, we provide a more sophisticated model which will enable more meaningful analysis and design work to be undertaken (see Figure 1).

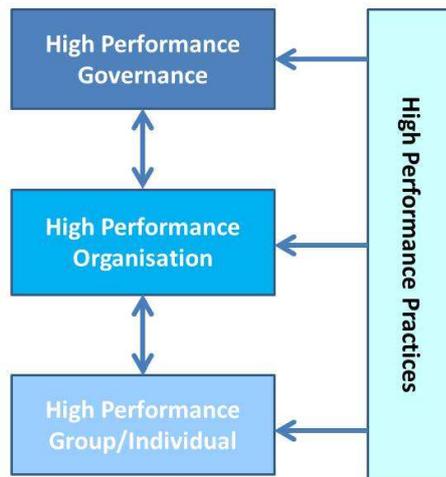


Figure 1: Three Levels of High Performance Government

Through establishing a multi-level framework, each level supports the capacity of the APS to manage high performance in different, yet complementary, ways. Collectively, the 'High Performance Governance System' (HPGS) and 'High Performance Organisation' (HPO) levels provide the requisite enabling environment.

A High Performance Governance System (HPGS) is aimed at setting the system-wide architecture to enable high performance across government. Through considering the notion of a HPGS we outline the features of the enabling environment necessary for high performance across government, including concepts of stewardship, orchestration and meta-leadership. Such ideas are critical to the creation of a HPGS which relies on the ability to move beyond the organisational goals to system goals and broader outcomes, while ensuring that organisational, group and individual goals are also achieved.

The next level of the conceptual framework, **High Performance Organisation (HPO)**, focuses on building and enabling the management capacity necessary for enhancing organisational performance. To achieve this, this level incorporates four important facets:

- (1) The identification of organisational goals in relation to their contribution to the overall outcomes of Government;
- (2) The strategic identification of organisational competences and dynamic capabilities necessary for achieving organisational goals and, ultimately, high performance;
- (3) The establishment of HR systems and practices that support and encourage the development of the desired competences and capabilities across the organisation, leading to desired behaviours (including performance management capacity); and
- (4) The management and development of groups and individual employees according to the required organisational competences.

Any HPO must start with an understanding of organisational goals. The second step involves the identification of organisation-level requirements to achieve these goals.

These requirements incorporate those elements that provide the organisation with the capacity to align the individuals and groups with the goals, ensuring they have the appropriate capabilities. An important aspect of this level is the provision of an enabling environment that is necessary for harnessing the ability of all organisational members (managers and employees) to effectively engage in performance management. What emerges is the establishment of practices that support the development of these critical requirements for high performance.

This approach differs from current practice whereby requirements are largely determined at the work group and individual level, assuming that this will contribute to overall organisational performance. The importance of high performing individuals is not to be ignored but to be seen as an element of a system, not the whole system.

High Performing Groups and Individuals (HPGIs) are critical to any system as it is the actual employees whose behaviour will determine the achievement, or not, of organisational goals. Literature highlights the characteristics of high performing groups and individuals (see section 8.0). However, what is crucial is to recognise that their effectiveness is only possible if they operate within a functioning system that integrates Governance System, Organisation and Group/Individual levels.

Figure 2 highlights the role of a HPGS which should frame organisational practices and processes. Organisations then identify the practices and processes to be adopted in order to better manage and align groups and individuals with desired outcomes and requirements. The direct feedback loop is to the organisations enabling practices to be amended or altered if the required outcomes are not emergent. There is also a feedback loop to the Governance System as, if the outcomes are not forthcoming, the stimulus of the enabling environment will need to be explored and, potentially, the system reconfigured.

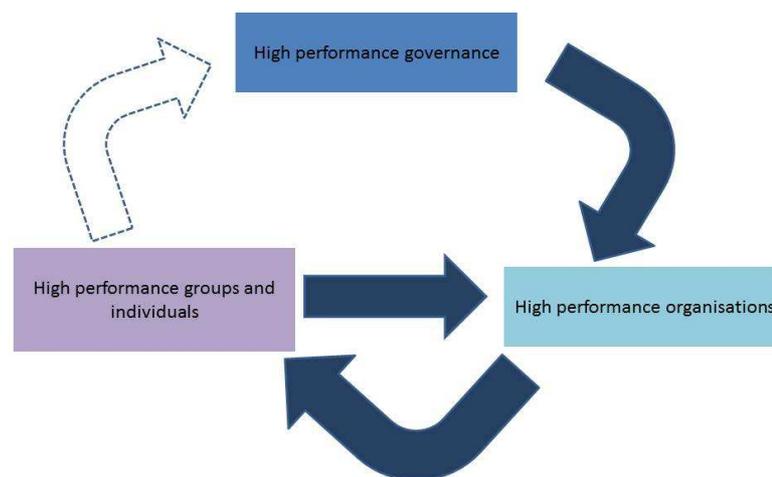


Figure 2: High performance government feedback loop

What is crucial in the development of the new framework is the recognition of an interactive system which has to work at all levels at the same time. All three must be delineated, articulated and managed for effective performance management. Having

identified the different levels we now explore each of these three levels in depth, before clarifying the aspects that need to be further developed for there to be a change in the way that performance is being managed within the APS.

6.0. High Performance Governance System

A High Performance Governance System (HPGS) sets the system-wide architecture to enable high performance across government. It is oriented towards building and enabling the capacity to enhance organisational and individual performance. It also provides a narrative of how organisations fit into a larger, complex, governance system, and how the performance of organisations and their employees fit within a system focused on achieving Governmental goals.

High performance government is reliant on three major aspects: HPGS, HPO, and HPGI. We propose the notion of a HPGS as that domain in which HPOs and HPGIs are embedded. This is a unique facet of the public sector in that Governmental goals are achieved by the interaction of a range of organisations within the public sector system, with organisations simultaneously pursuing their own goals and missions.

Much of the existing high performance literature focuses on the meso (organisational) or micro (group/individual) level. There is little, if any, recognition of the governance system characteristics which influence the action and activities of organisations, groups and individuals. The acknowledgment of these dynamic linkages is a unique aspect of this research project and something that is important not only conceptually, but also practically. The Ahead of the Game Blueprint stretched the notion of high performance beyond that of an organisation, or single agency, toward a system-wide aspiration. This concept differs from the scholarly literature where there is a dearth of literature concerning this approach, and what exists is not at the level of sophistication required to inform this research project. Rather, the focus is strongly upon the individual, often the organisation and, sometimes, both. Furthermore, governance arrangements are largely assumed to be in place (if they are considered at all) leading to our first re-conceptualisation of the framework (see Figure 1).

The conceptualisation of a HPGS requires us to set out what we consider to be its critical aspects, not least because this is a new area of understanding. What we can do, however, is consider how large-scale reform – for example the introduction of new performance management principles – would be enacted through reconfiguration of governance systems, organisations, and groups/individuals. In other words, the effective enactment of performance management reform will require a new way of thinking about system transformation which links macro, meso and micro-levels within the public sector system. To do this we have explored a range of literature, some of which may not at first glance seem to be necessarily relevant (i.e. the aid and development literature), but which provide us with concepts that can be reconceived and applied in the APS. A key part of this research project will be on empirically identifying the critical aspects of a HPGS, however, at this stage the following important characteristics are explored.

Systems

Prior to examining some of these potential characteristics we need to set out what we mean by a system. Conceptually a system is the “whole of inter-relations among a given number of entities” (Kooiman, 2010, p.74). More than simply the sum of its parts, a system is a complex and dynamic set of inter-relationships, itself comprising of nested sub-systems. Systems are prone to uncertainty and unpredictability, the “consequence of actors, elements of parts of systems acting or interacting without having the possibility of knowing what the result of their actions or interactions are for systems behavior as a whole” (Kooiman, 2010, p.75). When we consider a HPGS we need to recognise that it will be complex, comprising of a range of actors, entities and parties which act and interact not only within its scope, but often across into other systems.

Systems are often described as being open or closed, or some variation of this, with considerable being attention given to the permeability of system boundaries. For example, the APS is a system with actors, entities and parties engaged in various activities. It is not a fully open system because it has a specific identity and is distinct from other systems, for example, state public services, the private sector and the non-profit sector. Neither is it a fully closed system because information, actors and entities from other systems, for example, service providers, consultants and contractors, move in and out of it. During different eras, conceptualisations of the public sector have varied (Osborne, 2010): during the traditional public administration era the public policy system was seen as closed; whereas in the New Public Management era public sector *organisations* were viewed as open rational systems (note the shift in level of analysis). It should, therefore, come as no surprise, that setting out the idea of a HPGS will take us in a new direction again. This re-conceptualisation will fit well with Osborne’s (2010) call to adopt more systemic ways of thinking about the public sector, in particular a more open, natural system where we consider how institutional and environmental factors enable and constrain action and implementation.

Governance

Governance has many meanings and occupies the efforts of many scholars who have expended considerable efforts in defining, redefining, articulating and categorising governance.² Here we acknowledge that the term is highly contested; we will point to the main interpretations and then focus our attention on how we will operationalise governance in this project. For centuries governance has referred “to the exercise of authority within a given sphere” and, more recently to the political processes of “building consensus, or obtaining the consent or acquiescence necessary to carry out a programme in an arena where many different interests are in play” (Hewitt de Alcántara, 1998, p.105). Donahue defined governance as “the rules and institutions for the authoritative organization of collective life” (2002 cited in Hughes, 2010, p.88). There exist many, and varied, definitions and conceptualisations of governance. In his review of the field, Klijn (2010, pp.303-304) put forward four major governance conceptualisations:

² One of the most detailed expositions of the meaning of governance was undertaken by Bevir and Rhodes (2003).

1. Governance as good governance or corporate governance – the focus is on the operation of government at the organisation level;
2. Governance as new public management – the focus is on improving performance and/or accountability or adopting market governance principles;
3. Governance as multi-level governance or intergovernmental relations – the focus is on achieving results in multi-actor settings (this will be our focus in the HPGS); and
4. Governance as network governance – the focus is on more fluid, sometimes decentred, networks of actors who can be difficult to manage.

The definition widely used throughout the APS is focused on corporate governance aspects:

The set of responsibilities and practices, policies and procedures, exercised by an agency's executive, to provide strategic direction, ensure objectives and achieved, managed risks and use resources responsibly and with accountability (ANAO & Department of the Prime Minister and Cabinet [PM&C], 2006, p.13).

Our focus, however, stretches beyond the individual organisation toward the APS system level which involves broader system-wide notions, activities and issues and which requires a broader view; in this case we are closer to the third conceptualisation of governance set out by Klijn (2010). Here we are concerned with the governance *system* which brings these various aspects together and which, as a whole, provides the arena within which HPOs operate. We argue that the way in which this governance system is configured and steered has critical effects on the ability of individual organisations and, therefore, groups and individuals within them, to realise the high performance ideal.

Moving beyond the *corporate* governance toward more *system* governance notions aligns us more closely with view of governance set out by Pierre (2000) who defined it as “sustaining coordination and coherence among a wide variety of actors with different purposes and objectives” (pp.3-4). Adopting such a view allows us to explore systemic issues and consider the various aspects that will be important in a HPGS. For example, when governance is conceived in this way then the orchestration of connections and actions between multiple actors become central:

... In a fragmented world where power, resources knowledge, and other means to solve problems reside with so many individuals and organizations, “the issue is how to bring about enough cooperation among disparate community elements to get things done – and do so in the absence of an overarching command structure of unifying system of thought.” He [Clarence Stone] labelled this process as “governance”, which is the ability to combine the necessary elements toward a result, that is, the capacity to assemble and use needed resources for a policy initiative (Agranoff, 2003, p.9 drawing on Stone).

Taking a view which connects the concepts of systems with governance, Kooiman and Jentoft (2009, p.820) discuss governance in terms of societies made up of a large number of interacting governance actors (e.g. individuals, associations, leaders, firms, departments etc). These actors have the power of action, with structures and frameworks (e.g. laws, agreements, culture etc) constraining or enabling that action.

In the following section we will consider the notion of an enabling environment that mirrors some of these aspects.

In recent extensions of the literature the idea of ‘meta-governance’ has emerged: in other words, the governance of governance (Kooiman & Jentoft, 2009; Peters, 2010), or “the organisation of the conditions for governance” (Jessop, 2003, p.107 cited in Kooiman & Jentoft, 2009, p.822). Peters (2010) defined meta-governance as “controlling the environment of action in the public sector, rather than controlling that action directly” (p.38). Here the focus is on how to steer various actors, for example those that are involved in policy-making, or large-scale reform (Haveri, Nyholm, Roiseland & Vabo, 2009). This recognises that the component parts of the public sector system have over time developed considerable autonomy so imposing control, order and coordination across that system requires some form of meta-governance (Peters, 2010). This notion recognises that change over time, and major reforms, which included devolution and decentralisation, have, at the same time, demanded greater central control (Peters, 2010). Such ideas make sense in the APS, where the system is more complex and requires steering and meta-level management and leadership to operate towards Governmental goals, whilst at the same time providing organisations with considerable autonomy.

Exploring the notion of meta-governance, Haveri et al. (2009) discussed the importance of the component parts of the local government system (organisations and networks) being orchestrated in such a way that they work together in line with each other, and presumably in pursuit of broader local government goals. The authors argued that such coordinated action requires a reconfiguration of public authorities to adapt to the changing governance environment, alongside the development of new steering arrangements so that the appropriate combination of hard and soft governance tools can be exercised. These concepts fit with broader ideas of a system that are mentioned above, and the ideas of orchestration, stewardship and inter-organisational leadership discussed below. Meta-governance relies on four tools (Haveri et al, 2009 drawing on Sorensen, 2006): policy and resource framing (e.g. deciding on the frameworks for actors activities); institutional design (e.g. what form the actors might take); facilitation (e.g. between the actors in the governance system); and participation (e.g. directly participating in the system). Empirically, Haveri et al. (2009) found that the capacity to steer and exercise power was founded on a combination of coercive and persuasive practices and narratives, something that those orchestrating large-scale performance management change will need to be conscious of.

Given our focus on a HPGS in this section, we concentrate more on the system-level aspects of governance rather than the corporate ones, including the recent interest in meta-governance.

Figure 1 demonstrated the three levels that will need to have practices developed in order to cultivate HPOs. Here it is argued that the HPGS level is crucial and, in terms of the development of the new framework, is where there will need to be considerable focus. The other two levels are well documented and many practices have been tried and found wanting. Introducing a systems level component to the existing understanding of high performance in the APS will provide the basis for rethinking the approach to performance management, and for understanding the complex dynamics of a multi-level system. The conditions within which public managers have

to operate and whether these constrain or enable them to pursue high performance is discussed, and the importance of designing, steering and shaping aspects of a HPGS which will facilitate high performance government is identified. This implies that the approach will be *configurational* to reflect the diversity in the nature and complexity of organisational outcomes and goals. This demands a framework which can reflect such changes at all levels and one which will be structured around broad governance principles at the system level. It also demands a framework that enables multiple, diverse, contingency-driven options at the organisation, group and individual level. Figure 3 captures these ideas, identifying the core areas for practice whilst acknowledging they operate within contextual boundaries.

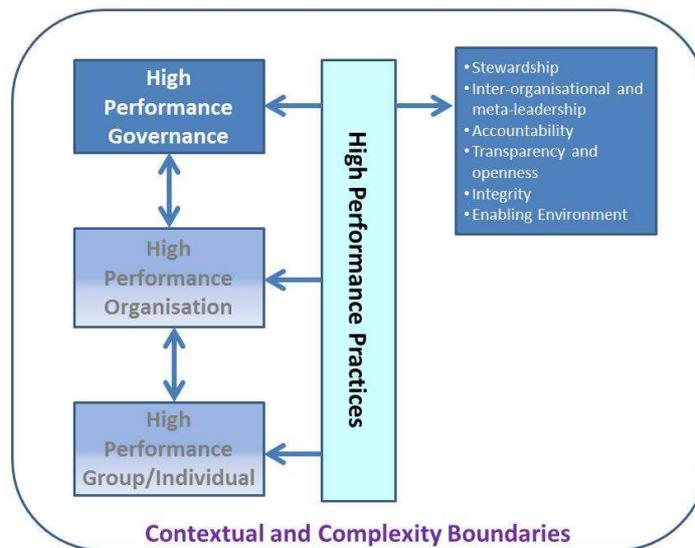


Figure 3: High Performance Governance

Enabling Environment

Connected to the governance notion is the creation of an enabling environment; in fact there is considerable overlap between some aspects of these concepts. Here we separate them to explore them but note that, as the empirical work continues, we may bring them closer together. Much of the work on creating enabling environments has been in the aid and development areas of government activity; however, Alford and O’Flynn (2012) have recently considered this idea within the public management literature, connecting it to the management of external parties in public service systems. We believe there is also potential to bring this into the discussion on creating a HPGS.

Broad definitions of an enabling environment tend to stretch to all aspects of socio-economic development, whilst narrower ones focus on the formal regulatory environment (Brinkerhoff, 2004). For example, the United Nations Development Programme (UNDP) defines it as: “the enabling environment is the term used to describe the broader system within which individuals and organizations function and one that facilitates or hampers their existence and performance” (2008 cited in OECD, 2011, p.6). From this, and similar definitions, we consider an enabling environment as the system in which conditions are set that structure and influence action. Brinkerhoff (2004), in his work on development, noted that the features of the enabling environment could be categorised as economic, political, administrative, social-

cultural and resources. The OECD (2011, p.8) noted that environments (enabling or not) that contain these structural and institutional factors provide organisations with positive or negative incentives to perform or change. Combined with critical organisational factors (for example, the characteristics of HPOs) and actors (for example, HPGIs) we can better understand performance throughout a system. In this way, organisations, groups and individuals are nested within an enabling environment.

In their work on public service systems, Alford and O'Flynn (2012) defined the enabling environment as:³

... The government-wide structures, processes, norms, rules, regulations and policy frameworks that set the parameters for organizational action. They include systems governing procurement, budgeting, sector-wide personnel frameworks, and probity, and their custodians are central agencies such as the Prime Minister or Premier (or the President), the Treasury or the Public Service Commission (p.250).

Fostering an enabling environment requires five main areas of action:⁴ *mandating* (such as setting the rules of the game through regulation or laws; for example, setting clear procedures for managing performance and underperformance that enable managers to undertake the process effectively); *facilitating* (providing and setting incentives); *resourcing* (providing direct funding, for example); *partnering* (setting up relationships of mutual interest and shared benefits, for example, or setting the conditions that allow other actors to do so); and *endorsing* (actions that praise or encourage actors to pursue the desired activities or adopt desired behaviours) (Brinkerhoff, 2004). Some of these we might consider important parts of governance as discussed above, however, we should also note that some of these activities do not fit within that definition, thereby giving us some sense that there will be some overlap and some difference between these two concepts.

Constructing, adapting, reforming and navigating the enabling environment at the system level connects to notions of stewardship, orchestration and meta-leadership. For individual organisations, this environment can constrain or enable their achievement of goals and attempts to reach the high performance ideal. As noted, “Context matters for performance. And it matters for, if and how individuals, organizations and wider systems develop capacity” (OECD, 2011, p.6).

Rules and regulations that cut across the system in a uniform manner can, for example, lead to perverse outcomes. Sometimes this is because the rules and regulations are being implemented in a way that was not originally intended, whilst at other times perverse outcomes emerge due to their rigid and inflexible enforcement. Such uniform applications act as a powerful brake on developing high performance government because they do not take into account the unique characteristics of

³ Other writers refer to aspects such as IT infrastructure, management and leadership factors in this area as well (see for example United Nations, 2007).

⁴ Note that Brinkerhoff's work is focused on the relationship between government and NGOs in development, however, the principles that he sets out are relevant for setting an enabling environment for action in broader and very different settings. Much of the focus on enabling environments has been in the development literature.

individual organisations. In their work on creating an enabling environment, Alford and O’Flynn (2012) argued that more flexible accountability regimes were needed:

For the heads of central agencies it means constructing accountability regimes across the sector, which enable sufficient flexibility for agencies and programmes to deploy the most suitable managerial devices for their purposes, while ensuring that fundamental probity and other obligations are adhered to (p.251).

Inter-organisational leadership, orchestration, stewardship, and meta-leadership

Conceptually, the notion of leadership tends to be anchored at the organisation-level. When we are focused on creating HPGS, however, we need to think differently in order to account for the leadership that spans organisations and levels of dynamic systems, and which is focused on the steering and stewardship of an entire system toward the achievement of broader Governmental goals. Leadership of a complex system is a vastly different task compared with the leadership of an organisation: “it emphasizes relationships, embraces complexity and ambiguity, and encourages self-organization and emergence” (McNulty, 2011, p.31).

Several existing streams of literature can provide guidance here and when connected to other characteristics set out in this section illustrate how HPGS might be created and orchestrated. The main areas we will focus on at this stage are: inter-organisational leadership, orchestration, stewardship and meta-leadership. Whilst written about separately in the literature, these terms overlap considerably. The key point being that the focus is on how to lead action in complex, multi-actor, multi-organisational settings. This is relevant to the notion of HPGS because such systems need coordination by actors with both formal and informal power to enact change and encourage action.

Inter-organisational leadership

Inter-organisational leadership is central, but tends to be under-examined in the scholarly and practitioner literature (Hartley and Allison, 2000). The need for these forms of leadership also reflects changes over the last few decades which have tended to fragment public sector systems, creating “major challenges of policy co-ordination, accountability and coherence” (OECD, 2001, p.13). These changes have demanded new forms of leadership, or new ideas of it, which can orchestrate complex sets of actors and entities involved in a web of governance. Developing HPGS requires inter-organisational leadership and orchestration of systems. An excellent study on inter-organisational leadership was undertaken by Hartley and Allison (2000), who argued that “leadership is concerned with building alliances, links and networks with and between several organizations to achieve synergies, integration and joint outcomes” (p.38). It is interesting to note that such leadership can be undertaken either by a person or an organisation. The big challenge here is that effective inter-organisational leadership requires an understanding of each organisation and the complex inter-relationships and dynamics that connect them; in other words, systems thinking. It also requires a combination of hard and soft instruments of influence, in other words, effective leadership in HPGS will be reliant not just on exerting informal influence but tapping into formal power. In their study, Hartley and Allison found that key

actors drew on formal authority and power to “unlock sticking points” and get things done (2000, p.38).

Orchestration

Orchestration has emerged in recent times as a metaphor for the meta-task faced by leaders in complex public sector systems: “they must get change to happen through allocating tasks to others in their own and other related organisations, typically under conditions which are not entirely of their choosing” (Wallace, 2004, pp.57-58). Orchestration draws attention to the fact that these leaders have to promote that change to “within [a] constellation of powerful actors and agencies” (Wallace & Schneller, 2008, p.765). Orchestration then is the “coordinated activity within set parameters expressed by a network of senior leaders at different administrative levels to instigate, organize, oversee and consolidate complex change across part of all of a multi-organizational system” (Wallace & Schneller, 2008, p.765). Such notions make sense in the context of creating a HPGS and undertaking the major changes that will accompany the implementation of the various policies and practices which will be part of pursuing high performance government. To do this effectively, the orchestration literature tells us that these senior leaders, often at some distance from actual implementation, form networks across the system to orchestrate the change as a whole: “Together they organise and maintain oversight of an intricate array of interrelated tasks as the change process unfolds. Steering change through the meta-task of orchestration is evolutionary, often unobtrusive, and includes attention to detail” (Wallace, 2004, p.58). Orchestration, then, is a dynamic process and involves actors organising and overseeing a range of interrelated tasks (Wallace, 2008).

Effective large-scale change, such as would be involved in the design and adoption of a new performance management framework, requires orchestration across all levels of the APS. It would also demand orchestrators who are “sufficiently agile to pace and shape change which meets a variety of objectives and conditions” (Wallace & Schneller, 2008, p.766). It requires these senior leaders to monitor progress toward the change goals, ensuring that they encourage, incentivise, and sanction where required. In this way we can see connections between the orchestration notion and aspects of the enabling environment. Orchestrators are central to operationalising the enabling environment.

Orchestration brings leadership and management closer together, bridging the conceptual divide that has emerged over time. Effective orchestration requires aspects of both because it needs change, normally associated with leadership, and keeping things on track, which is usually associated with management: “Orchestration embraces maintaining momentum and ensuring that the set course is followed” (Wallace, 2004, p.64). It is important to note that orchestrators rarely get to set the change agenda, rather they are acting together to realise change programs designed and envisaged by others. In other words, whilst they may be responsible for implementing the vision, they are not charged with setting it. Such ideas fit well with the change agendas that occupy many senior leaders in the APS.

Stewardship

The notion of stewardship links to governance and also to other characteristics of a HPGS we have set out here. Stewardship involves, on the one hand, the responsible management of the property of another and, on the other, the exercise of ethical norms

that enables people to exercise good faith in making decisions that will impact on others (Mitchell & Scott, 1987). In the APS, stewardship has been defined as “using every opportunity to enhance the value of the public assets and institutions that have been entrusted to care” (APSC, 2005b, p.14). This definition has been interpreted in various ways by senior figures in the APS. For example, in the Ahead of the Game Blueprint stewardship is described as relating “... not only to financial sustainability and the effective and efficient management of resources, but also to less tangible factors such as maintaining the trust placed in the APS and building a culture of innovation and integrity in policy advice” (AGRAGA, 2010, p.4). Additionally, the Public Service Commissioner made the following points about stewardship in the APS:

The stewardship role of senior public servants... requires public servants to be more proactive and forward thinking—both in their management of the APS workforce and in the development of policy thinking and models of service delivery. Some of this is about the responsibilities of today’s leaders to build the capability needed within the APS to respond to tomorrow’s problems; some relates to the importance that should be attached to having strategic policy advising capability within departments to advise governments about what the policy issues and approaches should be (Sedgwick, 2010).

In the APS, it is intended that the Secretaries Board⁵ will play a stewardship role for the whole of the APS. Responsibilities of the Secretaries Board include overseeing the APS Reform agenda, making decisions on public sector management issues, identifying and progressing strategic priorities for the APS, and commissioning projects for the APS200 (which report back to the Board). The Secretaries Board is also responsible for endorsing approaches to significant policy and service delivery issues to support coordinated advice to Government.

There has been considerable attention to stewardship in service delivery systems where the notions of steering disparate, seemingly unconnected, sets of providers toward broader Government goals (i.e. in health) are critical to the achievement of public health outcomes. Others write of stewardship as careful and responsible management; or the ability to guide and steer systems in pursuit of some broader goals (see Travis et al., 2002 for a discussion of stewardship of health systems). The stewardship literature focuses on two main questions: *what* should be done and *how* things should be done (Travis et al., 2002). In their review of stewardship, Travis et al. (2002, p.4) set out six domains of stewardship:

1. *Generation of intelligence*: across all levels of a system in order to make more informed decisions, and to enable other actors to access the intelligence needed to make their contribution to broader outcomes.
2. *Formulating strategic policy direction*: providing a clear sense of vision and strategic direction including articulating goals and objectives, defining roles, identifying policy instruments, outlining feasible strategies, guiding expenditures and monitoring performance.

⁵ The Secretaries Board comprises all Secretaries and the APS Commissioner. It is chaired by the Secretary of the Department of the Prime Minister and Cabinet (PM&C).

3. *Ensuring tools for implementation*: including the powers, incentives and sanctions required; exercising powers to guide the behaviour of actors in the system.
4. *Building coalitions and partnerships*: especially with those who can influence the outcomes stewards seek. Stewards build a range of relationships of different types with different actors and they manage these to maintain a focus on broader system goals.
5. *Ensuring a fit between policy objectives and organisational structures and culture*: effective stewardship requires that the system architecture fits the policy objectives and that there are clear linkages and lines of communication. This includes a focus on the management culture of a system.
6. *Ensuring accountability, responsibility and answerability*: stewards ensure all actors are held accountable for their actions in the pursuit of broader goals.

Some of these aspects overlap with other parts of the HPGS, in particular with aspects of the enabling environment and orchestration.

Meta-leadership

The term meta-leadership has taken hold in the emergency preparedness literature but the principles are highly relevant to our discussion of leading in complex multi-actor systems; or as Nicholls (1987) noted, leadership *beyond* organisations. Whilst leadership is normally focused on intra-organisational pursuits, meta-leadership is a means of getting beyond “silo thinking to achieve ... cross-agency and cross-government coordination of strategy and effort” (Marcus, Dorn & Henderson, 2006, p.129). As was the case when we discussed meta-governance, meta-leadership operates above our normal notions of leadership and is focused on, “overarching leadership that connects the purposes and the work of different organizations or organizational units” (Marcus et al., 2006, p.129). Marcus et al. (2006) discuss how meta-leaders work across organisations, and integrate the activities of different organisations in pursuit of shared action and common purpose; this echoes some aspects of orchestration, although it tends to be focused on individuals rather than networks.

These leaders tend to rely heavily on influence rather than formal authority, working outside regular lines of authority in many cases: “Meta-leaders are able to imaginatively and effectively leverage system assets, information, and capacities” (Marcus et al., 2006, p.128). A key task of meta-leaders is to connect individuals to their environment through ‘visioning’ (Nicholls, 1987, pp.18-19) which links perception (perceiving patterns of trends in the environment), articulation (articulating, focusing and integrating these patterns), conviction (having conviction and personal beliefs), and empathy (understanding feelings, hopes, fears and ambitions of others on whom these trends impinge). Meta-leaders create ‘connectivity’ by connecting strategy and effort and finding means of persuading broad participation in the action. “This connectivity is carefully orchestrated among distinct components of an endeavour that must be intentionally assembled, shaped, and linked. In such a system, each individual and organizational unit is aware of its role in the whole” (Marcus, Dorn, Ashkenazi, Henderson & McNulty, 2009, p.18). They create robust and sustainable connections between individuals and organisations, keeping a strategic view of who should be involved, and overcoming silo barriers and gaps (Marcus et al., 2009).

Meta-leaders are able to get people to think beyond narrow silo concerns, aligning disparate groups by redefining success and getting alignment of interests and motivations: “each of the parts recognizes that its individual success is derived in some measure from the success of the whole endeavour” (Marcus et al., 2006, p.132). Meta-leadership involves a range of tasks that seek to ensure cohesion of action which is:

... akin to carefully crafting interlocking gears: when it is time to move, the cogs link in a way that ensures movement and not stasis. For this reason, designing cross-system linkages of action is a strategic and methodical building endeavour, by which both the process and the outcome of the effort attest to the value and benefits of working toward common purposes (Marcus et al., 2009, p.17).

Similar to the notion of stewardship, efforts to embed meta-leadership are also evident in the APS. The APS200⁶ was established with the intention of providing APS-wide leadership through communicating the vision of the APS of the future and building the understanding, engagement and commitment of employees to the reform agenda.

Such concepts are critical to the creation of HPGS which will rely on an ability to move beyond the organisation to system goals and broader outcomes, while ensuring that organisational, group and individual goals are also achieved.

7.0. High Performance Organisations

At the level of High Performance Organisations (HPOs), recognition is given to the synergistic impacts of employing high performance work practices and high performance work systems. It should be clear that the characteristics of HPOs as identified in the literature are actually at this level. Irrespective of how high performance is defined in any given organisation, to constitute as an HPO (as described in the literature), organisations must adopt a systemic and holistic perspective with regard to their strategies and practices.

Figure 4 depicts the characteristics identified in the literature as necessary aspects of HPOs (discussed in section 5.0).

⁶ The APS200 comprises SES Band 3 or equivalent and above of agencies that employ employees under the Public Service Act, as well as from the Australian Secret Intelligence Service (ASIS), Australian Security Intelligence Organisation (ASIO), the Australian Federal Police (AFP) and the Commonwealth Ombudsman.

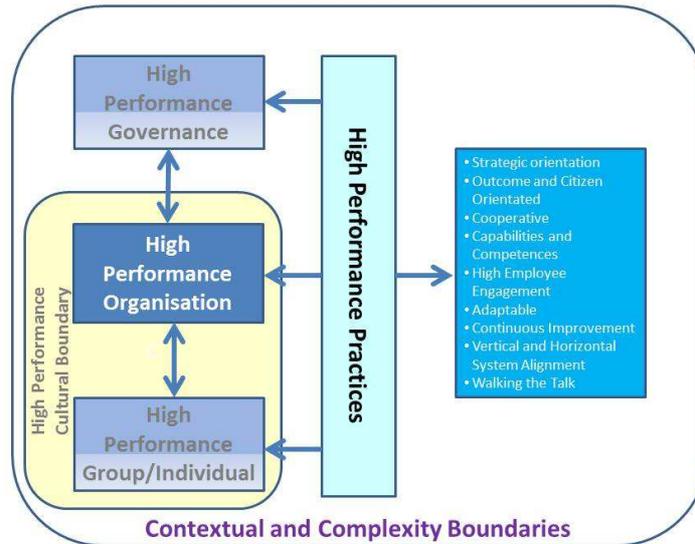


Figure 4: High Performance Organisation

In both practitioner and academic literature, importance is also placed on a high performance culture that underpins day-to-day thinking and behaviour. In these terms, a high performance culture largely consists of assumptions regarding the *need* to perform at a high standard in order to survive and succeed in the organisational context. In the extant literature, it is commonly recognised that HPOs are those organisations that develop Human Resource Management (HRM) practices in a holistic, complementary and integrated way. These practices are interrelated parts that combine and complement one another to function as a whole in order to enhance performance and the achievement of organisational outcomes. Such practices operate at the artefactual level, thus enabling the development of a high performance culture. However, it must be stressed that this culture will emerge from the adoption of appropriate practices and must not be seen as a precursor to them. The latter would ensure that no change would emerge. Instead, all practices need to be developed to support behavioural change that demonstrates both the desired performance and values. This will develop a sustainable HPO. It should also be noted that the focus on a high performance culture should be isolated to the organisational and group levels (depicted in Figure 4 as ‘High Performance Cultural Boundary’), as culture forms as group members frequently interact and establish localised norms. However, the APS comprises many sub-systems, with different cultures emerging across the APS. This results in the need to focus upon developing high performance cultural norms for each sub-system.

High Performance Work Practices

In the literature it is argued that HPOs are recognisable not only from the characteristics set out in Table 3, but also the practices that they employ to achieve these. It is assumed that the utilisation of a ‘system’ of practices, managed in a way that is appropriate to the organisational context, will establish the foundation for a high level of performance.

High performance work systems comprise many interrelated parts, including practices and processes that must function together effectively to reach the goals, and enhance

the productivity, of the organisation (Gephart & Van Buren, 1996; Van Buren & Werner, 1996); they work because they enable employees to perform to their full potential and toward the same goals and vision. Whilst the practices themselves are not new, they are often implemented in an unusual way. If a focus on high performance is not central for an organisation, practices are often seen, and utilised, in isolation. In contrast, to become a HPO, organisations must adopt a systems and holistic perspective when deliberately introducing practices aimed at enhancing organisational performance (Sung & Ashton, 2005). To do so, HPOs review the ‘bundles’ of practices to ensure the combination and content of practices are appropriate to organisational requirements. An important aspect of aligning practices to organisational requirements is through ensuring vertical or external alignment, or the alignment between these practices and organisational strategy, goals and policies (Becker & Huselid, 1998; Godard, 2004; Sung & Ashton, 2005). HPOs can achieve external alignment through identifying the competences and dynamic capabilities necessary for the achievement of organisational goals (see section 6.0). This occurs at the level of the organisation, rather than at the level of individual capabilities, in order to support organisational strategy. Practices are, therefore, devised in order to support the development of individual capabilities aligned with organisational requirements (see Figure 1). To optimise the outcomes achieved through combining practices, they must also be integrated and work together in a complementary and synergistic manner reflecting the context of the organisation involved (horizontal or internal alignment) (Gephart & Van Buren, 1996; Huselid, 1995). It is this form of ‘holistic’ thinking and awareness of the links between practices and performance outcomes (i.e. attainment of goals) that is central to the effective implementation of High Performance Work Practices (HPWPs) (Sung & Ashton, 2005).

Table 5 identifies the practices commonly described as those adopted by HPOs.

Practice	Description
Job Design	Job design occurs appropriate to organisational requirements, clearly identifying the roles and responsibilities of a job and how they contribute to the broader organisational and group outcomes. Clear identification of the capabilities needed to fulfil the requirements of the role (to feed into recruitment process).
Recruitment and Selection	Recruitment and selection targeted at job vacancies that are aligned with business requirements. ‘Careful’ selection of employees targeted at organisational requirements, aligned with the capabilities identified as important to the achievement of organisational mission/outcomes. Utilisation of formal assessment tools to select the person best suited to the job (to ensure person-job fit - competencies).
Employees Development and Training	Underpinned by a continuous learning ideology, learning and development opportunities are available to employees who are particularly targeted at identified organisational needs and enhancing organisational performance (however, group and individual needs are also taken into consideration). Learning and development opportunities are linked to performance requirements of the job, and aim to ensure that managers and employees have the skills necessary for managing performance. This characteristic incorporates ‘structured’ and formal induction programs, technical and non-technical skills training, general training and interpersonal skills training, with ongoing coaching and mentoring for employees and managers (with managers also trained in coaching skills). Includes both on-the-job and off-the-job training.
Performance Management	The establishment and utilisation of a performance management system focused on fairness, development and relationships rather than compliance, the system and its processes. A system that incorporates the creation of personal development plans, clarity of goal setting and performance expectations, ongoing informal and formal feedback and review of goals alongside formal performance appraisal (linked to rewards). An ability to understand and address variations in performance in an effective and timely manner. Emphasis is also on the two-way and partnership nature of performance management, with both employees and managers playing an active role in goal and objective setting, giving and receiving feedback, identifying development needs. Individuals need to clearly understand how their role contributes to the organisation’s goals and success and relate desired outcomes to organisational values and to means of achieving them.
Rewards	Linked to the performance management system are reward mechanisms that clearly differentiate levels of performance, thus reward employees on an equitable, rather than equal, basis. Reward mechanisms are focused on recognising past and motivating future performance, and recognising individual, team and intra-organisational performance (working across groups). The provision of rewards reflects elements of successful strategy implementation and rewarding behaviours that facilitate organisational performance. Underpinned by knowledge of motivational theories, these reward mechanisms combine a broad array of both financial and non-financial rewards (i.e. being recognised, praised, valued, given challenging projects and flexible work arrangements).
High Involvement Work Practices	Practices aimed at empowering and motivating employees. They incorporate self-directed/autonomous teams, problem-solving groups, formal participatory practices, team briefings, job autonomy and information sharing across the organisation.

Table 5: High Performance Work Practices

Adapted from: (Becker & Huselid, 1998; Boselie, 2010; Delaney & Godard, 2001; Gephart & Van Buren, 1996; Godard, 2004; Holbeche, 2003; Huselid, 1995; Sung & Ashton, 2005; Thompson & Heron, 2005).

It is generally agreed in the literature that the crucial component is the business strategy because this underpins the choice of practices, the way they are implemented and their effectiveness in improving performance. It is the business strategy that gives the high performance working practices their dynamism and provides the framework against which performance can be evaluated and improved (Sung & Ashton, 2005). Thus, the concern is not with the specific type or number of practices employed, but the way they are linked to organisational performance (Sung & Ashton, 2005). Whilst some of the literature discusses the importance of competences and dynamic capabilities for the achievement of the business strategy, these concepts are not discussed in the HPO literature. This is identified as a gap in the HPO literature and addressed in this conceptual framework. A further gap in the HPO literature is one that occurs in practice; the lack of integration across the practices. In an ANAO (2002) audit, a “lack of clear and consistent approaches to integrating new or modified strategies for existing practice and aligning them with organisation objectives” was found (p.38). Relevant HR areas were also found to be operating in functional silos and independently of one another. Lack of integration continued to be an issue in the follow-up audit in 2003 (ANAO, 2003). What is also immediately apparent in practice is that these HPWPs, including performance management, are often focused on the individual, rather than at the level of the group or organisation. Thus there is considerable scope for mismatch between these practices and the other levels of the system. To address this problem and maintain the focus at the appropriate level, Table 6 depicts a possible matching of HPWPs with the elements of a HPGS and characteristics of HPOs.

High Performance Work Practices	High Performance Governance System	High Performance Organisation
Job Design		<ul style="list-style-type: none"> • Adaptable • Vertical and horizontal system alignment
Recruitment and Selection		<ul style="list-style-type: none"> • Capabilities and competences
Staff Development & Training	<ul style="list-style-type: none"> • Inter-organisational and meta-leadership 	<ul style="list-style-type: none"> • Outcome and citizen oriented • Capabilities and competences • Adaptable
Performance Management		<ul style="list-style-type: none"> • Capabilities and competences
Rewards		<ul style="list-style-type: none"> • High Employee engagement • Continuous improvement
High Involvement Work Practices		<ul style="list-style-type: none"> • Cooperative • High Employee engagement • Walking the talk

Table 6: Possible matching of High Performance Work Practices with Characteristics of a High Performance Governance System and High Performance Organisation

Table 6 demonstrates that it is unlikely that the practices listed would enable the achievement of the elements of HPGS, with only one practice (training) mapped to this level. This results in the development of a gap between the practices needed for a performance framework and those currently being adopted. It is arguable that almost all the practices currently discussed are those for individuals only and that they are not aligned to the organisation in an effective way, which is also reflected in the scholarly literature. For example, the human resource development literature has predominantly

looked at competence in terms of individual skill proficiency and job-specific requirements, rather than focusing on the competences at the organisational level of analysis (Clardy, 2007). What is of interest is how this is impacting on performance management as a whole.

Currently, there is an emphasis on the top-down nature of performance management; organisations assume a 'line of sight' between the formulation of goals at this level and the development of goals for individual employees. Assumptions also exist regarding the capacity of managers to translate organisational goals into performance objectives at the individual employee level. This translation involves careful consideration of the capabilities required by employees to achieve organisational goals.

As evidenced in the State of the Service Reports, the identification of required skills and capabilities would appear to be largely conducted at the individual level. For example, since 2002-03, employees and agencies have reported that the identification of learning and development (L&D) needs primarily occurs at the individual level (between managers and employees or by employee self-identification of needs). Moreover, in 2010-11 only 47% of agencies had agency-wide L&D plans in place. Another area of concern is agency understanding of what might constitute alignment between L&D needs and business goals, with agencies consistently reporting that this alignment occurs through: discussing L&D in annual reports (a retrospective review of L&D); including provisions in enterprise agreements and individual agreements; and alignment with the performance management system. It could be assumed, given these statistics, that this alignment is, at best, questionable.

We speculate that the overwhelming emphasis on the individual level may be one of the key reasons why performance management is, and has been, so problematic for the public service. If identification of competencies remains at the individual level, with the assumption that "a collection of superior individual performers will be sufficient" (Clardy, 2007, p.340), then considerable gaps will remain. These gaps are likely to result in requirements at the organisational level being neglected, thus potentially impeding organisational performance. Barriers to organisational performance arise through the perpetuation of the silo mentality that often pervades public service bureaucracies. This generates confusion at the individual and group level regarding what they are trying to achieve and how this contributes to organisational goals. This gives rise to a "displacement of goals" (Merton, 1968, p.253) whereby the emphasis is on the means (programs) rather than the ends (outcomes and goal attainment) (Brokaw & Mullins, 2006). Ostensibly, whilst the individual and group level is important for high performing organisations, they should not be the sole focus. Rather, they comprise part of the broader system that must be managed in order to enable high performance government. With recognition of the role of individuals in this system this paper now focuses on aspects of the literature around the individual level of analysis.

8.0. High Performance Groups and Individuals

The literature on High Performance Groups and Individuals (HPGIs) provides the basis for the final part of this multi-level framework. Much of the attention on high

performance has been focused here, as mentioned previously. The literature on individual employees concentrates, firstly, on promoting the development of practices that encourage a positive relationship between individuals and the organisation. Secondly, the focus is on underperformance because anticipating, recognizing and actively managing poor performance provides an opportunity to encourage alternative behaviours. The HR literature in particular focuses upon practices that will influence individual behaviours, with areas of particular interest to this conceptual framework including job involvement, job satisfaction, employee empowerment, engagement and commitment. All of these reflect a view that employees who are actively involved with their organisation will be high performers.

Job involvement

Job involvement entails a cognitive and emotional identification by individual employees with their job (Cropanzano, Howes, Grandey & Toth, 1997; O'Driscoll & Randall, 1999). For highly involved employees, their jobs are connected with their identities, interests and life goals (Mudrack, 2004). Highly job involved employees are also likely to experience high levels of task identity, task significance and job autonomy (Chen & Chiu, 2009) and are more likely to exert extra efforts to ensure that organisational goals are achieved (Kahn, 1990). In addition, employees who possess high levels of job involvement are likely to reciprocate in the form of increased job satisfaction and empowerment; they are also likely to have high levels of affective commitment to the organisation, giving rise to increased extra role performance (Diefendorff, Brown, Kamin & Lord, 2002).

Job satisfaction

Job satisfaction represents a summary of employees' overall perceptions of their jobs (Mowday, Porter & Steers, 1982) and is influenced by employees' level of satisfaction with pay, promotion opportunities, benefits, supervision, job security, co-workers, and their intrinsic interest in their jobs. Meyer, Stanley and Herscovitch (2002) believe that "job satisfaction and affective commitment should both be considered when seeking to understand and manage employee behaviour" (p.38). When employees' experience a discrepancy between what they believed they were promised and what they received, they are likely to experience a decrease in job satisfaction (Robinson & Rousseau, 1994). The role of performance management is particularly important for minimising these discrepancies as, through the clear articulation of performance, behavioural and role expectations, employees and managers can optimise the possibility for these expectations being met. If there are discrepancies, however, these can be identified and addressed through holding ongoing informal performance discussions. This emphasises the need for mutuality in the performance management process.

Empowerment

Perceptions of empowerment, including perceptions of involvement in decision-making and adequate levels of autonomy over job tasks (Macey & Schneider, 2008), are an important part of an employees' perception of their role. In relation to managing performance, this includes employee participation in the establishment of work goals, particularly where there are concerns that performance targets are beyond the control of employees, or that performance expectations may ratchet-upwards from one performance cycle to the next (Marsden, 2004; O'Donnell & Shields, 2006). Employee empowerment emphasises the need for mutuality in performance management, which is critical for the attainment of high performance at the individual

level. This includes the mutual identification of: performance goals; expectations of both employees and managers for the achievement of these goals; developmental requirements and mutual accountability for managing performance. Where both employees and managers are actively involved in all aspects of the process, discrepancies between employee expectations and what they receive can be minimised, thus enhancing job satisfaction and improving performance.

Engagement

A central concern of high performing organisations is the promotion of effective employee engagement. Engagement involves employees displaying passion and commitment and expending discretionary effort on behalf of their organisation (Macey & Schneider, 2008). Engagement can be defined as a positive, work-related cognitive state characterized by vigour, dedication, and absorption. Vigour involves high levels of energy, resilience, and persistence. Dedication requires employees to be enthusiastic, highly involved and to take pride in their work. Absorption involves employees concentrating fully on the completion of work tasks, to the point that time at work passes quickly and employees find it difficult to disengage (Schaufeli, Salanova, Gonzalez-Roma & Bakker, 2002).

Demonstrations of engagement behaviours can be linked to employees' perceptions of organisational support (POS). Support provided by supervisors, assistance from work colleagues or organisational policies believed to be beneficial (such as flexible working hours and access to work/life policies) generate positive perceptions of organisational support (Rhoades & Eisenberger, 2002). In response, engaged employees are more likely to invest their energy, time or personal resources, trusting that they will be rewarded (intrinsically or extrinsically) in some meaningful way in the future. This expectation of reciprocity (Gouldner, 1960), involving a cycle of both the organisation and employees providing valued resources and undertaking beneficial acts that create strong obligations to reciprocate (Coyle-Shapiro & Kessler, 2002). Such social exchange relationships involve employees exchanging effort and loyalty for socio-emotional benefits (such as esteem and approval) and tangible resources (in the form of remuneration and benefits) (Eisenberger, Huntington, Hutchison & Sowa, 1986).

Employee engagement has also been linked to the provision of job resources. Research has found a positive relationship between engagement behaviours (vigour, dedication and absorption) and the provision of job resources (performance feedback, social support, and supervisory coaching) (Schaufeli & Bakker, 2004). Job resources "refer to those physical, psychological, social, or organizational aspects of the job that stimulate personal growth, learning and development" (Schaufeli & Bakker, 2004, p.296). Research suggests that work engagement is likely to increase following a cycle of the organisation providing improved job resources (social support from colleagues, autonomy, coaching, and feedback from supervisors) that enhances personal resources (optimism, self-efficacy, and enhanced resilience) over time (Bakker & Demerouti, 2008).

Organisational commitment

Organisational commitment has been well researched over the past three decades (Steijn & Leisink, 2006). High commitment has been associated with increased productivity and decreased withdrawal behaviours such as turnover and absenteeism (Baba & Knoop, 1987; Mowday et al., 1982); a variety of desirable work outcomes

including employee job satisfaction (Hackett, Degroote, Bycio & Hausdorf, 1994); reduced absenteeism (Gellatly, 1995) and turnover intentions (Mathieu & Zajac, 1990) and better organisational performance (Allen & Meyer, 1996; McElroy, 2001; Ostroff, 1992). Organisational commitment has three distinguishable components: affective, continuance and normative commitment (Reichers, 1985).

Affective commitment refers to an individual's attitude toward an organisation, consisting of emotional attachment, identification with, and involvement in, the organisation (Allen & Meyer, 1990). McElroy (2001) argues that affective commitment refers to employee identification with the goals of the organisation and may be based on a sense of shared values. A positive relationship between affective commitment and in-role performance has also been noted. Aselage and Eisenberger (2003) maintain that "employees who are well treated are more likely to become affectively committed to the organization, to exceed their explicitly required work responsibilities, and to respond flexibly to organizational problems and opportunities" (p.49). HRM techniques that provide employees with a sense of organisational justice are likely to enhance an employees' levels of affective commitment (Rupp & Cropanzano, 2002). The trust required for effective performance management only flourishes where high levels of trust exist between managers and employees (Foster, Parston & Smith, 2002); trust is, therefore, critical to the achievement of high performance as, without it, role and extra-role performance will be impeded.

However, not all high commitment will necessarily lead to high performance. Normative commitment relates to the obligation that an employee feels to remain with the organisation (Allen & Meyer, 1990). Employees with a strong normative commitment remain with an organisation because they feel they ought to (Meyer, Allen & Smith, 1993). Continuance commitment reflects an employee's pragmatic assessment of the costs and benefits of leaving or remaining with an organisation (Meyer & Allen, 1988), perceived lack of alternatives and the perception that much will be lost if the employee-target relationship is lost. Kanter (1968) defined continuance commitment as 'profit' associated with continued participation and 'cost' associated with leaving. Employees with strong continuance commitment stay because the costs of leaving exceed the benefits they currently receive, or they believe they have no alternative but to remain with the organisation (Meyer & Allen, 1984; 1991). Iverson and Buttigieg (1999) found that individuals displaying high continuance commitment were only more likely to leave if they perceived that there were attractive alternatives available. This finding is consistent with the understanding of how side-bets work. The term side-bet was first coined by Becker (1960) and refers to anything of value the individual has invested that would be lost if he or she was to leave the organisation (Meyer & Allen, 1984). The 'investment' is anything deemed valuable by the employee and can include tenure, money, training and effort (Becker, 1960). Employees with strong continuance commitment may be less motivated than other employees.

Becker et al. (1996) found that employees in many organisations distinguished between commitment to supervisor and commitment to the organisation. Reichers (1986) argued that top managers, supervisors and co-workers were generally important foci for employees (see also Chen et al., 2002). Becker et al. (1996) suggest that the reason for this is that norms regarding in role behaviours are often established by local foci such as the supervisor and workgroup, and that commitment to local foci should lead to an acceptance of performance norms. Acting as an agent for the

organisation, the supervisor often interacts with employees on a daily basis, enacting formal and informal procedures and is the provider of rewards to subordinates (Farh & Podsakoff, 1990). Indeed such is the importance of the role of the supervisor that Reichers (1986) suggested that employee commitment to the organisation largely represented commitment to line managerial goals and values.

Research suggests that the employee's ability to develop and maintain a relationship with their supervisor is critical to their experience of work role performance (see Graen & Cashman, 1975; Conway & Monks, 2009; Wayne & Ferris, 1990; Becker et al., 1996). Several studies have found significant relationships between commitment and supportive or caring treatment by the employees' supervisors, including supervisor feedback (Dunham, Grube & Castaneda, 1994) and supervisor support (Aryee, Chay & Chew, 1994). Eby et al. (1999) suggest that supervisors play a key role in encouraging and assisting individuals as they strive to attain meaningful goals. Meyer and Allen (1997) offer the explanation that beneficial treatment by supervisors should increase affective commitment by strengthening an employees' sense of belonging and identification with the organisation, which will lead to employees reciprocating with greater commitment and performance.

Clearly, in terms of developing a HPO it will be crucial to recognise the different forms of commitment and consider the different practices that will support affective commitment to both the organisation and the supervisor.

This paper integrates some of the concepts identified in the literature as characteristics of HPGIs in Table 7.

Characteristic	Description
Clear Purpose	Individuals understand the purpose of their role, their group role and their organisational direction and buy into all of these.
Motivational Goals	Individuals and teams have stretch goals which are challenging but achievable. These are often mutually determined.
Enhanced Processes	All those involved continually improve the way they work to develop the most effective and efficient processes and systems. This is in terms of both the task and the way they work with others.
Shared Accountability	All involved identify their part in achieving the goals and manage themselves and their reactions to other stakeholders in a way that recognises a shared accountability.
Complex and Diverse Skills	Each individual is highly skilled in terms of their role and continues to develop over time. To enhance delivery of common goals, individuals develop and enhance new skills.
Shared Leadership	Leadership is seen as a skill. Therefore, all those involved take ownership and lead as required.
Work Engagement	A positive, work-related state of mind characterised by vigour, dedication, and absorption. Vigour involves high levels of energy and mental resilience while working, whilst dedication refers to 'being strongly involved in one's work and experiencing a sense of significance, enthusiasm, and challenge' Absorption involves being focused and fully engaged in their work.
Affective Commitment	Employees feel attached to their work place and exceed their explicitly required work responsibilities, respond flexibly to organisational problems and opportunities. Employees work flexibly, undertake tasks that go beyond the minimum expectations of their position and work diligently to solve organisational problems.

Table 7: Characteristics of High Performance Groups/Individuals

Adapted from: (Aselage & Eisenberger, 2003; Bakker & Demerouti, 2008; Katzenbach & Smith, 1993; Meyer & Allen, 1988; Meyer, Stanley & Herscovitch, 2002; O'Flynn, Buick, Blackman & Halligan, 2011; Rupp & Cropanzano, 2002; Schaufeli & Bakker, 2004; Schaufeli et al., 2002; Shore & Barksdale, 1998).

What becomes clear is that the development of HPGIs is not a stand alone endeavour: effectiveness depends on the competencies and associated performance of managers.

Developing Line Managers Skills and Competencies

Leadership is critical to building a successful high-performance organisation (Porter, Pickering & Brokaw, 1995). Leadership is required not only from senior managers but from managers at all levels of the organisation, who are required to act consistently and in alignment with the organisation's strategic directions and values (Foster et al., 2002). Developing the competencies of line managers is also central to delivering high levels of performance. Line managers translate strategic directions into unit level goals and are increasingly expected to coach, mentor and motivate employees to achieve these objectives (Holbeche, 2003). Line managers also require support and motivation from more senior managers to perform these tasks effectively. They require training and development to ensure that they can communicate performance expectations competently. Foster et al. (2002) recommend that organisations regularly review the people management skills of their middle managers and, where needed, ensure they have the support to enable them to: communicate team and individual goals; provide regular and constructive upwards and downwards feedback; utilise

formal and informal recognition rewards including, praise, letters of thanks and small discretionary bonuses.

Such managerial competencies include the ability to establish clear goals and to provide employees with regular and constructive feedback on their job performance. Effective performance management systems enable individuals and teams to identify a clear 'line of sight' between their contributions and the organisation's goals and objectives. Goal-setting research encourages the establishment of goals that are clear and specific, challenging but attainable ('stretch goals'), accompanied by feedback on task performance that is positively received by employees (Locke & Latham, 1990). Employee consultation is an important element of the process of establishing performance expectations, which will minimise the potential for performance goals that are beyond the control of individual employees (and thus possibly unachievable), or for the establishment of goals that cannot be accurately measured (Milkovich & Wigdor, 1991). In addition, Vroom's expectancy theory of employee motivation suggests that employees need to believe that the rewards on offer are attractive and that they have the knowledge, skills, abilities and equipment necessary to achieve the goals prior to undertaking the level of performance expected of them (Vroom, 1964).

Reviewing job design represents a further criterion for successfully motivating work performance and encouraging work engagement. Much of the research in this area focuses on the provision of job enrichment. Following on from Herzberg's two factor theory of job motivators and hygiene factors, much of the empirical research has focused on exploring the validity of the job characteristics model (Hackman & Oldham, 1980). This model suggests that meaningful jobs are those containing skill variety, task identity (the completion of a whole job from beginning to end), and task significance (the contribution of the job to the achievement of strategic goals). Further elements of the job characteristics model include providing employees with autonomy over the completion of work tasks and feedback on progress with these tasks. A range of studies have supported the validity of this model as a powerful means of enhancing employees' work motivation (Fried & Ferris, 1987). While the model provides a useful emphasis on the importance of ensuring that employees' jobs are meaningful and enriched, it has been criticised for underestimating the influence of interpersonal relations at work for enhancing motivation (Grant & Parker, 2009). This highlights the importance of improving line managers' communications skills, particularly in the area of giving and receiving feedback.

The development of line managers' skills in giving and receiving feedback is critical because of its potential to improve an employees' behaviour and work attitudes:

Feedback is a crucial stimulus that affects motivation and performance because behaviour that is rewarded (eliciting positive feedback) tends to be repeated, while behaviour that is not rewarded (eliciting negative, limited, or no feedback) tends not to be repeated (Gomez-Mejia, 1990, p.21).

However, supervisors may lack the necessary communication or interpersonal skills to discuss employee work performance in a constructive manner. Supervisors may also experience considerable time pressures that can constrain the time they have available to undertake detailed appraisals, resulting in performance feedback being merely a brief discussion. Supervisors may be reluctant to: provide negative feedback

during performance interviews; inform employees of deficiencies in their performance; or they may be unable to do so in a constructive manner. As a result, problems with performance are likely to go unresolved. For appraisal and feedback to improve work performance, any concerns need to be raised with employees as they arise. This requires supervisors to possess highly developed skills in conflict resolution and negotiation (Gomez-Mejia, 1990).

What is identified here is that there is a link between human resource practices and individual performance. Table 8 shows that, whilst the HPWPs map well with the characteristics of HPGIs, the challenge of designing effective performance management approaches still remains, which has driven the development of this multi-level framework.

High Performance Work Practices	High Performance Governance System	High Performance Organisation	High Performance Groups and Individuals
Job Design		<ul style="list-style-type: none"> • Adaptable • Vertical and horizontal system alignment 	<ul style="list-style-type: none"> • Clear purpose • Enhanced processes • Accountability • Shared leadership
Recruitment and Selection		<ul style="list-style-type: none"> • Capabilities and competences 	<ul style="list-style-type: none"> • Complex and diverse skills and competencies • Shared leadership
Staff Development & Training	<ul style="list-style-type: none"> • Inter-organisational and meta-leadership 	<ul style="list-style-type: none"> • Outcome and citizen oriented • Capabilities and competences • Adaptable 	<ul style="list-style-type: none"> • Accountability • Complex and diverse skills and competencies • Shared Leadership
Performance Management		<ul style="list-style-type: none"> • Capabilities and competences 	<ul style="list-style-type: none"> • Clear purpose • Motivational Goal • Enhanced processes • Complex and diverse skills and competencies • Affective Commitment
Rewards		<ul style="list-style-type: none"> • High Employee engagement • Continuous improvement 	<ul style="list-style-type: none"> • Enhanced processes • Complex and diverse skills and competencies
High Involvement Work Practices		<ul style="list-style-type: none"> • Cooperative • High Employee engagement • Walking the talk 	<ul style="list-style-type: none"> • Motivational goals • Shared accountability • Complex and diverse skills and competencies • Shared leadership

Table 8: Possible matching of High Performance Work Practices and characteristics of a High Performance Governance System, High Performance Organisation and High Performance Groups and Individuals

Figure 5 depicts the current view of HPGIs. However, it should be noted that we have added competencies more overtly to this depiction. Competencies were implicit in the existing literature, but there is a clear need to differentiate between the types and levels of skills and this is the first indicator of it in the conceptual framework. It should also be noted, as with Figure 4, that this level should be where the aspiration for a ‘high performance culture’ should be focused (depicted in Figure 5 as ‘High Performance Cultural Boundary’).

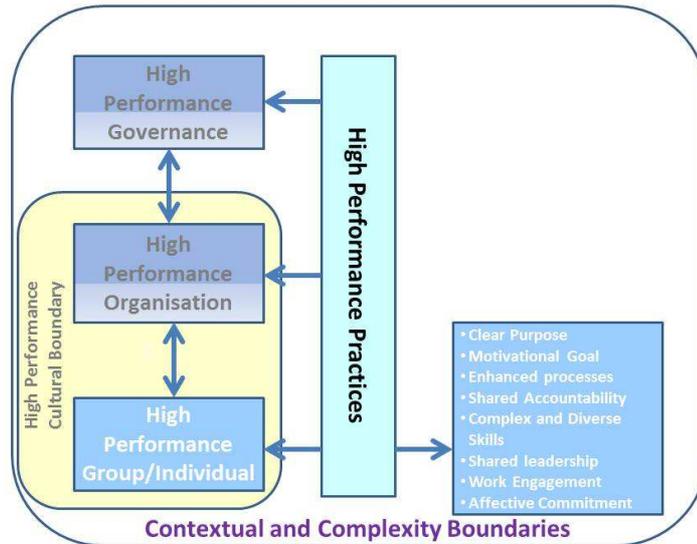


Figure 5: High Performance Groups/Individuals

What becomes clear is that there is no shortage of research around these ideas. Nevertheless, there is a continued problem with performance management. We argue that this is, in part, because of the lack of integration, combined with managers not having the capacity or the support they need (ANAO, 2004; Performance Management Network, 2012) to actually implement the practices effectively. It is not about introducing more complex practices, but about the way the practices are implemented.

9.0. A Strategic Approach to Performance Management

This paper identifies four key areas that are currently lacking or insufficiently addressed in current performance management approaches: adaptability to context; mutuality; an understanding of the important role of organisational competences and dynamic capabilities for high performance and performance management capacity. The ideas of adaptability and mutuality have previously been discussed, with the focus in this paper now turning to the concepts of competences, dynamic capabilities and management capacity.

Competences and dynamic capabilities

Although the HPO characteristics discussed in the literature claim to include capabilities and competences, a closer study of the literature reveals that often what is written is actually about individual competencies, skills and capacity rather than organisational factors. The implications of this confusion have not been adequately addressed in either the HPO or the performance management literature. In this paper we use key concepts from the strategic management literature to make these connections and build a more robust, and strategically focused, conceptual framework for performance management in the APS. Much of the existing work in this area has been focused on private firms; however, there has been a strong tradition of adapting this to public sector organisations (with the caveat that organisations in the public sector are rarely interested in competitive advantage). Rather they “exist to meet the needs of particular client groups rather than achieve profits ... strategic approaches in the public sector typically focus on ways to maximize organizational performance”

(Pablo, Reay, Dewald & Casebeer, 2007, p.687). We have built three key concepts into the conceptual framework:

- *Competences*: *competencies* are individual skills, attributes and knowledge. Often performance management approaches are dominantly focused on the individual level. However, it is arguable that the focus on individuals alone will not automatically result in high organisational performance. To achieve high performance at the organisational level, organisations need to ensure the efforts of groups and individuals are coordinated and aligned with the goals of the organisation (Gephart & Van Buren, 1996). To achieve this, organisations need to be aware of the *competences* they require. Competences are clusters of specific assets which enable organisations to do distinctive things (Prahalad & Hamel, 1990). They are not related to individuals; instead, they are embedded in groups and systems through complementary skills and knowledge. Competences are a means of understanding how the resources of an organisation are brought together with its systems and leveraged to enhance performance; they may be process-based, related to technical know-how or built around relationships. Some good examples are speed, consistency or innovation, but organisations can also develop competences in marketing, strategy, or leadership (Jacobides, 2006). An organisation will need to determine its required competences to deliver value.
- *Capabilities* are bundles of assets developed within an organisation (see Barney, 1991). Private firms develop them for competitive advantage, whilst public sector organisations have focused on how these bundles are configured to drive performance improvement (Pablo et al., 2007). Capabilities to learn, or to be entrepreneurial are some good examples (Jacobides, 2006).
- *Dynamic capabilities* are the routines, structures and processes which support the productive activity of organisations and/or enable them to adapt and change (see Teece et al., 1997; Eisenhardt & Martin 2000), and they build on competences and capabilities. They have been described as an ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments (Pablo et al., 2007) or the “tools that manipulate resource configurations” (Eisenhardt & Martin, 2000, p.1118). Various specific assets (i.e. competences or capabilities) feed into dynamic capabilities, for example, technological assets, financial assets, reputational assets or structural assets. The management processes and systems that underpin dynamic capabilities have three roles (see Teece et al., 1997). The first is coordination within the organisation and integration with external parties. How effectively and efficiently this is done can be a source of competitive advantage/enhanced performance with good examples being production systems, technological integration or corporate culture, which they describe as a “*de facto* [corporate] governance system ... [that] economizes on more formal administrative methods” (Teece et al., 1997, p.520). This tells us that structure and culture are important: “the formal and informal structure of organizations and their external linkages have an important bearing on the rate and direction of innovation, and how competences and capabilities co-evolve” (Teece et al., 1997, p.521). Indeed, over time such organisational arrangements can emerge as capabilities in and of themselves. In most cases the strategic leveraging of dynamic capabilities requires a recognition and operationalisation of *existing* internal strengths rather than building new ones; the key challenge being how to identify, encourage and manage them (Pablo et

al., 2007). The second role of the management processes and systems that underpin dynamic capabilities is learning which enables, over time, tasks to be done either better, more quickly, or both. The third is reconfiguration and transformation, which is essentially an ability to sense the need to change. This is a learned capacity, although one helped by decentralisation and local autonomy. It is also one which relies on: environmental scanning; an evaluation of markets and competitors (not so important for all organisations) and to effect these reconfigurations in a timely manner. Much of the work in this area stresses the need for distinctive and non-imitable capabilities. However, there is also compelling evidence that dynamic capabilities exhibit common characteristics across various organisations in areas such as managing organisations and interpersonal relations – “commonalities in key features, idiosyncrasy in details” (Eisenhardt & Martin, 2000, p.1108). This points us to an ability to design a common framework with customisation at the organisational level – a contingency approach. For the purposes of this research, it is not that important that they deliver competitive advantage, but rather, how these structures, processes and routines enable the organisation to perform, achieve its mission, and change over time.

Dynamic capabilities are enabled or catalysed by different factors. In their study of the Calgary Health Region and reform of primary health care, Pablo et al. (2007) identified boundary-spanning linkages, cross-functional teams, leadership and trust as being important enablers which provided “the link, or catalyst, between the exogenous shock of environmental change and the internal adaptability shepherded by the organization’s dynamic capabilities” (p.691). They also noted that the strategic use of dynamic capabilities rested on a recognition of, and drawing on, existing internal strengths rather than necessarily building new ones. The challenge came in “... identifying, encouraging and managing them” (Pablo et al., 2007, p.702), which prompted them to highlight the importance of leaders in enabling and managing capabilities.

Capacity, competences and capabilities are, in our view, interrelated. This approach brings together skills, knowledge, routines, processes and structures to enable organisations to operate effectively, to enhance performance, and to reconfigure, adapt, or transform as deemed necessary by their operating environment. Of course the *specific* sets of skills, the expert knowledge, the actual routines, processes and structures will be contingent on the activities undertaken and the nature of relationships. This approach emphasises the role of the individual and the organisation, with the enabling environment also playing a critical role in effectiveness. In this conceptual framework we seek to integrate the issues relevant to influencing the enabling environment as well as focusing on understanding the role of dynamic capabilities (at the organisational level) as drivers for effective performance management. Effective performance management is critical for aligning these factors together: “Designed well, they [performance management systems] should make it clear to individuals how their work ties to the broader organizational goals and activities, they should set out clear expectations of behaviour and then bestow rewards for achieving this” (Alford & O’Flynn, 2012, pp.244-245). Therefore, performance management approaches must reflect the emphasis on both competencies and

dynamic capabilities in order to enable high performance government and organisations.

These concepts are missing from the existing performance management and HPO literatures. This means that such ideas have rarely been picked up in the practitioner literature, or where they have been mentioned, not in a way that reflects their use in the strategic management literature. These concepts help bridge parts of the high performance government framework proposed and assist in understanding the linkages between the governance, organisation, and group/individual levels. They will also provide a strong conceptual basis for designing a practical performance framework that recognises the distinctiveness of the diverse range of organisations that make up the APS and their specific strengths, whilst designing a system-level framework to support the aspiration for high performance government.

Performance management capacity

Performance management capacity is the ability of *all* managers and employees, at all hierarchical levels, within an organisation to undertake performance management effectively. When performance management capacity is evident, both managers and employees actively engage in, and are accountable for, the process and outcomes of performance management (mutual accountability), take ownership over the process (mutual obligation) and perceive performance management in positive terms. Perceiving performance management in positive terms means it is considered to be a mutually beneficial process, with both managers and employees seeing the value associated with investing time and energy into the process. We have identified that one of the significant barriers to effective performance management is the capacity of all those involved to engage in performance management.

For the individual employee, it is often the belief that performance management is done *to* them, rather than *with* them. Many individuals are unable to approach performance management in a way that leads to the necessary mutuality. This results in the tendency for a reactive rather than proactive approach being adopted in practice.

Management capacity can be defined as the ability to identify what competences and dynamic capabilities are required for the achievement of organisational goals (the transference of strategic goals to competences that drive performance), and utilisation of these to achieve goals. According to Ingraham and Donahue (2000), management capacity is concerned with “the extent to which a government has the right resources in the right place at the right time” (p.293). It depends on the configuration of, and interrelationships between, subsystems that underpin the ability of organisations and governments to achieve goals. It also depends on the extent to which these subsystems are integrated (Ingraham & Donahue, 2000). Therefore, it is arguable that the ability of organisations to achieve their goals and contribute to the performance of government relies on the ability of organisations to configure and integrate HPWPs targeted at developing the competences necessary for goal attainment.

Currently there is a gap in the practitioner literature; survey findings also question the capacity of managers to undertake performance management effectively. Thus, this research will explore the agency-level capabilities required to undertake performance

management effectively and the need for an agency-level strategy for performance management.

At the governance level, the role of senior leadership in orchestrating performance management as a core element of what they do is frequently an unrecognised one. Hence an important part of this framework is the identification of not only the practices that will be required, but recognition of the levels they need to be addressed at and, therefore, where responsibility needs to reside.

10.0. Conclusion

This research paper considers the current literature on high performance and links it to other theoretical literatures to clarify the weaknesses in the current conceptualisations. In the paper, three major issues have been identified:

1. The need to develop a multi-level framework that includes High Performance Governance to capture system-level design principles;
2. The lack of a strategic focus on performance management and the failure to incorporate key notions such as competences, dynamic capabilities and management capacity at the organisational level;
3. The lack of fit between the practices currently utilised and those required for effective management of high performance.

Figure 6 brings together the issues identified in this paper and outlines the conceptual framework proposed to guide this research.

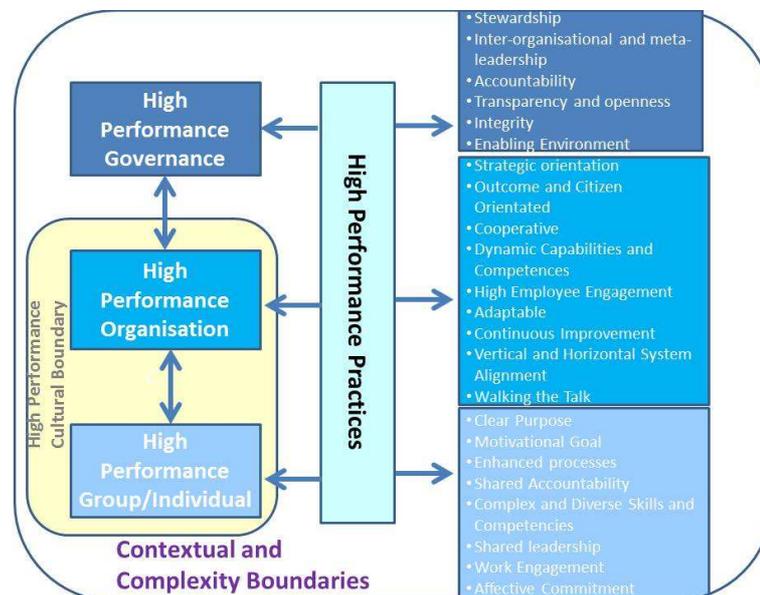


Figure 6: A model of High Performance Government

This model represents a major advancement in the understanding of High Performance and provides a conceptually and practically robust foundation for the ‘Strengthening the Performance Framework’ research. It also provides a means to develop an innovative, multi-level strategic framework for meeting the needs of the APS. The model will act as a guide for the data collection and analysis enabling: recognition of how many levels are currently being used and/or understood, the

determination of whether current practices are addressing more than one level of performance and the design of new approaches from this knowledge.

This research paper provides the conceptual framework which will underpin the following stages of the research project. These stages are:

- To identify effective practice globally in order to update the framework if required and to support the framework where appropriate. This research will involve gathering data related to high performance, performance management approaches and processes for managing underperformance, focusing on current global trends and reasons for the implementation of change in these areas.
- To identify case studies of effective and not so effective performance management within the APS, looking for patterns that would explain the differences across these cases. This step will involve utilising both primary and secondary data sources, and undertaking empirical research in case study organisations.
- To compare the case study findings with the conceptual framework in order to identify whether addressing the gaps currently identified (i.e. adaptability, mutuality, competences, dynamic capabilities and management capacity) will lead to more effective performance management. This step will involve both primary and secondary data sources through mapping both State of the Service Report (SoSR) and empirical data to the conceptual framework.
- To develop a framework for a high performance government which organisations can adopt to support the implementation of new ways of managing performance.
- To provide input into the Strategic Centre for Leadership, Learning and Development in order to develop appropriate management and leadership programs to enable high performance.

In developing a framework based on in-depth conceptual and empirical research, this framework will address the factors identified by APS employees as impediments to improving their performance (see section 3.0). This will be achieved through encouraging an emphasis on adaptability, competences, dynamic capabilities and management capacity at the organisational level, and capabilities and competencies at the work group and individual level. This framework will also aid the development of the desired performance culture at the group and organisational levels, according to the performance requirements at these levels.

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