



# Managing strategic change in public sector

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## Abstract

Public sector organizations worldwide are under pressure to increase efficiency while delivering improved and integrated services. The public sector remains a central vehicle for delivering development for both developed and developing countries; within a framework crafted to realize economic and allocative efficiency; equity, justice, fairness; security; competitiveness and contestability. The system should also guarantee sustainability of service even in competitive markets; mitigate against potential failure of privatised services while reducing transaction costs. The Structural Adjustment Programmes (SAPs) and the New Public Management (NPM) programmes designed to deliver on these objectives have realised mixed outcomes, in particular those that still maintain hierarchical structures of service delivery. Governance and diffusion of political power in particular remain the critical pillars for effecting change in developing countries public sectors. Change is inevitable and it is a continuous process. It determines the long-term direction and performance of the organization by ensuring that careful formulation, effective implementation and continuous evaluation of strategy take place, to ensure access, affordability and equity. This paper presents the different strategies of implementing strategic changes in public sector, drawing on SAPs and NPM strategies and lessons thereof. Change is based on the assumptions made; and can be Top-down, Transformational or Strategic. Changes can also be incremental or big bang, with response mechanisms either adapt or evolve in case change is incremental or undergo reconstruction or revolution in the event the change is substantial. A number of mechanisms have been employed in effecting strategic change in the public sector in Africa since the structural reforms of the 80s. Central to the change process are the level of stakeholder (beneficiaries, providers, funders) involvement and participation, Marketization, regulation and political control, differentiated service delivery levels, shared corporate management and authority, costs and responsibilities, competition and benchmarking, new modalities of service delivery. In any event no one size strategy fits all public sector changes. Different countries apply the structures differently depending on their unique circumstances. The guiding principles for process change in change management are centred on politics, systems, coalitions, culture and communication. But Politics and culture remain critical to any strategic change in public sector. Leadership, coalitions on need for change, stakeholder involvement, levels of accountability and application of technology are central in delivery of public service. To remain viable, efficient and effective in responding to the dynamic needs of the citizens, it has to embrace strategies that can enhance improved productivity and the quality of services delivered. Towards this end, a number of strategies to enhance public sector performance are proffered for adaptation by African governments. Kenya since the 80s had embraced political, economic and social strategic changes influencing public sector service delivery. The defining moments of strategic public sector delivery mechanisms relate to Liberalization and privatisation anchored on Sessional Paper No1 of 1986, on Economic Management for Renewed Growth. The biggest achievement of the amendment of the constitution in 1991 not only democratized the political field but more importantly the entrenchment of a fixed 2-term presidency, freedom of information, independence of the judiciary; separation of powers of the different arms of government and the prominence given to the citizens, civil society in demanding for accountability. The constitutional provisions of Rights and obligations, equity, political representation, freedom of information including the vetting processes of appointments and accountability measures will go a long way in consolidating benefits of accountability. Technology facilitated service delivery in light of the globalizing social, economic and cultural aspects of life call for E-government service delivery for timely action in a fast moving environment.

**Keywords:** Marketisation, Commercialisation, Politics, Culture, Efficiency, Globalisation. Competitiveness, Governance, Accountability, E-service.

## INTRODUCTION

### Background

Public sector organizations worldwide are under pressure to increase efficiency while delivering improved and integrated services (Crawford L., Costello K., Pollack J., Bentley L., 1998). The public remains a central vehicle for development for both developed and developing countries (Crawford L., Costello K., Pollack J., Bentley L., 1998). This is achieved within a framework to realize economic and allocative efficiency; equity, justice, fairness; security; competitiveness and contestability; guaranteed sustainability of service where public interest criteria prevails, even in competitive market; mitigate against potential failure of privatised services; reducing transaction costs among others.

Most of the public sector reform programmes that have taken place in developing countries during the last two decades were introduced as part of the Structural Adjustment Programmes (SAPs) of the World Bank in the 1980s. However, most of the more recent reforms, under the influence of the New Public Management (NPM), have been driven by a combination of economic, social, political and technological factors, which have triggered the quest for efficiency and for ways to cut the cost of delivering public services. Additional factors, particularly for Africa, include lending conditionalities and the increasing emphasis on good Governance (ECA, 2003)- ineffective and inefficient. The focus of the NPM movement therefore, was on creating institutional and organizational contexts which are to mirror what is seen as critical aspects of private sector modes of organizing and managing (ECA, 2003).

The public sector in the developing countries in particular is the framework for implementation of development goals and objectives (ECA, 2003; IEG, 1999; World Bank, 2006). The business of development is about change. Consequently, the quests for public sector strategic changes in the developing countries are anchored on economic, social, political and technological factors whose impact is assumed to be positive on development. Given the ever changing environment within which public services are provided, public sector management is in continuous motion to cope with the changes. The strategic adaptations to the changing environment are done through *organizational Transformations*: initiatives involving large-scale, planned, strategic, and administrative change (Abramson and Lawrence 2001; Kotter 1995). Substantive public sector reforms (PSR) of the African public sector architectures carried out since the 80s with the hope transforming the economies of the nations. The African countries took special loans to carry out reforms on public financial management, administrative and civil service, revenue administration, and anticorruption and transparency (IEG, 1999.)

The developing countries public sector architectures have evolved over time (ECA, 2003) starting with the structures inherited from colonial masters at independence, in which the public sector dimensions were wider and deeper taking into account national capacities and capabilities for the delivery of development. The post colonial public sector then engaged in production, commerce, and service delivery with the hope of dispensing social justice (ECA, 2003). The intent was to distribute wealth under autocratic one-party political systems. The net result was personification of the state in the presidency with the eventual mortgaging of the state resources at the expense of crippled legislature and judiciary services (ECA, 2003). Citizenry disenchantment resulted in conflicts with military dictatorships takeovers that performed worse than autocratic dictators. This created the need for regime change, preferably democratic and market based, consistent with the anticipated delivery of development (ECA, 2003).

The traditional model of organization and delivery of public services, based on the principles of bureaucratic hierarchy, planning and centralization, direct control and self-sufficiency, is being replaced by a market-based public service management or enterprise culture (ECA, 2003). The NPM reforms of 21<sup>st</sup> century on the other hand focus on restructuring institutional structures to mirror the private sector delivery mechanisms, of cost/profit centres; in which performance indicators form the basis of enforcement. Concurrently, global commitments- [Millenium Development goals (MDGs), HIV/AIDS, environment, Human rights)] and the need for internationalization of development prospects through facilitation of the private sector underscored the need for strategic changes in public sector for the majority of African governments. Consequently, the pan-African approach to the design of reform proposals of the public sector aligned to the needs of the continent. Public sector reforms in developed economies address a different spectrum from those of the developing countries on account of the differences in levels of development. However others are cross cutting.

The public sector reforms of the 80s and 90s spearheaded by the Bretton Woods, under Structural Adjustment Programme (SAPs), focused on cost containment and efficiency of service delivery (World Bank, 2003.) through privatization and decentralization aimed at liberalization, deregulation and democratization (SAP. 2003). Institutional development for improved public management systems anchored on technical specifications of lending instruments unrelated to the environment of recipient countries have largely been ineffective (World Bank, 2002). In spite of the

consistent public sector reforms, results are mixed. While the economic sector demonstrated positive gains, the social sector with introduction of user fees performed dismally, with service uptake declining.

The new century has been marked by a generalized sense that traditional work arrangements are inadequate to address the challenges organizations, in particular the public sector encounter today. The shifts from an industrial to an information-based society and from a manufacturing to a service economy, compounded by the forces of globalization, have propelled revolutionary changes on work place arrangements. Successful organizations remain in the “learning” mode in order to cope with change (UNDP, 2006).

This paper is divided into eight chapters. Chapter One on introduction covers background, definitions, statement of problem, objectives, justification and methodology. Chapter Two on framework describes the conceptual and theoretical framework; modules, past empirical evidence and mechanisms for managing strategic change in public sector. Chapter three on public sector management situates change process in public sector structures and core functions. Chapter four on drivers/determinants of strategic change is followed by factors hindering strategic change in chapter Five. Chapter Six responds on coping mechanisms while chapter Seven highlights Kenya’s defining strategic changes in public sector management. Chapter Eight on summary, conclusion and recommendations also brings out the limitations of the paper.

## Definitions

Change management is a systematic approach to dealing with change, both from the perspective of an organization and on the individual level. External events may also necessitate organizational change. Change management has at least three different aspects- that is, adapting to change, controlling change, and effecting change.

For an organization, change management means defining and implementing procedures and/or technologies to deal with changes in the business environment and to profit from changing opportunities. ([www.changemanagement.com/tutorial-adkar-overview.htm](http://www.changemanagement.com/tutorial-adkar-overview.htm))

Successful adaptation to change is as crucial within an organization as it is in the natural world in which the dynamic changing conditions some of which are out of the control of the organization. The more effectively change is dealt with, the more likely to thrive. Adaptation might involve establishing a structured methodology for responding to changes in the business environment or establishing coping mechanisms for responding to changes in the workplace such as new policies, or technologies. According to Terry Paulson, "It's easiest to ride a horse in the direction it is going." In other words, don't struggle against change; learn to use it to your advantage. In this regard, no public sector exists in isolation. In a computer system environment, change management refers to a systematic approach to keeping track of the details of the system (for example, what operating system release is running on each computer and which fixes have been applied). Change has been defined differently depending on focus- the response to changes over which an organization exercises little or no control (e.g., a rapid rise in the price of oil, devaluation of the national currency, civil unrest, new legislation, and so on). Change generally defined as a significant disruption in established patterns of behaviour and/or expectations (David K., Carr et al 1996).

“change management” is that the term refers to the task of managing change.

“managing change” refers to making changes in a planned and managed or systematic fashion;

“learning organization”, one capable of continuous adaptation to the changing external environment.

Organizational change is a process of moving from one fixed state to another through a series of predictable and preplanned steps (Burnes B., 1996).

“Change management is a structural approach to shifting/transitioning individuals, teams and organizations from a current state to a desired future state.” Wikipedia – <http://en.wikipedia.org>.

## Strategic management

Is a process by which top management determines the long-term direction and performance of the organization by ensuring that careful formulation, effective implementation and continuous evaluation of strategy take place.

It’s therefore the process of coordinating and integrating the management functions in an organized manner in order to achieve organizational goals and objectives.

## **Strategic Management**

Is concerned with complexity arising out of ambiguous and non-routine situations with organization-wide rather than operation-specific implication:

A systematic approach to a major and increasingly important responsibility of general management to position and relate the firm to its environment in a way which will assure its continued success and make it secure from surprises (Ansoff, 1990).

The decision process that aligns the organization's internal capability with the opportunities and threats it faces in its environment (Rowe et al., 1994).

"Strategic Management can simply be defined as planning for effective allocation of the organizations scarce resources and efficient utilization of those resources with the aim of achieving organization's vision or future intended dream". Johnson and Scholes, 1993) Exploring Corporate Strategy

Public administration is the lawful exercise of discretion by public administrators within a structure of governance (Scott 1998), that is, a constitutionally appropriate formalization of managerial discretion intended to enable government to affect the will of the people. Public management is a craft of skilled civil servants....as an institution of constitutional governance (Weimer, 1995).

One meaning of "managing change" refers to making changes in a planned and managed or systematic fashion. External events may also necessitate organizational change.

Public sector- the part of the national economy controlled by government or quasi-government institutions In production or service delivery.

## **Statement of Problem**

Modalities and mechanisms of managing strategic change towards best practice and facilitate access to quality products and services in the public sector with special focus in developing countries.

## **General Objective**

### **Specific Objective**

Scope for the appropriate conceptual and theoretical frameworks for managing strategic change in the public sector.

Identify drivers and strategies for coping with change.

Mechanisms for delivery of strategic change.

Defining strategic changes in Kenyan public service.

## **Research Questions**

What are the sources and drivers of change in public sector?

What are the processes of managing strategic change in public sector?

What factors hinder implementation of change in the public sector?

Plausible Strategies for coping with change in the public sector?

How has Kenya coped with managing key strategic changes in the public sector

## **Scope**

The scope of the seminar paper is to review text books, research papers, and international and government papers on public sector reforms with regard to managing change in developing countries, with illustrative cases of Kenya. In particular, the change management systems post colonial era encompassing the SAPs Of 80s and 90s, NPM and the emerging information society doctrines within the framework of globalization and democratization in the legislature, judiciary and the executive and local government.

## **Justifications for formal management of strategic change in the public sector**

Public sector is the largest sector of the economy in developing economies (ECA, 2003). Scholars have shown empirical association between trade liberalization, character of government expenditure and the size of its government sector and productivity (Rodrik, 1996; Aschauer D.A, 1989). This association holds for a large cross-section of countries, in low- as well as high-income samples, and is robust to the inclusion of a wide range of controls (Rodrik 1996).

Competition, pressures to reduce the production role of the State, and taxpayer demands for higher efficiency and cost-effectiveness mark the new work place realities (ECA, 2003).

Besides, traditional civil service systems, implemented to address issues of equity, transparency, accountability and rationality in public employment, are viewed by many as a source of inefficiency, and as an obstacle to attaining the very flexibility required for organizational adaptation. Second, some argue that many systems have fallen short of the expectation that they would address problems of social exclusion, political favoritism and lack of social representativeness in public service (Ospina, 1996a). While there is no consensus around these claims, there is a generalized call for reforming employment institutions to ensure they accomplish their role in a democratic society (Klinger and Lynn, 1997; Kettl, Ingraham, Sanders and Horner, 1996).

Consequently, governments should concentrate their efforts less on direct intervention and more on enabling others to be productive (World Bank, 1989:5) by providing “core” functions such as safeguarding law and order; protecting property rights; managing the macro-economy to promote and regulate the market; providing basic social services and infrastructure; and protecting the vulnerable and destitute.

## **METHODOLOGY**

The methodology of the research paper consisted of literature review of research papers, conference materials, text books and specific Kenyan experiences of public sector strategic changes since independence. In addition I shall also draw from my experience having been among the key technocrats facilitating the change processes under SAP and NPM in the Kenyan public sector.

## **FRAMEWORK FOR MANAGING CHANGE IN PUBLIC SECTOR**

### **Conceptual Framework**

The prevalence of governance challenges across Africa underpinned the public sector reforms. The World Bank identified four factors namely- lack of accountability, financial management, non-performing judicial systems, information access (World Bank, 1989, 1992). The causes of such challenges being occasioned by exercise of unlimited power of key political actors; systemic clientelism; misuse of State resources and institutionalized corruption; opaque government; the breakdown of the public realm; the lack of delegation of power and the withdrawal of the masses from governance (Hyden, 1992 and 2000; Bratton and van de Walle, 1992). The solutions to these myriad of challenges point to public management reforms; creating opportunities for wider stakeholder participation, market based principles similar to those pertaining in the private sector and performance management (Hood, 1991), enunciated in the New Public Management (NPM) (Stuart J. 1999); enhancing efficiency through competition, disaggregated and decentralized, standards and performance measures; decentralization of powers (Hood, 1991).

Access to affordable quality services are cardinal to changes that take place from time to time. Environment, technology developments, market conditions, globalization and internalization; values and ethics; and management play central roles in managing strategic change in the public sector. Constitutional rights worldwide bequeath a number of basic rights to humanity. In the majority of cases these rights are the obligation of the state. In the cases where alternative mechanisms outside the state provide these rights, are regulated through state machinery to ensure quality service.

Private sector management styles are envisaged in a highly competitive global environment. Consequently governance tenets with regard to rule of law, administration of political power, misuse of state resources, and administration, (Hyden, 1992 and 2000, Bratton and van de Walle, 1992; Armenakis, Harris, and Feild 1999; Burke 2002; Judson 1991; Kotter 1995, 1996; Yukl 2002 Abramson and Lawrence 2001; Borins 2000; Doig and Hargrove 1990; Hennessey 1998; Kemp, Funk, and Eadie 1993).

Increasingly, responsiveness to customer needs in public management, reliable judicial systems to enforce governance in all spheres of service delivery are receiving emphasis (World Bank, 1989, 1992). The Bank, in its well-known report titled *Governance and Development* (The World Bank, 1991a) defined governance as “the manner in which power is exercised in the management of a country's economic and social resources.” The generated public sector reforms themes are based on ideas of market, competition, contracting, transparency and emphasis on incentive structures as a way of giving more “choice” and “voice” to service users and promoting efficiency in public service delivery. The principles underwriting the African public service (ECA, 2003) include Equality, Neutrality, Legality and Continuity. Public sector changes are assumed to be linear progression, additive and successive incremental change. The public sector adapts to changing environment through continuous learning process. With the globalizing competitive environment, the public sector is increasingly adapting to private sector management style. In other situations, shared practices across the CSO, private sector are the preferred modes of management.

The alternative vision, based on issues of efficiency, representation, participation and accountability, has sought to create a market-friendly, liberalized, lean, decentralized, customer-oriented, managerial and democratic State (ECA, 2003). Adoption of NPM similar to the OECD doctrines of the 70s countries from the late 1970s (Hood, 1991; Pollitt, 1993; Ridley, 1996) will go a long in improving public service delivery.

Consequently, governments should concentrate their efforts less on direct intervention and more on enabling others to be productive (World Bank, 1989:5) by providing “core” functions such as safeguarding law and order; protecting property rights; managing the macro-economy to promote and regulate the market; providing basic social services and infrastructure; and protecting the vulnerable and destitute.

“Re-engineering” (Hope, 2002) or “invigorating” (Klitgaard, 1997) public institutions is required. To do this, a variety of NPM-inspired measures are used, including the refocusing of public-sector functions through staff reductions and changes in budgetary allocations; restructuring of public organizations through the reorganization of ministries; decentralizing, delinking or ‘hiving off’ central government functions to local governments or the private sector; emphasis on private sector styles of management practice; marketization and introduction of competition in service provision; explicit standards and measures of performance; greater transparency; pay reform; and emphasis on outputs (Therkildsen, 2001). Other considerations to increase the current low public participation in running public affairs (Olowu, 1999; Therkildsen, 2001) include adaptations of the cultural dimensions, political ideologies.

## Theoretical Framework

The theoretical frameworks of organization structures which influence modalities of decision making in change management are anchored on political decisions which in part reflect role of the different stakeholders, diffusion of power and expected outcomes and impact, cultural perspectives. Accountability, legitimacy, power relations, and trust in government organizations are fundamentally political issues (Perry, 2005).

The service is over extended requiring pruning, refocusing and re-engineering of the state is required for delivery of quality service at least cost (ECA, 2003). In addition, the cost of public service delivery determines the size, and the public service mechanisms and modalities of service delivery (Larbi, 1999; Makumbe, 1997:21).

Depending on the nature of change, either incremental or big bang, the response mechanisms will vary. Either they will adapt or evolve in case change is incremental or undergo reconstruction or revolution in the event the change is substantial (Balogun J. and Hope V., 1999).

**Table1.** Types of change

Nature of change		Extent of change	
Incremental  Big bang		Realignment	Transformational
		Adaptation	Evolution
		Reconstruction	Revolution

Adapted from J. Balogun and V. Hope. Exploring strategic change. 2<sup>nd</sup> edition, Prentice hall, Pearson Education Ltd, 1999

## Centralized Structures

Centralized post colonial government structures were expected to facilitate wealth distribution, while one party political systems that exercised all the powers of national sovereignty, were assumed to be an embodiment of unity (ECA, 2003). Nepotism, ethnicity, marginalization among other ills created conflicts resulting in military take-overs who performed worse despite adoption of new constitutions expected to redress the ills (ECA, 2003). A number of reforms have been undertaken on the democratic independence constitution leading to a one party system in 1982 (Box 1). Moreover, centralized states tend to be unresponsive to local needs as well as the needs of the disempowered in particular (Friedmann, 1992).

### Box 1: Institutional Reforms of the Kenyan Independence Constitution

The Kenyan independence Constitution established a devolved (Majimbo) democratic system of government, operating from a bicameral Parliamentary system (**Kenya Gazette vide legal notice No. 69 of 10th December, 1963**). However, through numerous constitutional amendments undertaken immediately Kenya became a republic in 1963, the governance structure was transformed into a bureaucratic system with the President enjoying supreme power over the other arms of government. The president ruled through unchallenged Presidential decrees which bound the Parliament as well. Constitutional amendments of 1978 altered the basic structure of the state so as to grant the President constitutional supremacy over all the other organs of the state resulting into a *de jure* one-party state in 1982, giving the President total control of Parliament.

The future trend is that coups in Africa will remain a common phenomenon as long as political and economic instability prevails (Wangome, 1985). Military regimes have ruled in practically all the African independent countries. These include among others- Uganda, Ghana, Nigeria, Togo, Congo, Dahomey, Gabon, Algeria, Burundi, Rwanda, Central Africa Republic, Upper Volta, Nigeria, Sierra Leone, Mali, Libya, and Somalia.

## Structural Devolution

The structural adjustment reforms initiated in the mid-1980s with the support and leadership of the Bretton Woods institutions introduced a new public administration paradigm and macroeconomic policy frameworks. The SAPs of the 80s were economic intended to reduce the role of government in production, scope and cost of government, budget deficits, lower inflation, sustain macro-economic stability, diversify service delivery points, deregulation and privatization (ECA, 2003). In Kenya, the structural devolution was anchored on the SAPs in the policy framework enunciated in "Sessional paper no. 1 of 1986 on Economic Management for Renewed Growth" underpinned by Liberalization. The global recession of the early 80s, oil shocks and declining terms trade for the Kenya primary exports and a non-performing governance architecture prompted Kenya to review its operations and embark on stabilization and adjustment programmes with the support of the multilateral partners IMF and World Bank and the development partners (van der Hoeven and Jan Vandemoortele, 1987).

The privatization of public enterprises producing goods and services has reduced the role of the state in areas where the private sector has often proved to be a better alternative (ECA, 2003).

The reforms of the 90s focused on the political systems, i.e, democratizing the one party system. In addition, they ushered in the NPM within a globalizing framework. Except for where fixed term presidents have been anchored in the national constitutions, regular elections have generally been held across Africa. At a minimum, democracy can be defined as 'a form of political regime in which citizens choose, in competitive elections, the occupants of the top political offices of the state' (Bratton and van de Walle, 1997: 13). The current wave of democracy supported by global events will of necessity entrench global democratic processes in Africa. The new Kenyan constitution firmly entrenches democratic processes across different levels of government.

### **B0x 2- Sessional Paper No 1 of 1986 Economic Management for Renewed Growth for Kenya**

Sessional Paper No 1 of 1986 on **Economic Management for Renewed Growth** was premised on liberalization policies and wider stakeholder involvement in development and delivery of hitherto public sector goods and services. These entailed fiscal and monetary policy reforms that were far reaching in terms of further opening up of the economy. It set off the process of undertaking far reaching institutional and structural reforms in the economy, in the form of privatization, restructuring, decentralization, cost-sharing, establishing regulatory frameworks for wider private sector involvement; with structural support facilities from IMF and World Bank.

Source: Sessional Paper No 1 of 1986

Structural devolution and decentralization which entails transferring authority from the central political administrative level to regulatory agencies, service-producing agencies, or state-owned companies, was adopted within SAP and NPM (Christensen and Laegreid, 2001). The SAP in the 80s formed the basis for the NPM in the 90s and after in which the reforms diversified from liberalization into horizontal integration and devolution. The main shortcomings of these structured devolution was deprivation of the political and administrative leadership of levers of control and of influence and information, raising questions of accountability and capacity.

### **Whole Government Approach**

The whole government approach has been introduced to address the challenges of NPM (Christensen and Lægred 2006; OECD, 2005). Its architecture is that of strategic vertical and horizontal linkages of functions, structures, levels of administration, policy areas across portfolio areas (Ling 2002; Pollitt 2003). In effect it embraces thinking out of the box especially in times of crisis, tragedies, calamities, etc. This type of framework has been employed to a large extent among the Anglo-Saxon countries, such as the United Kingdom, Australia, and New Zealand (Christensen and Lægred 2007). The Collaborative public management has been practiced in USA (Agranoff and McGuire 2003; O'Leary, Gerard, and Bingham 2006). It is performance centred management systems emphasizing stakeholder participation, market based principles (Stuart. and Kieren Walsh, 2003); diffusion of power along the different levels (UNDP, 2006); role of informal systems in culture change (UNDP, 2006).

This mode of structure is beginning to gain prominence because of the unique challenges of terrorism, insecurity requiring government wide responses, in the developed countries like the United States, the United Kingdom, and Australia (Halligan and Adams 2004, 85 – 86; Kettl, 2003), while New Zealand is concerned about bio-security (Gregory, 2006). Other crises, disasters, and threats, including natural disasters, such as tsunamis, or pandemics, such as SARS or the bird flu require government wide interventions. After 9/11, major coordinative efforts in a fragmented system have been taken, such as the reorganization of homeland security and the comparable military organization (Kettl, 2004). Innovation, climate change, poverty may also call for government wide interventions. .... strong and unified sense of values, trust, value-based management, and collaboration; team building; involving participating organizations; and improving the training and self development of public servants (Ling 2002; New Zealand, 2002; Shergold, 2005). This is underpinned with balancing fragmentation and integration, individualization and common identity, and market pressure and cultural cohesion is a big challenge in public sector reforms (Lægred and Wise, 2007). When public organizations are exposed to reform processes, the reforms proposed must, according to a cultural perspective, go through a cultural compatibility test (Brunsson and Olsen, 1993).



## Lessons

From literature review, the following conclusions have been made with regard to managing strategic change in public sector. These include but not limited to:

- One size fit all model does not exist (Page, 2005).
- Different countries apply the structures differently depending on their unique circumstances (Peters 1998).
- Politics may slow down reforms (Pollitt, 2003a).
- Systems take time to build, requiring adaptation of new skills (March and Olsen, 1983).

## Models

The following are a number of models for understanding the mechanics of crafting and institutionalizing change in public sector organizations. They range from Lewin's (1951) Unfreeze-Freeze-Unfreeze; Kotter's leadership the ADKAR results based basic change models. These are complemented by the institutionalizing models of crafting strategies during the change process.

### Kurt Lewin's Change Management Model (1940)

The 3-stage Kurt Lewin's Change Management Model (1940) entails **Unfreezing** in which the organization examines (through research/studies/surveys) the status quo to establish the need for change. The key challenges creating the uncertainties that may consist of budgetary constraints, inadequate structure for service delivery in a changed environment, declining service quality, worrying customer satisfaction surveys etc. The message coming though should create the urgency putting everybody off balance while evoking the need for immediate **Change**. People start to believe and act in ways that support the new direction. People take time to embrace the new direction and participate proactively in the change, provided they understand how the changes will benefit or affect them. Those likely to be adversely affected by the change will resist the change. Time and communication are two keys to success for the change to occur. The best approach is hands on management style. If the anticipated changes go centrally to socio-cultural tenets, then the change could be piloted. The Refreeze stage corresponds to institutionalizing the change. This entails adoption of revised policy, legal and institutional structures to internalize and sustain the change within a new cultural set up. This stage should be capped with celebration to wish away the painful experiences during the change process. It also helps them believe that future change will be successful.

### Kotter's 8-Step Change Management Model

The Kotter's change management model (1995) focuses on Leadership as the critical ingredient for change. Change can be championed through a coalition of leaders; with at least 75% of the company's management needs to "buy into" the change. However, the principle of creating the urgency for change similar to Lewin's Model prevails. The change should be crafted into a Vision that the organization identifies with and communicate the same across the organization. This corresponds to formulation of a strategy for directing organizations activity implementation in which opportunities underpinned by strengths are exploited to reduce the impact of threats and weaknesses. This may in part call for enforcing existing competences, resources and capabilities to maximize outcome. Quick wins will soften change and lay the foundation for the difficult changes. While it is encouraging to reward reformers in form of promotion, training, awards among others to hasten the process of change care will be taken to build on momentum of achievements (Kotter, 1995). Change should be anchored on the Corporate Culture, ideals and values to make it stick.

### ADKAR Change Management Model

ADKAR is a goal-oriented management model that allows change management to focus their activities on specific business results intended to help and coach employees through the change process (Prosci, 1998). This model aligns traditional change management practices by creating Awareness, Desire, Knowledge, Ability and Reinforcement.

For example, awareness of the business reasons for change creates the desire for change in the knowledge of the ability to reinforce the organizations goal. The desire for change needs to be shared and communicated to all employees as soon the change is anticipated.

The success of the ADAKAR model requires effective management of the people dimension requires managing five key goals namely:-

- Awareness of the need to change;
- Desire to participate and support the change.
- Knowledge of how to change (and what the change looks like).
- Ability to implement the change on a day-to-day basis.
- Reinforcement to keep the change in place.

### **Economic and Organization Approach**

The E and O theories of approach to change stress the need to manage the tension between economic (“hard”) and organizational (soft”) approaches to crafting change. “To thrive and adapt in the new economy, companies must simultaneously build up their corporate cultures and enhance shareholder value; the O and E theories of business change must be in perfect step” (Beer M., and Nohira N., 2000). The strategic changes for sustained operations in the future should build on capabilities of the organization and returns on investment in the long run. In this regard and where appropriate leveraging on external technical assistance to complement leadership in focus and process would be an added advantage. The reward packages should reinforce desired change. The corporate culture of collectiveness will sustain change even where restructuring may lead to downsizing in the organization. Rapid technology changes have inevitably parachuted the developing countries to the same level with the developed ones when adapting to changing paradigms. Difficult choices have to be made at different levels of operation to remain relevant in a very dynamic environment.

### **Dynamic Model of Structural Change**

Jack and. Zenger (2002) in their model of structural change theory argues that even in the absence of environment change, efficiency or functional considerations may frequently warrant change in organizational structure, specifically a pattern of vacillation in structure. Static or contingent theories such as contingency theory, organizational configuration theories, transactions cost economics and theory of multidivisional firm argue that the choice of organizational forms involves matching structures, which differ in functionality, to environments, exchange conditions, or market strategies. In these theories, organizational choices remain unchanged and static unless and until market strategies, exchange conditions, or environments change. Organizational functionality, which is the quality, state, or relation of being able to perform some set of actions, can be described by a wide variety of dimensions such as capacities to coordinate, adapt, innovate and capacity to be flexible.

### **Intervention Models**

UNDP’s work under the aegis of capacity development has assumed the following cycle to assess capacity to diagnose assets and capacity needs; suggest strategies to meet those needs; cost and implement those strategies; and demonstrate impact through measuring change in capacity (UNDP, 2006). Organizational leaders tasked with managing change are engaged in ‘a great venture of exploration, risk, discovery, and change, without any comprehensive maps for guidance’ (Senge, 1999). Change management shifts roles and capacities of different actors, which in turn shifts the existing bases of power (UNDP, 2006). Building in risk assessments and accounting for such initial instability, while managing its boundaries through managing people’s expectations and concerns, is a necessary part of organizational change strategy. Privatization and commercialization theories underpin the strategies employed in public sector reforms.

## **Privatization Theories**

### **Agency Theory of Privatization**

During privatization, ownership is transferred from state to new owners thereby creating new agency relationships. Agency theorists would argue that new owners must be concerned with managerial perquisite consumption and entrenchment problems. In response to these problems, new owners must incur agency costs in monitoring the actions of management or must use incentives alignment to ensure goal congruence between principals and agents. Scholars also have recognized that effective governance mechanisms, such as boards of directors (BoDs), managerial labour markets, and takeover threats can resolve many agency problems, and they have grouped these mechanisms into two categories; Internal (i.e. organizational based) and external (i.e. market based) control mechanisms.

### **Models of Privatization across Countries**

#### **Popular capitalism:**

This is characterized by mass flotations, normally monitored by checks and balances incorporated into a golden share held by the government. A major aspect of such measures is limitation on the proportion of holdings by individuals or control groups. This model of privatization is also associated with employee share-ownership and injecting competition into an industry and/or introduction of regulation scheme aimed at consumer protection. Example of this is privatization process in Britain.

#### **Nomenklatura companies:**

This is privatization to increase ownership by the ruling elite as seen in most former communist countries for example Russia. A joint stock limited liability company was formed by combining the physical assets of the state owned enterprise with the paid in capital of shareholders. The process is characterized by underassessment of the physical assets and artificial overstatement of the paid in capital.

However, most privatization programs lie on the continuum of possibilities between the two cases discussed above. Evidently, under pricing is a universal feature of privatization due to the political nature of the process. Hence investigation of the identity of the private investors is needed to understanding the selection pattern of privatization. One of the midway approaches to privatization is to reserve a core shareholding for strategic investors with a significant stake in the company. This method of privatization could be justified on the grounds of the need to promote infrastructure and technology development to improve the welfare of the society.

### **Organizational Models for Service Delivery**

There are eight models for organizing service delivery namely;

#### **Model 1:**

##### **Vouchers (Private, Loosely Coupled, Competitive)**

This is a suggestion of a privatization schemes lies in their ability to provide a more loosely coupled, client responsive service system. This would offer benefits of true market competition and cost efficiency of small, private, volunteer based service providers.

#### **Model 2:**

##### **Public Choice (Vouchers (Public, Loosely Coupled, Competitive)**

In this case, categorical services tend to be based on winning competitive grants and contracts. Many such grants and contracts are peer reviewed and others tend to be discretionary in nature. A public choice school is an example of the model.

**Model 3:**

**Private Niche Monopolies (Private, Loosely Coupled, Competitive)**

This delivery design exists where categorical and specialty services are provided by private contracts and where there is no duplication among providers.

**Model 4:**

**Current Fragmented System (Public, Loosely Coupled, Noncompetitive)**

The model respects civil liberties but client voices in decision making is low because public managers are not worried about clients exits to other players.

**Model 5:**

**Managed Competition (Private, Tightly coupled, competitive)**

The model combines the supposed benefits of privatization with those of tight coupling and competition among providers. The results are often dependent on the skill of those providing management from the public sector. Potential benefits from this model for clients include low information costs as government and large private providers bear the cost of gathering information as part of contracting costs.

**Model 6:**

**Public Entrepreneur (Public, Tightly Coupled, Competitive)**

Tightly coupled systems are perceived as uncompetitive although it is possible to imagine a tightly coupled system on the local level that is managed on a statewide competitive basis with the public sector. Such a system would involve a local government or authority contracting with public managers to operate an integrated system.

**Model 7:**

**Whole System Contracting (Private, Tightly coupled, Noncompetitive)**

A privatization scheme in which the government contracts with a single private provider who is responsible for delivering the entire array of desired services in an integrated (tightly coupled) fashion.

**Model 8:**

**Integrated Bureaucracy (Public, Tightly Coupled, Noncompetitive)**

This is a good model for service integration. Finding streams for publicly provided services unified into a single source, that information system span the service delivery system, and that public sector planning based on agency consensus lead the way toward a more integrated service system.

**Commercialization Theories and Business Models**

According to Rasmussen (2010), commercialization is driven by the business model and relevant theories for the product or service under review. The table below summarizes relationship between business models, as influenced by costs/revenues; market share/value networks and completion. The relevant theories include resource values,

transactions costs and dynamic capabilities. The resultant effects being those of complementarities; maximum benefits of core competences; applications of comparative efficiencies and effectiveness; among others for development orientations.

**Table 2.** Summary Schedule of Commercialization Theories and Business Models

<b>Business model functions</b>	<b>Relevant theories</b>	<b>Implications</b>
Value proposition	Resource based view (RBV)	Offering based on value derived from strategic assets/core competences
	Relation view /appropriability regime	Value proposition designed to avoid appropriability problems
Market segment and revenue model	Resource based view (RBV)	Market segment chosen follows the value proposition to gain maximum assets
	Relational view	Revenue model designed to gain economic shares of relational rents
Cost structure and profit potential	Value chain analysis	Comparative efficiency of individual activities
	Relational view	Profit depends on share of value
	Value chain analysis	Comparative efficiency of individual activities
Value network	Transaction cost economics	Cost and risk reasons for alliances formation
	Resource based view (RBV)	Access complementary assets
	Dynamic capabilities	Adjust(build/acquire,) internal and external competences to dynamic environments
Competitive strategy	Absorptive capacity	Increases the capacity of the firm to gain from alliances
	Resource based view (RBV)	Development of strategic assets
	Appropriability regime	Decision to access or acquire complementary assets
	Relational view	Preserve adequate share of relation rents
	Transaction economics	Consideration of transaction integration vs contract or alliances

Source: Adapted from Rasmussen, 2010

### **Routes of Effecting Strategic Change in Public Sector**

Change interventions fall into three main typologies (UNDP, 2006):

(a) Top-down change management is based on the assumption that if managers plan things properly, change can be executed smoothly. The only obstacle comes from resistance of some employee, hence focus is on changing the culture of an organization or the 'way we do things around here'.

(b) Transformational change management relies on transformational leaders setting a personal example and challenging people to think 'outside the box' and innovate, while providing a safe environment for doing so.

(c) Strategic change management is based on a certain recipe and are in contrast with the top-down models in that they aim to introduce a new behaviours at work, allowing people to witness the benefit for the organization and, thus, based on the evidence, internalize the change in their 'ways of working'.

A key tenet of contingency theory is that organizations strive to maximize efficiency by achieving some 'fit' between environment and structure, while institutional theorists recognize that efficiency in a more objective sense may actually suffer as a result of the organization's need to legitimate itself to dominant constituencies (Meyer and Zucker, 1989).

### **Principles, Sources and Intent of Change in Public Sector**

#### **Guiding Principles to change**

The principles of civil service include Standards, Openness, Information, Choice, Non-discrimination, Accessibility, Redress (UNDP, 2006).

UNDP has identified a number of principles for process change in change management centred on Politics, systems, coalitions, culture and communication.

Success of any change depends on what is accepted politically; as such technical competencies for reform often need to be matched by awareness of what is acceptable in the local context, sensitivities and knowledge of what should be reasonable expectation in a given context. Consequently, it will be prudent to assess the needs in a participatory process with potential drivers of change –the media, civil society (including NGOs, community organizations, business associations, independent research and advocacy centres and professional associations), development partners, reform-minded public servants and the Diaspora.

Positive change is driven by coalitions of aligning interests, soft systems like motivation, ethics and pride and fundamental transformational issues starting with individual transformation in attitudes, values and behavior (UNDP, 2006) in order to creating a critical mass that agree on a roadmap for change is key. Change messages should be embedding in social and organizational culture (UNDP, 2006).

## Sources

Strategic change in public sector comes via reforms either internally (developmental, institutional, cost containment), externally (development partners, international requirements, stakeholders). The drivers of change are those urging needs to change the way an organization is doing things, its core activity so as to improve and compete with other organizations.

## Internal

The internal changes are driven by resource constraints, customer demands, improved customer literacy, operational environment with regard to technology, workforce diversity, legal and regulatory environment; dynamics of modernization, democratization, decentralization, commercialization, privatization; market conditions in particular competition and marginalization . Other causes of strain in the public sector include burden of growing external debt, rapid population increases, continuous drought accompanied by desertification, and devastating internal conflicts

## External

The external changes are anchored on globalization, internationalization of markets and corporations, technology change, use of internet and electronic commerce to deliver services and conduct business. In all competition on a more strategic level rather than traditional focus on product features and costs, international governance commitments serve to drive change in public sector.

The public sector values encompass accountability, rationality, governance and the art of 'balancing political, economic, and social concerns for equity, justice, and fairness, as well as integrating perspectives for bettering 'the public good' in complex, highly diverse, competitive, and inequitable environments' (Ott, Hyde, and Shafritz, 1991; Dimock M., 1936; Lynn, 2001).

## Intent of Change

The intent of the public sector reforms are to enhance efficiency, effectiveness, quality and accountability (Hood, 1991; Osborne and Gaebler, 1992; Pollitt and Bouckaert, 2004; ECA, 2003), through creation a results-oriented culture and elimination of the bureaucratic inefficiencies associated with traditional public administration (Pollitt and Bouckaert, 2004). Towards this end, facilitated collaboration and separation of roles of the diversified public sector service providers anchored on acceptable standards for quality control serve to entrench market based delivery modes (Cousins, P., Lamming, R., Lawson, B., Squire, B, 2008; Cai, J., Liu, X., Xiao, Z., Liu, J., 2009). For the public sector to remain relevant, deliberate effort has to be taken to separate political process from management process but entrench citizen charters (ECA, 2003). Although the extent to which NPM reforms were adopted has varied The Australian public sector has embraced many aspects of NPM and was generally seen as an early adopter of NPM (Dixon et al., 1996). However there is considerable evidence to suggest that NPM reforms have not achieved their desired effect with some authors concluding that NPM has ultimately failed.

## Past Empirical Evidence

There now exists significant evidence on the role of public sector management in shaping countries' development prospects is further reinforced by a growing body of empirical work. According to the *World Development Report 1997*, "capability"—or the ability of the state to undertake collection actions at the lowest cost to society - explained a significant portion of the divergence in economic *outcomes* between Sub-Saharan African and East Asian countries over a 30-year period (OECD's *1998. Annual Review of Development Effectiveness*) also concluded that the performance of Bank financed projects improved with the capability of government institutions. In addition to the fact that "institutions matter," empirical analysis points to specific types of institutional arrangements that are associated with "good" public management outcomes. For instance, evidence from Latin American and Caribbean countries indicates that the governments that employed hierarchical and transparent processes for budgeting were more likely to avoid large fiscal deficits than countries with collegial and non-transparent budgeting processes (OECD, 1998). Alternatively, devolution has been associated with demonstrable reallocation of resources to priorities that reflected local preferences, which also happen to be higher return activities. Similarly, outsourcing and contracting arrangements have been shown to increase output efficiency as well as client satisfaction in infrastructure and some social sectors. Taken together, this empirical work has helped identify specific types of arrangements that best facilitate the transformation of inputs into outcomes—a process that lies at the heart of public management.

Myriad organizations at different levels work to support this transformation process by formulating policy, allocating resources, undertaking service delivery operations, and enforcing the rules that govern such activities (Andrew Lawson, 1999). Together, policymaking and resource management processes (for example, budgeting and staff recruitment) help set aggregate levels for input use as well as allocation of financial and human resources between competing priorities (for example, defense and education). Institutional arrangements governing delivery shape the productivity of operational activities undertaken by line agencies and other organizations that convert inputs into monitorable outputs. Finally, various regulatory mechanisms help safeguard transformation from arbitrariness (such as corruption at the point of delivery or patronage in recruitment), monitor output performance, and evaluate links between outputs and outcomes. Lessons from evaluation provide important feedback that actors at various points in the transformation process can internalize and use to improve processes, systems, and structures. The performance of organizations that carry out these functions (policymaking, resource management, delivery, and regulation) profoundly shapes the effectiveness and efficiency of transformation. The literature on organizational performance is too vast to summarize here. For the purposes of this paper, it will suffice to say that organizations—whether they are involved in regulation, budgeting, or service delivery.

There is also evidence that structures- with entrenched external checks and balances of competition, participation, limits discretionary powers, customer satisfaction, continued use of the service while information access on performances re-enforces demand for the service (Lawson A., 1999). Organization with appropriate capacities and governance structure deliver better (Girishankar, 1997).

Many African countries like Ethiopia, Ghana, Mauritius, Senegal and Uganda, have embarked on comprehensive reforms aimed at improving the quality of life of their citizens, and creating new government machineries to establish efficient and effective management systems (ECA, 2003). These broad reforms have translated into credible policy making and planning; adequate and predictable resources; flexible delivery arrangements; enforcement regulations; benchmarking to facilitate internationalization, globalization and conditionalities. Other pan-African initiatives are implementation of NEPAD, Peer Reviews; MDGs have created the impetus of requisite reforms in public service delivery. Elaborate MandE frameworks for monitoring and tracking change for benchmarking against best practice (ECA, 2003).

Civic involvement promotes better government through participation, better understanding of issues, accountability, (measuring capacity). Ferlie et al. (1996: 86) described the management of change in the public sector as 'top-down radical shock strategies and the exercise of political clout'.

Change is difficult to pull off. About 70% of change initiatives fail (Beer M., and Nohira N., 2000). In part this is caused by the sequencing and mismatch in the O and E approaches to change. The employees drive the change and they must be part of the process of change (Beer M., and Nohira N., 2000).

## Mechanisms for Managing Strategic Change in the Public Sector

A number of mechanisms have been employed in effecting strategic change in the public sector in Africa since the structural reforms of the 80s.

Central to the change process are the level of stakeholder (beneficiaries, providers, funders) involvement and participation, Marketization, regulation and political control, differentiated service delivery levels, shared corporate management and authority, costs and responsibilities, competition and benchmarking, new modalities of service delivery. In this regard ordinary people as beneficiaries are taking centre stage (ECA, 2003). Decentralization, privatization, contracting out and partnerships with civil society, including NGOs, offer important inter-organizational avenues for bringing about or increasing participation, whilst ensuring more effective and efficient public service delivery (ECA, 2003). Similar mechanisms have been employed across the African countries to different levels (ECA, 2003).

## Downsizing

The public sector downsizing takes the form of (privatization, divestiture, commercialization, contracting, out sourcing, public offers, out sourcing (Russell, 1997; Hope, 2002; Walsh, 1995). Different actors in the change process have different powers and exert different influences (UNDP, 2006). Nevertheless care must be taken to ensure that does not represent 'political fix' or a response to donors' pressure as 'external drivers for change' (UNDP, 2006).

## Decentralization

One of the central elements in the changing role of the public sector and the construct of the New Public Administration (NPA) is the concept of decentralization (Hope, 2002). The primary objective being that of overcoming the indifference of government bureaucrats to satisfying the needs of the public; improving the responsiveness of governments to public concerns; and increasing the quality of services provided (Borins, 1994; Hope 2002; Silverman 1992). The transfer of authority or responsibility for decision making, planning, management, or resource allocation from the central government to its field units, district administrative units, local government, regional or functional authorities, semiautonomous public authorities, parastatal organizations, private entities and non-governmental private voluntary organizations (Rondinelli, Nellis, and Cheema, 1983). Decentralization is a form of "delayering" of the hierarchies within the public service (Hood, 1991, Ferlie 1996). This entails breaking up of monolithic bureaucracies into autonomous agencies; devolving budgets and financial controls; promoting quasi-markets in public sector transactions; separation of provision and provisioning functions; development of new forms of corporate governance, structures, and board of directors model for the restructured public service.

The decentralization of the decision-making process of the Uganda Wildlife Authority empowered the field-based staff craft operational and the evaluation of the revenue generating potential of each Protected Areas and effective means for mitigating risks (World Bank, 2003). Decentralization has also resulted in institutionalization of performance contracting, embracing new more competitive practices, and empowering citizens participate in decision making processes and enhancing better governance (Borins 1994, Hope 2002, Silverman 1992).

In Kenya, a variety of economic and governance decentralization programmes - District Development Grant Program (1966), the Special Rural Development Program (1969/1970), District Development Planning (1971), the District Focus for Rural Development (1983 -84) and the Rural Trade and Production Center (198-89). The latest form decentralization before the adoption of the new constitution is the CDF (2003) which is an attempt to address issues of poverty and inequality.

### Box 3: Decentralisation in Kenya

Economic and governance forms of decentralization are practiced in Kenya through enabling legislations. The economic in form of financial decentralization take the form of CDF Act (2003), Local Government Act (Cap265), LATF Act (1998), Rural Electrification under the Electrical Power Act (1997), Roads Board Act (1999) with provisions for serving rural roads, utility services under the enabling legislations. The governance decentralization took the form of district administration in which the Chiefs Act provided the authoritative power.

*Source: Various Acts of Parliament internationalization*



## Privatization

The transfer of control and responsibilities for government functions and services to the private sector through commercialization, sub-contracting, leasing, Consessioning, public offers, divestiture, out sourcing (Hope, 2002; Walsh, 1995).

### Box 4: Privatization in Kenya

The privatization of SOEs in Kenya, under the enabling act, was carried out in phases, starting with non-strategic commercial ventures. These included divesting from industrial and to a large extent the banking the sector. In the majority of cases, privatization was carried out through a political announcement following protracted meetings with Bretton Woods institutions. The marketing parastatals, utility and other service enterprises took a lot longer to be privatized, though the same process with external leadership. The latter generation privatizations in which there was discernible stakeholder participation, more successful businesses were developed. These include the telecommunications, and energy sectors. However, the marketing enterprises, in particular the

## Subsidiarity

Subsidiarity is the principle of devolving political decisions to the lowest practical level. It is a principle of management based on sharing authority, responsibility and provisions for more efficiency in the production and management of resources and services. The new S. African constitution (1996) restructured the government structure to three spheres of national, provincial and local level. Subsidiarity devolves power to the local authorities. The Kenyan constitution (2010) restructured government to national, regional, county level while authority rests with the counties.

### Box 5: Subsidiarity in new Kenya Constitution

The constitution provides for the subsidiarity in the Kenyan is at the political, administrative and economic levels. The political subsidiarity is represented by the bicamel Parliament- the National Assembly for policy and revenue matters; and the Senate on the interests of counties and the county governments bills determining the outcome of any resolution of the National Assembly to impeach the President or the Deputy President. All positions are elective. The administrative structure is at the two levels-national and county and which underpin the administrative structures.

## Reducing Size of Public Sector

The key driver to reducing the size of the public is the cost associated with a bloated service. Budget costs, deficits, Ghana and Uganda, for example, have experienced massive cuts in the size of their civil services, in the case of the former by almost half, and the latter by almost 40 per cent since 1987 (Larbi, 1999). The Zimbabwean civil service has also been cut by about 12 per cent since the commencement of civil service reform in 1991 (Makumbe, 1997:21). The pace and direction of public sector reforms is influenced by political and elite captive (Haggard and Kaufman, 1992). If pay incentives form part of the public sector reform agenda, then the benefits from the reduction in the size of the public sector will be overshadowed.

**Box6: Impact of Reduction of Public Sector in Kenya**

The total Government wage bill (including teachers and the police) revealed explicitly in the budget has grown steadily in recent years to now exceed 9% of GDP. This is above 30% of total expenditure and a significantly higher proportion of GDP than the average for Sub-Saharan Africa as a whole (6% approx).

**Marketization of Services**

Commercialization is a technique of managing public enterprises (PEs) or state owned enterprises (SOEs) to make them profitable. This normally comes along with appropriate autonomy and authority (UNDP, 1995). It entails termination of state subsidies, legalized autonomy, strict budget controls, (UNDP, 1995) and liberalization of such sectors to enhance competition. Some of the hitherto public sector provided services include airline services, communication –mobile services, electricity, water services, in which market based services models are employed in delivery

**Box 7: Commercialization of Kenya Airways (KQ)**

In 1995, IFC successfully advised the Government of Kenya on the privatization of Kenya Airways. After selling 26% of the airline to a strategic partner, the frequency of the airline's flights grew by 61% in six years, developing Nairobi into a regional hub. The sale was completed in December 1995 and the public offering in April 1996. The airline has been profitable ever since.

A strong alliance partner, KLM Royal Dutch Airlines, purchased 26% of the equity and the Kenyan Treasury received over US\$70 million from the sale. Over 113,000 Kenyans were able to buy 22% of the shares in the airline (the vast majority bought the equivalent of about US\$200 worth). Kenyan financial institutions bought 12%, international financial investors 14%, and employees of the airline acquired 3%. As the public offering was over-subscribed, IFC devised an allocation policy that favored smaller investors and airline employees. The sequencing of getting the strategic investor on board first was crucial to building public confidence in the transaction and the future of the airline. Despite the current financial and economic turmoil, Kenya Airways maintained its profitability during the six months that ended on September 30,

**Box 8: Liberalisation of the Telecommunications Sector in Kenya**

The liberalization of the telecommunication sector in 1997, under the Kenya Communications Act, 1998; ushered vibrant private sector participants in the mobile industry. Expansion of networks and diversification of services has reduced costs, increased outreach and multiplied products available to consumers. There are over 22 million mobile subscribers with a penetration of 56%. There are now 4 mobile service providers, leading to reduction of cost from Ksh 4.78 2010 to Ksh 2.5 in 2011 post paid. Alongside the VOIP are the internet users which have also grown in lips and bounds. Online service delivery is also taken root in the Kenyan public sector, pioneered by KRA, procurement, public service, elections.

## User Fees and Charges

User fees and charges introduced as part of the SAP programmes, at different levels of service delivery, attempt to diversify financing for public services, in part ameliorate the deepening budget deficits and reshape public spending (Adams and Hartnett, 1996; Larbi, 1998). In comparison to other developing regions, user fee reforms have been most extensive in sub-Saharan Africa (Bennet, S, Russel, S and Mills, A., 1995).

## Cost-sharing

Token fee contribution for health services helps to mobilize resources from the well of citizens for subsidizing the poorer Segments of the community.

### **Box 9: Cost Sharing in Kenya**

After two decades of virtually free health care services, Kenya's health sector was on the verge of collapse. Severe economic decline pushed the government to the point where it was unable to continue providing free services. Sweeping reform, including an infusion of revenue, was needed desperately to resuscitate the sector. Under a bold, precedent-setting program, the Kenya government in 1989 greatly expanded the range of modest fees it was charging patients in government hospitals and health centers. Hospitals also were claiming insurance reimbursements from the National Hospital Insurance Fund. It should be noted that the health sector was not alone; severe budget constraints also necessitated a cost sharing approach to education. The cost sharing program was one component of the APHIA Financing and Sustainability (AFS) Project, implemented by Management Sciences for Health with the support of the US Agency for International Development.

The offshoot of the cost sharing programme was a more definitive approach of facilitating private sector participation in service delivery. Quality regulatory bodies with the enabling legislation were established in the education, health, social security sectors among others.

## Contracting and outsourcing

Contracting out is a form of privatization of procuring goods and services externally more efficiently (Walsh, 1995). It is now a common practice for the public sector of African companies and public sector to outsource noncore functions (Hope, 2002; Russell P, Kwaramba C, Hongoro P, Chikandi S., 1997).

## Economic Efficiency

### Benchmarking

Within the globalizing and internationalizing environment, survival of organizations, public sector included have to compete on quality, price and logistics. International standards, ISO series, etc are the benchmarks for operation in the market place.

## Performance Contracting

To enhance service provision, performance contracting tie delivery to agreed targets over a specified period of time. Performance management is also expected to increase accountability because clear and explicit managerial targets, combined with managerial autonomy and incentives to perform, make it easier to establish the basis for managerial accountability and to achieve outputs (Hills and Gillespie, 1996; Lane, 1995). This illustrates the shift in emphasis from the input and procedure-oriented controls of the past to the new paradigm of output or results-oriented controls (Hope 2002). Performance indicator assists more in the area of accountability (Smith, 1990). Further, according to (this in turn increases political accountability by making it easier for managers to match targets with political priorities (Therkildsen, 2001). Most African countries are on performance contracting within the frameworks of Citizen and Service Charters.

### **Box 10: Performance Contracting In Kenya**

Performance contracting was reintroduced as an integral component of the ERS (2003-2007) in 2004. There is clear evidence of radical improvement particularly in the following aspects of the management of Public Service:

- (i) Remarkable and unprecedented improvement in profit generation for commercial state corporations
- (ii) Significant improvement in service delivery and operations by such ministries as immigrations and registration of Persons, Agriculture, Provincial Administration and Internal Security, Health, finance and Water.
- (iii) Significant improvement in operations and services by Nairobi City Council, Kisumu and Nakuru Municipalities.
- (iv) Unprecedented improvement in service delivery and operations by the bulk of state corporations and statutory boards, among them, KenGen, Kenya Power and Lighting Company Limited, Kenya Ports Authority, Kenya Utalii College, National Oil Corporation of Kenya, KICC etc.

Source: AAPAM, 2006

## Financial Management

Public sector debt and deficits are a matter of concern to governments throughout the world (Willem H., Buiter, 1985). Public debt goes hand in hand with inflation. In continental Europe, countries as diverse as the UK, German Federal Republic, France, Italy, the Netherlands, and Belgium have felt compelled to make the control and reduction of public sector financial deficits a (often the) cornerstone of macroeconomic policy design, overriding traditional concerns with the use of fiscal policy and budgetary deficits as cyclical stabilization devices. In the United States, widespread professional concern about steadily growing structural federal deficits is now beginning to be shared by the administration and a major political battle to contain and cut back the deficit through spending cuts and/or tax increases is under way. MTEF as a management tool for public debt and deficits in developing countries since the 90s has not eliminated public debt.

These reforms aim to hold management responsible for outcomes and outputs whilst eliminating controls on inputs. In this context, it is expected that managers should be responsible for all costs associated with the outputs produced, not only the immediate outlays. Accruals allow for the capture of these full costs, thereby supporting effective and efficient decision-making by managers (ECA, 2003). Most African countries have adopted accrual accounting to enhance management in the public sector within the context of NPM.

## Internationalization

Arising from globalization and liberalization, a number of market requirements including standards form the basis of engagement World Trade Organization (WTO). This required establishing relevant institutions to administer the standards benchmarked to international requirements. In cases where countries are members of regional blocs similar processes are adopted.

## Alternative Modalities for Resource Mobilization

The bonds and capital markets are among the new strategies, the public sector have employed for resource mobilization from the private sector and citizens to complement taxation. These new initiatives especially in the infrastructure are making inroads in developing country public sector financing. Kenya's experience with infrastructure bonds is reported in Box 11.

### Box 11: Financing Infrastructure from Dedicated Bonds

In 2001, the Government of Kenya initiated reforms to restructure domestic debt market to ensure sustainable source of long term financing by both public and private sector. In addition, the move was meant to inter alia reduce exposure to risks associated with short term borrowing. A number of reforms were introduced, which included; the lowering the cash ratio for commercial banks to release liquidity thereby reducing short term interest rates, syndicated underwriting, streamlined domestic Borrowing Cash Plan in favour of bonds, and liberalized the pension sector. The maiden Infrastructure Bond issue in February 2009 was a success story not only to the local scene but to the entire East African region. A number of challenges fell on the way, but a lot of lessons were learnt. The issue opened a new frontier in the Kenya's Capital Markets.

*Sources: GOK Report on Performance of infrastructure Bonds, 2009*

## Management Effectiveness

### Technology Application for Service Delivery, Online Delivery

Information technology (IT) has been included as one of the key strategies for public service reforms. It is now seen as an essential facilitator of service improvement particularly when governments worldwide are facing an increasing trend towards knowledge-based production and the communications revolution. Information and Communications Technology (ICT) is pivotal to modern government and fundamental to the strategies for public service reform, given that the work of governments are information-intensive (Heeks, 2002) primarily to cover internal management, public administration and regulation. E-government services generally available include among others administration of revenue, taxation, immigration, tourism, elections.

Information to support internal management, public administration and regulation, service delivery is increasingly being made available online (Heeks, 2002.). Most governments are moving to E-Government, E-Administration with prevalence of E-Citizens and Services and e-Society. Box 12 of excerpts from H.E, the President of Kenya, demonstrates commitment and level of ICT use in Kenya.

**Box 12: ICT applications in public services delivery**

Indeed ICT is providing us with tools that were unimaginable just a few years ago. For instance the advent of the internet has led to easier sharing of information among our people. The virtual class where teachers from any part of the world can teach students in the most far-flung parts of the globe is now possible. Students now access their examination results through a simple S.M.S. sent via a mobile phone. Educators and students now have at their disposal tools that are making E-learning a reality. The challenge ahead of you at this conference is how you can put these tools to best use and empower both the educator and student. In Kenya we have taken bold steps to integrate ICT in Education and ensure the provision of quality education and training to all learners. The Government's priority has been to lay a foundation for economic and technological growth. This entailed moving rapidly from an agriculture-based economy to an industrial and service-driven economy.

Source: *Excerpts from H.E. The President, Hon Mwai Kibaki, during the 1st e-learning regional conference at the Kenya Institute Of Education, Nairobi, 30th March, 2010*

**New Management Structures and Systems**

In the NMP new forms of corporate governance and the board of directors model (Ferlie, 1996), which aims to diversify decision makers to include CSO, private sector, citizens, and other interested parties. Increasingly, collective decision making process, in which institutionalized validation processes form the basis of key appointments to the public sector. This is best demonstrated through the respective provisions of the new Kenya constitution which have revolutionized the roles of the different actors of the public sector. The Legislature and the Judiciary which had hitherto been eclipsed by the executive are now giving direction to accountable public service.

**Box 13: Operationalization of the Kenyan Constitution, CSO Observations**

The Kenyan Judiciary has for a long time been plagued with accusations of corruption. Indeed these concerns were most visible during the 2007 presidential elections where both candidates expressly declared a lack of confidence in the judiciary to resolve the dispute fairly. Section 23 of the sixth schedule of the new constitution requires that within the first year of the new constitutional dispensation Parliament create mechanisms for vetting judges to determine their suitability to continue service. The vetting process is intended to create a judiciary that is strong and independent and able to decide disputes between people honestly and fairly as well as restore the public's faith in the judicial system of Kenya. The road to vetting the judiciary and creating the judicial structures envisioned in the new constitution has begun on the right footing lets not repeat the mistakes made in the [radical surgery of 2005](#).

Source: *MZALENDO, Eye on the Kenyan Parliament*

**Information Disclosures**

Part of the new management structures is to maintain codes and standards of financial disclosures as per IMF requirements. In addition, open management systems where all stakeholders participate in governance- for example; budgeting, policy making, and parliamentary systems. The new Kenyan Constitution also guarantees information disclosure (Articles 32, 33, 34, 35).

## **Service Charters**

Citizens should be consulted about the level and quality of public services and, whenever possible, be given the choice of services. Citizens should also be informed about the level and quality of services they will receive, and they should have equal access to the services to which they are entitled (ECA, 2003). These charters are in operation in both developed and developing countries.

## **Diversification of Providers**

### **Parastatals**

The government delivers some of the commercial but strategic functions of public nature through parastatals, often with autonomy and authority under enabling legislation. Investment outlays are either substantial or private sector capacity does not exist. A number of these parastatals subsequently get privatized.

### **Private Sector**

Increasingly, the private sector is taking an active role in the provision of basic public goods. These include health, education, security among other. In such circumstances, standards against which to bench such services have to be subscribed by all.

## **CSO**

The role of Civil Society Organizations (CSOs) and NGOs including professional organizations and women's groups in the delivery of services to the public is on the increase worldwide. CSOs play a very important role in promoting good governance, acting as watchdogs for human rights against abuse of power and authority and demanding for accountability from the public sector (Putnam, 1993). They also play the role of forging partnerships between society and governments, thus providing channels of communication and flow of information between government and citizens (ECA, 2003). The OAU in 1999, under resolution 1286 affirmed the value of popular participation in Africa's socio-economic recovery and transformation. They have been critical in introducing change in culturally sensitive areas like family planning, treatment of HIV/AIDS.

## **Regulators**

With the substantive public sector reforms leading to liberalization and diversification of players in the delivery of public goods and services, quality assurance and fair competition have to be assured. Regulatory bodies have been set up to ensure quality and fairness. In the care of Kenya, a number of regulatory organizations to guide the operations of the diverse players include CCK-for telecommunication, KENGEN- for energy, RBA- for pensions, and KRA for taxation among others.

## **Empowerment**

Citizen empowerment in Kenya is promoted through policy, constitution, budgetary allocations, devolution, etc. The Rights and Obligations under the new Constitution ensures gender equality, equity, social security. The Social Security systems - Pension, NHIF; and Free primary education, in Kenya now addresses equity. The devolved budgets and implementation, for example, Rural electrification, roads (Lacey, 1997) outlines how this form of managerialism was adopted in the United Kingdom National Health Service (NHS) where autonomous hospitals (NHS Trusts) produce services for which District Health Authorities provide financing by purchasing the services. In New Zealand, where the reforms are believed to be driven by a strong commitment to transaction costs economics and principal-agent

theory, efforts have been made to separate activities that have a clear commercial content from administrative ones, and to corporatize the former in a search for profitability in the delivery of services (Halligan, 1997).

## **PUBLIC SECTOR MANAGEMENT**

### **Principles and Core Functions**

The common sense of public management is relatively straightforward. Good public managers, whatever their particular positions or responsibilities, are men and women with the temperament and skills to organize, motivate, and direct the actions of others in and out of government toward the creation and achievement of goals that warrant the use of public authority (Lynn L. E., Jr., 2001). The principles of the public sector stress balance accountability to many stakeholders- methods, procedures, systems, processes to guide administrative decisions (Simon, Smithburg, and Thompson, 1950, p. 513); and rationality- (good judgment) (Dimock M., 1936).

### **Structures of Public Sector**

Public management is a structure of governance of formal means for constraining and overseeing the exercise of state authority by public managers, that is, lawful delegation of authority and external control over the exercise of delegated authority (Bertelli and Lynn 2001). However, because of the reluctance of legislatures and courts to delegate authority to unelected bureaucrats, large discretion must be given to the administrative authorities to adapt many general rules of law to the wants of the people (Bertelli and Lynn 2001). But discretion must be controlled, through adequate legislative, judicial, and public oversight of public management (White, 1926).

The structures of the administrative state constitute an appropriate framework for achieving balance between a jurisdiction's need for administrative capacity to pursue public purposes and citizen control of that capacity (Lynn, 2001).

### **The issue was perhaps best stated by Goodnow**

Detailed legislation and judicial control over its execution are not sufficient to produce harmony between the governmental body, which expresses the will of the state, and the governmental authority, which executes that will. . . . The executive officers may or may not enforce the law as it was intended by the legislature. Judicial officers, in exercising control over such executive officers, may or may not take the same view of the law as did the legislature. No provision is thus made in the governmental organization for securing harmony between the expression and the execution of the will of the state. The people, the ultimate sovereign in a popular government, must . . . have a control over the officers who execute their will, a well as over those who express it (1900, pp. 97-98).

As early as 1900, then, the contemporary problem of balancing the competing values of democratic institutions, including the institution of public management, was clearly in view (Goodnow, 1900).

### **Process of Managing Change in Public Sector**

Change is political in nature (UNDP 2006; ECDPM, 2003) and such change has to be couched in language acceptable by recipient. Change must be supported by public officials (World Bank, 2005). Embedding change messages in social and organizational culture. According to (DFID, 2005) the key drivers of change are the media, civil society (including NGOs, community organizations, business associations, independent research and advocacy centres and professional associations), development partners, reform-minded public servants and the Diaspora. The processes of successful change in public sector have to:



## Managing the Environment of Change

### Create momentum of change through advocacy, visioning, empowerment, voicing:

Failing to create a sense of urgency and win over hearts and minds will reduce impact of change programmes (Kotter, 1998). Moreover, a critical mass at each level of the organization must be convinced of the need to change (Argyris, 1998) argues that the demise of many modern change efforts is inherent in their design. For example, it will be necessary to undertake:

- advocacy -activities on globally or nationally agreed positions, such as, human rights, gender equity or HIV/AIDS prevention, family planning, the use of mosquito nets, staying in school, and getting children vaccinated., NGO advocacy against Human rights abuse, gender violence,
- align the interests- of the customer and those of the service provider
  - vision- the anticipated change in form of strategic planning (Mazur, Helen, "Strategic Visioning" in The CEO Refresher, 2002). 'Whenever you cannot describe the vision driving a change initiative in five minutes or less and get a reaction that signifies both understanding and interest, you are in for trouble' (Kotter, 1998).
- empowerment and voice-strengthen capacity of front runners stakeholders (World Bank, January 2005)
- Maintain focus -on change (Ingstrup and Crookall, 1998).
- Observing the dynamics of transition- (1) saying goodbye (to the old ways that they possibly liked or were familiar with), (2) shifting into neutral, and (3) moving forward (Bridges and Michell, 2000),; including fostering employee resilience by providing safe environment by risk taking,( Kotter, 1998)
- Addressing the soft aspects of change (Kotter, 1998) argues that assessment and measurement systems need to be adjusted to track the success of change initiatives, otherwise it becomes impossible to register the build-up of momentum and celebrate early victories.

### Analysis of the change context

Who wins/loses; policy issues; data collection and analysis; operations research on problems)

- Stakeholder analysis and setting the baseline (to analyze their knowledge, attitudes and practices in regard to the underlying issues, and to classify them in terms of their functional roles)
- Operations Research-Problem-oriented analyses are commonly necessary to support decision making or to gather additional factual information about, for example, the status and needs of beneficiary groups, the potential impact of proposed changes, or the actual impact of changes as they are implemented.

### Executing Change Process

There is substantial literature on processes of executing change in the public sector (Kotter, 1998; Argyris, 1998). Some of the change processes include:

Facilitation of change (*change coalitions and champions, process consultations, decision-making methods, consensus building, brainstorming*) through

- Process consultation with key stakeholders ensures buy-in, consensus, trust, consensus to build constituencies to champion and manage change,
- Identify leadership
- Stakeholder participation

### Communications about change (*public meetings, other two-way communications, information dissemination*)

- Multi-media communication channels- Interactive, Outreach programmes
- Do not tire about communication
- M and E, impact assessment, celebration of success

The normal practice of crafting change process in the public sector is preceded by investigation/research and legislation anchored on policy. Nevertheless, the involvement of the diverse stakeholders differs across the different countries and the type of change to be effected. In the case of Kenya, public sectors reform processes have evolved over time. The first generation reforms of the 80s driven by external partners (World Bank and IMF) had a very short loop. They came as conditionalities for accessing multilateral resources. The government announced such changes and prepared support policies subsequently. Other stakeholders had very little input to such process. To date the requisite legal and regulatory frameworks have been adopted to formalize the changes. The public sector reforms of the 90s and especially those after 2000 have institutionalized better mechanisms of stakeholder participation. Parliamentary bills at committee stage have continued to be enriched with contributions from CSO and research institutions, key players in particular industries and the public at large. The later public sector reforms have been more successful.

### Differences between Public and Private Sector Management and Change Processes

The target interests of the private and public sector are different. (1) public interest differs from private interests, (2) public officials, because they exercise the sovereign power of the state, are necessarily accountable to democratic values rather than to any particular group or material interest, and (3) that the constitution requires equal treatment of persons and rules out the kind of selectivity that is essential to sustaining profitability (Rainey, 1997). The two sectors are constituted to serve different kinds of societal interests and distinctive kinds of skills and values are appropriate to serving these different interests (Lynn, 2001).

The challenge to any administrator is to overcome obstacles, to understand and master problems, to use imagination and insight in devising new goals of public service. No able administrator can be content to be simply a good caretaker. He seeks rather to review the ends of organized effort and to advance the goals of administrative endeavor toward better public service (Benard, 1954).

In a democratic society this questing is not guided solely by the administrator's own personal sense of desirable social ends. The administrator must convince others as well. He must work with interest groups, with legislators, with chief executives, and with the personnel of his own agency to convince them all that a particular line of policy or program is desirable (Millet J., 1954)

While literature is abound with recommendations of adapting private sector management styles in change management, the objectives and delivery mechanics to achieve intended objectives are different (Stewart and Ranson, 1988).

**Table3.** Difference Between Public and Private sector Models

<b>Private sector model</b>	<b>Public sector model</b>
Individual choice in the market	Collective choice in the policy
Demand and price	Need for resources
Closure for private action	Openness for public action
The equity of the market	The equity of need
The search for market satisfaction	The search for justice
Customer sovereignty	Citizenship
Competition as the instrument of the market	Collective action as the instrument of the polity
Exit as the stimulus	Voice as the condition

Depending on the state of development of the nation state, response and intensity of change differs. In the developed countries, change minimizes state involvement while the developing countries characterized by inadequate capacity may only create semi-autonomous institutions to deliver the service.

## DRIVERS/DETERMINANTS OF STRATEGIC CHANGE IN PUBLIC SECTOR

### Leadership and Management Commitment

For change to be effective management has to own and champion the change process (Kotter, 1995; Nadler and Nadler, 1998, Carnall 1995 ; Kets de Vries and Balazs 1999). In the case of the public sector there is need for a coalition of players to champion change because of the diversity of the stakeholders (Kotter, 1995). In the case of the public sector, championship has to take into account political leadership since civil servants are continuously transferred or re-assigned other duties (Holzer and Callahan, 1998). Good public managers, whatever their particular positions or responsibilities, are men and women with the temperament and skills to organize, motivate, and direct the actions of others in and out of government toward the creation and achievement of goals that warrant the use of public authority (Laurence E. Lynn, Jr., 2001).

The shifting constructs of public sector organizational configurations and management have had profound impact on size of government, sources of service, and mode of product and service delivery (Parker P. and Graemee Gould, 1979). The changes are driven by societal expectations, political ideologies, philosophies, accountability and decision making processes (Parker L. and Graemee Gould, 1979). Externally originating changes meet with substantial resistances especially if they are contingent on principles that do not resonate with the internal culture of the organization. However, the mobile telephony in Kenya was received with relief given the inadequacies of the monopoly landline operator.

#### **Box 14: Role of Michael Joseph in Revolutionising Mobile Telephony in Kenya**

Michael Joseph arrived at Safaricom in 2000, having already set up successful mobile-phone networks in Spain, Greece, South Korea, Brazil, and Hungary. His most important decisions, in the hopes of rebuilding and expanding the Safaricom brand, included: (1) targeting “pay as you go” customers, who pay for mobile airtime in advance, and therefore do not pose a credit risk to the operator; (2) introducing billing by the second (vital for the ultra poor). He is credited with turning around a dormant industry.....and managing the most profitable business in eastern and central Africa, earning profits of \$223.7m in the financial year to the end of March, up 16% on the previous year. Before the public offering the Kenyan government held a 60% stake in the firm. But that share is now reduced to 35%, with the other 40% owned by Vodafone Kenya Ltd., a London-based Vodafone Group PLC.

*Source: Frontier Markets, June, 14, 2008.*

### Desire and Need

Leadership confirms and communicates need for change for buy in by the stakeholders-staff, customers, community through a compelling vision (Kotter 1995; Laurent 2003; Nadler and Nadler 1998). More specifically the vision should offer hope and relief going forward (Kets de Vries and Balazs 1999). These translate into policy, legal and regulatory frameworks for enhanced accountability in the case of public sector (Bishop and Jones 1993; Grizzle and Pettijohn 2002)

### Stakeholders

Public sector service delivery spurns a wide spectrum of stakeholder-providers, consumers, regulators, donors, enforcers, policy makers. The stakeholders can be shareholders, funders, or customers. For any change to deliver on the intended goals, all stakeholders have to be in synchrony. The incidence and power of these stakeholders may vary considerably between countries, parts of the public sector or points in time (Hood, 1995; Olson *et al.*, 1998).

## **Plan of Action for Change-Succession Planning, Transitioning**

The desired change in a form of a vision has to be implemented through a strategy complete with goals, objectives and monitorable indicators for measuring successes (Abramson and Lawrence 2001; Kotter, 1995; Nadler and Nadler, 1998).

## **Building Internal and External Support to Overcome Resistance**

Change is a political process (Fernandez S., Hal G. Rainey H.G, 2006). Resistance to change is inevitable for a variety of reasons ((Kets de Vries and Balazs, 1999). It is prudent to involve all key stakeholders in charting out the change process (Abramson and Lawrence, 2001; Young, 2001). This would ensure ownership of the change process. At times change originates from within, Depending on the cause of change, those external to the institution, have to be enforced immediately, in order to avert calamities (Kotter, 1995). The best time to implement change is during a crisis since there will be minimal resistance (Lewin, 1947. A variety of other tactics like threats, persuasion, cohesion, criticism, incentives and rewards can get change implemented with minimal resistance (Judson, 1991).

## **Resources**

Implementing strategic change in a resource constrained situation is a recipe for failure and Decaying morale. As part of the strategic process of change management, adequate resources should be set aside to see change through (Goggin et al. 1990; Matland 1995; Mazmanian and Sabatier 1989 ; Montjoy and O' Toole 1979).

## **Technology Change**

Nugget Coombs, 1976 address on *The Future Bureaucracy* states that "Neither the government nor the bureaucracy exists in isolation. They form part of the complex pattern of institutions in our society –a pattern which continues to evolve in time and to which a multitude of influences contribute." Success of the future depends on:

- building and strengthening citizens trust in public institutions
- developing more responsive public services that offer choice and personalisation
- supporting the development of individual responsibility to achieve better outcomes
- developing systems and skills to work effectively with the private and public sector
- engaging across jurisdictions and portfolio structures
- preparing to meet workforce planning challenges
- fostering agility to support a high performing public sector

Current technology developments make it possible deliver instant services and products within the shortest time. Citizen involved in public service and political endeavors have been galvanized through the internet as has been the case in North Africa where citizen mobilization for government change has been effectively carried out.

## **Competition**

Within the globalizing environment competition is inevitable. Besides, some of the public services are delivered in competition with the private sector. There is therefore pressure on the public sector to match the private sector mechanisms.

## **Pursue Comprehensive Change**

Managerial leaders must develop an integrative, comprehensive approach to change that achieves subsystem congruence by aligned with the desired end state (Meyers and Dillon 1999 Nadler and Nadler 1998;). Nevertheless it should be noted that subsystem congruency in the public sector is more difficult to achieve when compared to the

private sector. The culture has to change as well for the changes to be effective (Golembiewski, 1985). Best change has to be conceived in a consortium for effective impact (Huber and Glick 1993)

### **Institutionalized Change for Sustainability**

Change is only effective to the extent that it is institutionalized for current and future use. In the case of the public sector this comes through policy, legal and regulatory changes supported by appropriate structures (Armenakis, Harris, and Feild 1999), procedures and processes including culture (Meyers and Dillon 1999).

### **FACTORS HINDERING STRATEGIC CHANGE IN PUBLIC SECTOR**

The independent evaluation of WB-PSR revealed mixed performance (IEG, 1999). The financial sector reforms were more successful. However, the anticorruption reforms though improving transparency have not eliminated the negative perceptions. The shortcomings were occasioned by unrealistic assumptions on what was politically and institutionally feasible; lack of prioritization and dealing with basics first; and lack of recognition of crucial role of culture and changing behavior in adoption of change.

### **Institutional Capacity**

Strategic changes in the public sector have in the majority of cases been implemented within the same framework of the outgoing policies. These institutional handicaps and structures, often lacking in representation and participation, have lead to inefficient management practices. These constraints have been exhibited by lack of resources to effect change; fragmented policy making with heavy influence of donors (World Bank, 1997); weak links between policy making and implementation (Hyden 1984, Hartmann, 1986) since implementers were different from policy makers and implementers (Hyden, 1984). This is worsened through preferences of specific sectors in which reforms were fast tracked (Shellukindo, 1998). Poor succession planning, resource constraints and aid dependence when inadequate lead to economic crisis and political instability.

The CSO community critical in demanding for accountability and at times trying out culturally sensitive modes of service delivery lack resources, organizational capability and democracy thus impeding their partnerships aspirations in public sector management (ECA, 2003).

### **Multiple Accountability**

The public sector is accountable to multiple principals- the users of the service, payers for the service, politicians at different levels of government, and professional organizations among others; and tasks of increasing efficiency and equity in the delivery of public services (Dixit, 2002). The competences required for delivery of these attributes are not easy.

### **Declining Public Service Ethics**

Public service delivery will be enhanced through an organization culture that strengthens employee involvement, rewards teamwork, recognizes individual effort and incorporates the needs of clients and users. In the process, the declining public sector ethics, values, morale, entrenched corruption, in spite of institutions set up (Hope, 2002; TI, 1997). In most African countries, anti-corruption measures have been adopted though the results are partially successful, in part, from lack of expertise, resources and will. Societal values in which public servants who do prosper are treated with contempt also contribute to the declining morality in public service (Agere and Mendoza 1999: 26).

### **Limited Access to and Use of ICT**

The public sector has been slow in adapting ICT in service delivery. Towards this end, ICT infrastructure for the public sector is limited. Added to this is the fact that public service providers lack the requisite skills to leverage in ICT for service delivery. However, the global movement to an information age and the worldwide technological innovations of recent past, along with other structural and economic developments which have led to rapidly falling costs for ICTs, the African public sector stands the chance to “leapfrog” strategies to accelerate the development of the continent (ECA, 2003).

### **Enabling Environment**

Peace and stability reflected in Political and social fabric underpins the effectiveness of the public sector. Culture – social, beliefs, and tradition is the starting point not destination. Ethnicity or fragmentation through regionalism reduces the state capacity for service delivery (Migdal, 1988; Hyden (1992), in particular with respect to representation, affirmative action. These challenges are evident in developed and developing countries; eg Canada to Zambia (Osei-Hwedie 1998) on basis of religion, gender. These attributes get worse if intertwined with politics (Barkan 1992; Carroll and Joypaul 1993).

Poor functioning of the markets (van Arkadie, 1994; and Schaltz, 1996), often leading to economic crisis and compelling governments to make sharp cutbacks to the public sector; and through inflation, which reduces the purchasing power of public officers and compels them to seek alternative means of earning their living (Colclough, 1997).

Global events including natural disasters also impact negatively on public sector performance. The Enron crisis, financial crisis in the USA, terrorism and natural disasters- global warming, Japanese earthquake, Chernobyl and Japanese nuclear crisis exert pressure to the public sector. The coping mechanisms have included crafting of new global standards without the participation of the developing country governments.

Aid dependency besides creating over ambitious programmes while they last, may also dislocate policy processes, in aligning with those of donor countries. At an extreme, aid money can create a decision-making vacuum at the centre of government as priorities turn to whatever brings in the most money (Polidano, 1998).

### **Resource Constraints**

The development demands especially for the developing countries outstrip the available resources, as evidenced by the high budgetary deficits in most of these countries. This problem is compounded by the unpredictability and untimely releases of budget releases. In the cases of high

Aids dependence- donors may provide vital assistance, but in the process they can negatively affect policy capacity in a number of ways (Cromwell, 1995) with regard to recipient country policies (Myers, 1996).

### **STRATEGIES FOR COPING WITH STRATEGIC CHANGE**

Public sector plays a significant role in national development. To remain viable, efficient and effective in responding to the dynamic needs of the citizens, it has to embrace strategies that can enhance improved productivity and the quality of services delivered. Towards this end, a number of strategies to enhance public sector performance are proffered for adaptation by African governments. These strategies, while not exhaustive, touch on the key requirements for improving

Public sector performance in general, and public service delivery in particular. Among these are Total Quality Management (TQM), Organizational Strategic Management, and Training and Development. These strategies are based on the concept of a ‘lean’ government, which means a government that is run in partnership with all stakeholders, whose focus is on promoting the advancement of the private sector and citizens through a well-managed policy and regulatory environment.

## **Capacity Building**

### **Training and Development**

In order to cope with the demands of the public sector, the Fourth Pan African Conference of Public Service Ministers in 2003, recommended for continuous human resource capacity building efforts to raise the level of performance of the public sector to cope with the rising and ever-changing demands of the economy and the population. In particular, the judicial and CSO capacity needs to be scaled up to ensure accountability, promoting good governance, transparency and legitimacy, political systems; enforcement of human rights. In addition, special effort be taken to develop research and management institutes.

### **Enhanced Resource Mobilization Strategies, Utilizations and Financial Management**

Poor productivity and lack of efficiency in African public services is, in most cases, attributable to inadequate allocation and utilization of human, financial and material resources; shortcomings in management practices; and poor planning and budgeting. The key concern for public sector reform is how to increase efficiency and effectiveness, alternative strategies of resource mobilization; clear lines of financial, managerial and fiscal accountability.

### **Development of Appropriate Indicators for Monitoring Success**

Measuring success in sports and business is easy. Statisticians keep track of numbers such as batting averages, games won and bottom-line profits. But government information technology officials and public service providers know that they don't have an easy way to measure how well they satisfy the demand for better functioning agencies (Hubler D., 2006). Martin Cole and Greg Parston have come up with a new model- "Unlocking Public Value: A New Model for Achieving High Performance in Public Service Organizations," in which they offer a framework and a process for assessing the value of public service. The squeeze for services is fostering public-sector changes, highlights the measure of creation of more technology-driven service options, driven largely by citizens' use of the Internet. They note that increased pressure worldwide on government organizations to open additional channels of communication is spawning "a new and growing form of competition in government" that will lead to more outsourcing of certain public services. Governments are striving to do more with less, thus reflecting high priority concentration in a Service Value Model framework that balances goals and objectives. The rectangle four contiguous vertexes describe outcomes on the vertical axis and cost-effectiveness on the horizontal axis. But if a government organization moves into the lower left-hand quadrant, it is experiencing a reduction in both outcomes and cost-effectiveness. "It is eroding public value and most likely taxpayers' confidence," (Cole and Parston, 2011).

### **Measuring outcomes isn't easy**

Parston said measuring outcomes is difficult because they often compete with one another. For example in public health, there is tension between - What to do -cure the disease or make sure the people who get the disease are treated effectively.

### **Innovation is important to success**

Experimentation in the public sector is rare because government agencies have little incentive to spend time and money on experiments that may fail. Nevertheless, the authors cite examples of successful public-sector innovation.

### **Organizational Strategic Management**

The success of implementing depends on the direction charted to effect change. The policy scenarios, strategy development backed by adequate resources remain critical to strategic change management. Stakeholder involvement (Gergis (1999)- from private sector, informal sector, Professional Associations and Trade Unions,

Non-Governmental Organizations, Regulatory Bodies, Multinational corporations, International Financial Institutions, International Development Institutions, Foreign Government and Agencies.

### **Separation of Political Process from Management Process**

Unless otherwise acting as a determinant of better quality service, the political and management processes should be kept separate. The political process can require of accountability from management quality service delivery

### **Ethics and Accountability**

The changing public sector constructs, configurations, organizational structures, cultural diversities of employees have created varied societal expectations (Parker L. and Gould G., 2002). This has resulted changing public sector culture (OECD, 1995) necessitating new codes of ethics and accountability.

### **Strengthening the Regulatory Role of the Public Sector**

Following the transfer of services to the private sector in which there is more than one player, the regulator, often with legal mandate, ensures fairness of competition in the market place.

### **Stakeholder involvement**

The beneficiaries of the public services should form the integral process of formulating change and the crafting of the strategies for their implementation.

### **Coordination of Public Sector Functions**

Policy implementation brings together multiple agencies and groups to work in concert to achieve a set of objectives. Making these joint arrangements function effectively depends upon multi actor linkages and coordination. Drawing upon the Inter organizational and policy network literature, this article discusses these issues and applies them to National Environmental Action Plans (NEAPs). The article looks specifically at Madagascar, examining the implementation structure of the NEAP and how coordination problems are manifested. The essay concludes with some recommendations directed toward improving the effectiveness of Madagascar's NEAP, but which have wider applicability to managing coordination among policy implementation actors in general (Kaul 1996; World development, 1999).

### **Adoption of new structures/re-engineering institutional delivery systems**

The dynamics of organizational change in a turbulent environment calls for adaptations (Aldrich and Pfeffer, 1976; Child 1992) to organizational structures amenable to better quality and profitable service. The organizational mechanisms and structures for service delivery including participation through decentralization, privatization and commercialization change to align to new emerging realities. Further, organizational re-engineering and restructuring is most effective during a succession change process (Aldrich and Pfeffer, 1976; Child 1992).

### **Total Quality Management (TQM)**

Total Quality Management (TQM) is a management technique that emphasizes high-/ quality service (Performance-Oriented Civil Service) and customer satisfaction (Customer-Driven Government). TQM entails the constant improvement of product or service quality and reliability, combined with shorter and more reliable response times through the production and sales chain or service provision process. It also involves increasing flexibility of response to customer requirements and a constant concern about efficiency through waste elimination, the removal of duplication of effort, and curtailing overlaps of roles and responsibilities (ECA, 2003).



### Performance Oriented Service Delivery

Successful performance oriented service delivery entail well documented strategies, benchmarks to guide implementation. These are operationalised through:

- Performance contracting- efficiency, effectiveness against performance indicators
- Customer driven- underpinned by service charters
- Quality and standard products/services

### Customer Driven Government

To improve efficiency, productivity and integrity in the public service, focus will be on creating a culture of commitment to identifying and meeting customer requirements throughout organizations and within available resources (ECA, 2003). This is normally reflected in Citizen Charters. Malaysia, Namibia, Singapore and the United Kingdom public sector services reflect customer needs (ECA, 2003) as contained in various service charters.

### Flexibility in Governance Structures

The stakeholders in the public sector are as different as the networks and functions thereto. In order to satisfy the varied expectations, a cobweb of governance structures at the different levels service provision has to be established. No single structure can satisfy all the needs.

### Creation of Quasi-Markets

#### Separation of Purchaser Role from Provider Role

In order to ensure accountability and minimise contravention of ethics, service providers should be different from service purchasers (Stuart and Walsh, 1989). This is more explicit in public sector where the roles of policy making, regulation and monitoring form the core functions of the public sector.

### DEFINING STRATEGIC CHANGES IN THE KENYAN PUBLIC SECTOR MANAGEMENT

Kenya since the 80s had embraced political, economic and social strategic changes influencing public sector service delivery.

#### Liberalization and Privatization

Sessional Paper No, 1 of 1986 on Economic management for Renewed Growth, is the turning point and break from past public sector management. The implementation of the SAPs in the 80s and the effects of globalization events of 90s into 2000s created the momentum for new structures for organizing public sector delivery mechanisms. There has been more Marketization of services, new players from the private sector and CSO to participate in the delivery of public goods and services. Strategic partnerships at local and global levels are an everyday mode of service delivery.

With the regulated liberalization of higher education, university enrolment has risen from under 42,000 in 1997/98 to close to 150,000 students in 2009/10.

**Table4.** Telecommunication

Subgroup	2001	2002	2003	2004	2005	2006	2007	2008	2009
No. of Mobile Subscribers(000)	572	1640	2737	4295	5328	7273	9305	12934	17362
Mobile Penetration(Tele-Accessibility)	1.9	4.2	6.1	8.8	14.6	19.9	35	36.4	46.8
Licensed Internet Services Providers( ISP)	-	-	76	78	72	51	50	56	52

Source KNBS, Statistical Abstract (2009); CCK Annual Report (2008).

## Democratization

The democratization processes of the 90s, particularly in the political sphere, ushered in social cultural changes that had been the centre of much debate for over 20 years. The biggest achievement of democracy was the amendment of section 2A opening up the political field for multiparty politics, fixed 2-term presidency, freedom of information, independence of the judiciary; separation of powers of the different arms of government and the prominence given to the citizens, civil society in demanding for accountability. This has been possible in part through media freedom. Up to 40 political parties have been registered in Kenya, though not all of them are active (ECK, 2007). The media has equally been vibrant, both print and electronic. From three major dailies during the single party politics, the number has more than doubled currently in the multiparty era. The electronic media has fared better, with practically FM stations to cater for the diverse needs of the Kenyan population.

**Table5.** Daily Average newspaper circulation

Subgroup	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Swahili daily	10387	10007	9622	9255	8686	7711	6818	6603	7510	7852	8190
English daily	82372	78844	78335	82067	86508	78309	80938	89402	98479	99369	10185

Source: KNBS, Statistical Abstract ( 2009).

## New Constitutional

The provisions of Rights and obligations, equity, political representation, freedom of information including the vetting processes of appointments and accountability measures will go a long way in consolidating benefits of accountability. Most important is the separation of powers of the different arms of government from the grip of the executive. From the visible new ways of doing public sector business as we implement the constitution, matters in Kenya can only get better. However, changing the culture will take time. Nevertheless we must all stay the course of entrenching strategic changes. Both the legislative and judiciary assertive independence was very prominent in the discourse on the appointment of constitutional offices for Attorney General, Chief Justice in February, 2011, in which the two arms of government differed with the Executive office of the President. The posts had to be re-advertised.

## Technology Facilitated Service Delivery

The globalizing social, economic and cultural aspects of life call for new mechanisms of operation. Technology assisted service delivery is the order of the day. Kenya has not been left behind. E-government is increasingly taking over all modes of service delivery. Towards this end, the government has jointly with the private sector invested substantially in fibre optic ICT infrastructure to ensure global connectivity of Kenya.

## CONCLUSIONS

### Summary

Change initiatives need powerful guiding coalitions and endogenous support hence the importance of focusing on power relations and dynamics in the institutional landscape. There is need to review more objectively the role of donors as either drivers or facilitators of change. Culture is difficult to change because of the inherent informal systems that are integral components of culture at the work place. Change models and processes that aim to change the culture of the organization, should be a mix of insider knowledge and experience, with objective outsider (outside to the organization undergoing change). Expertise and facilitation is essential throughout the process. Increasing utilization of appropriate change management strategies and methods will require:

- A highly flexible approach to result-based planning, budgeting and management that can capture process results and costing, as demanded by change management.

- Training for development agency personnel in process facilitation, negotiation and other specific change management methods and skills;
- Capacity development in this field requires experts, local and international, who have
- Genuine change takes time. Hence, it is necessary that any capacity development effort is planned as a long-haul journey.

## Conclusion

The need to improve public service management skills is widely recognized as an essential element of any public service reform programme. Diverse stakeholders should participate in the change process from national to community levels. The World Bank (2000) reports two primary findings from evaluations of their programmes. First, their findings support the view that the quality of institutions is a key determinant of development impact. Secondly, despite the first finding, their evaluation reports consistently conclude that many Bank interventions do not adequately address institutional concerns, suggesting that the 'mismatch between the requirements of successful institutional reform and traditional ways of going about the aid business.

Application of private sector models wholesale is inappropriate because (John Stuart 1996). In many cases, as Meyer and Rowen (1977) argue, the change will be ritualistic.

Moreover, because it is difficult to measure objectively the performance of the public service there is a tendency to imitate those organizations that are seen, whether rightly or wrongly, as effective (Dimaggio and Powell 1985). The public and private sector are different institutions serving different purposes. Imposing private sector models creates new problems (Dimaggio and Powell 1985).

Market based approaches may not always serve public interests for example Enron financial crisis.

## Recommendation

The language of consumerism, the development of government by contracts, the form of performance management and the use of quasi-markets are seen as creating problems. These are seen as deriving from an attempt to apply approaches drawn from the private sector to the public domain. It is argued that they need to be balanced by approaches that recognize the values of the public sector. (Stuart J., 2003.)

Mechanisms of enforcing strategic changes in public sector are not uniform- Several commentators have noted that the differences are of far greater interest than the similarities. Christensen and Laegreid (1998: 470-71; also citing Kickert, 1997 and Olsen and Peters, 1996) identify a sharp distinction between Anglo-American reforms and Continental reforms. They conclude 'NPM is not an integrated and consistent theory, but rather a loose collection of diverse doctrines, principles and measures which are partly in opposition to one another'. In a similar vein, Hood (1995) abandons his early characterisation of NPM, suggesting the case for NPM as a global paradigm was overstated. These several commentators remark that the ideas of NPM are internally contradictory, calling for hierarchic steering and egalitarian empowerment in the same breath. Also the likenesses in NPM are superficial, masking significant underlying differences. The trend to the NPM is not uniform; for example, traditional public administration persists in the Commission of the European Union (EU) and Germany. The aims and results of NPM differ. In the UK, NPM aimed to create the minimalist state. In Norway, it aimed to protect the state. The language of NPM obscures differences. So, NPM covers agencification in Britain but not in Australia, regional devolution in France but not in Britain. Moreover, terms such as decentralization refer to deconcentration in an organization or devolution to sub-national governments. Several of the individual parts of NPM are not new; for example, performance measurement. Distinctiveness lies in the package not in the parts but there is no uniform, agreed package. Finally, the meaning of NPM has changed; for example, in Australia the early focus was corporate management but it gave way to a focus on contracting. So, the label masks far more than it reveals.

A good example is the notion of globalization. Globalization is one dilemma that admits of many interpretations. Hay (2002) distinguishes between the economic outcomes of globalization and the effects of the discourse of globalization. The economic effects include the straightforward theory that high taxation drives capital away, a view for which there is little evidence. In relation to public sector personnel, for example, there are strong indications that NPM reforms have been a key source of strain among employees. The many structural, procedural and cultural changes have impacted upon civil servants through a variety of means, including increased levels of employee stress (Korunga *et al.*, 2003),

dissatisfaction (Mikkelsen et al., 2000a) and declining levels of organizational commitment (Young et al., 1998). Longer term, these adverse outcomes can result in substantial costs for the organization and ultimately affect the overall efficiency and effectiveness of the agency (McHugh and Brennan, 1994), thereby potentially preventing agencies from achieving the very benefits they set out to obtain. The shortcomings associated with NPM have led some authors to suggest a paradigm shift from the NPM position to a “public value” approach (e.g. Davis and West, 2009; O’Flynn, 2007; Talbot, 2008; Moore, 1995). In particular, Kelly et al. (2002) identified that public value could provide a broader and clearer agenda for reform within the public sector than that of the NPM framework.

## Limitations

While the bulk of the research studies forming the basis of this paper originate from the developed world, the developing country experiences draw from multilateral organizations research, who in any case spearheaded the reform agenda in Africa. This paper could therefore benefit from basic analysis on impact of reforms in a number of African countries, focus on scope of coverage and interviews for validating statements.

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