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# OPTIMIZING GOVERNMENT Modernization in the Public Sector

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Discussion Paper  
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## Introduction

Increasingly, governments find themselves operating in complex, rapidly changing contexts requiring more collaboration and innovation than ever before. Slimmed-down budgets, ageing demographics, and technology shifts have forced public sector leaders to rethink how they manage talent, resources, and information.

Modernizing the public service is an ongoing exercise, as governments must continuously adapt to emerging trends and evolving expectations. New challenges also present new opportunities to drive efficiency and effectiveness. How are current structures and processes meeting new demands? How can they be optimized to amplify impact? What tools and capacities are needed to support modernization efforts?

These are some of the questions that need to be considered as governments at all levels strive to balance budgets while achieving good outcomes for all Canadians. However, public sector modernization is a broad concept, with much room for interpretation, as meanings may range from technological solutions to talent management strategies. To help catalyze a constructive dialogue on what government modernization means, this discussion paper provides an overview of key drivers of change and responses across different jurisdictions.

## What trends are transforming the public sector?

As part of the *Ten Top Skills* project, Canada's Public Policy Forum explored the changing role of government and the implications for public sector leadership. Based on interviews and discussions with leaders across the country, our report, [\*Flat, Flexible, and Forward-Thinking: Public Service Next\*](#), outlines some of the key trends that are transforming the policy landscape, public expectations, and organizational priorities.

Navigating challenges and seizing opportunities in today's globalized world requires a breadth of knowledge and an appreciation of interconnectedness. With many issues overlapping departmental mandates, jurisdictional divisions, and sectoral interests, effective public policy depends on greater collaboration within government and across sectors. In fact, political strategists, interest groups, private consultants, think tanks, and engaged citizens are playing a more active role in shaping policy decisions.

New technologies and social media platforms are transforming service delivery and democratic participation. Technology has given us faster, cheaper, and more personalized services across industries, and citizens are starting to demand the same level of efficiency and convenience from the public sector. While the proliferation of communication channels has expanded opportunities for public engagement, greater access to information and a 24/7 media culture have increased scrutiny of government, contributing to heightened risk aversion across the public sector. To adapt to the accelerating pace of change in a globalized, networked environment, government needs to streamline processes and manage risks.

Demographic change also complicates fiscal and talent management in the public sector. Meeting growing demands with a shrinking workforce means that government has to do more with less by enhancing efficiency and effectiveness. With increasingly diverse and intergenerational workplaces, accommodating different expectations and creating a culture of collaboration will be important for

public sector productivity and innovation. Nevertheless, as stereotypes of a bloated, overpaid, underworked bureaucracy persist, governments across the country continue to prioritize cost management over more long-term strategies to develop a high-performing public service.

Public sector organizations need to adapt their culture and practices to keep up with changing demands. The public service must become more open, networked, and horizontal, adept at collaboration within and outside government. Given the speed of change, governments need to be more proactive in the face of emerging trends. Streamlining processes for information sharing, decision making, and resource deployment will help enhance responsiveness.

As shifting dynamics continue to redefine what it means to modernize government, it is not enough for the public sector to anticipate change; it must also adapt quickly by leveraging new tools, strategies, and partnerships. As budgets get smaller, governments must empower their public services to develop new and better ways of serving citizens.

## How is government modernization defined today?

Research on government modernization covers a wide variety of issues and strategies. Some areas examined by the Organization for Economic Co-operation and Development (OECD) include the demand for open government, the shift from process to performance, and the focus on fiscal management, as well as key trends in public sector accountability and human resource planning. Given the broad trends mentioned above, advancing innovation is a common theme across sectors, as all organizations are seeking creative ways to manage similar pressures.

In 2011, the Forum examined the challenges facing Canada's public service, the need for innovation, and the obstacles to change. The resulting report, [\*Innovation in government: Conversations with Canada's public service leaders\*](#), highlighted the importance of organization-wide support for innovation, leadership and collaboration to drive ongoing progress, and capacity building at all levels to build an entrepreneurial culture.

According to the McKinsey Centre for Government, public sector innovation is being fuelled by lean management strategies that blend operational reform with talent development to move from a process-driven to a citizen-centred approach.<sup>1</sup> In particular, innovative governments around the world are championing initiatives to simplify processes for user convenience and to engage the public in the design and delivery of public policy and services.

In the 2012 global study, *Delivering Public Service for the Future: Navigating the Shifts*, Accenture emphasized four structural shifts across 10 countries: standardized services to personalized solutions, reactive to insight driven, public management to public entrepreneurship, and piecemeal efficiency to mission productivity.<sup>2</sup> To provide relevant, sustainable services that lead to better outcomes for citizens, innovative governments are proactively designing services around citizens' needs by using public input,

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<sup>1</sup> McKinsey Centre for Government, *Transforming government performance through lean management*, 2012: [http://www.mckinsey.com/client\\_service/public\\_sector/mckinsey\\_center\\_for\\_government/capabilities\\_for\\_performance](http://www.mckinsey.com/client_service/public_sector/mckinsey_center_for_government/capabilities_for_performance)

<sup>2</sup> Accenture, *Delivering Public Service for the Future: Navigating the Shifts – A Global Study*, 2012: <http://www.accenture.com/us-en/Pages/insight-delivering-public-service-future-navigating-shifts.aspx>

focusing on organizational change, and leveraging new tools and strategies to produce greater value for money.

Efforts to modernize the public sector frequently involve new technologies to support better governance. As technology is reshaping public expectations around transparency and information management in government, the demand for open government is growing worldwide. Established as an international platform and campaign, the Open Government Partnership has been endorsed by 64 governments that have committed to harnessing new technologies to promote transparency, citizen empowerment, and good governance.<sup>3</sup>

Governments are also exploring how to support organizational efficiency through technology. In Australia, the state government of Victoria recently announced a strategy that prioritizes content management through the public cloud, mobile communications across government, and improved access to on-line data sets.<sup>4</sup> At the 2010 White House Forum on Modernizing Government, discussions focused on harnessing technology to streamline operations and improve customer service. An important lesson is the role of good management in ensuring the greatest return on technology investments as leading organizational change requires visionary leadership, daily management, detailed reporting, process evaluation, and ongoing review of citizens' needs.<sup>5</sup>

## How is Canada modernizing the public sector?

In Canada, modernization initiatives target many of the same objectives, such as streamlining processes, measuring outcomes, enabling collaboration, and maximizing talent through innovation and technology. One of the more prevalent trends across all levels of government is the move toward open government. In March 2011, the Government of Canada announced its commitment to open information, data, and dialogue. As part of this initiative, the government launched an open data portal with over 272,000 datasets from 20 departments.<sup>6</sup> Open government strategies have also been developed in other jurisdictions, including Ontario and Alberta, as well as Vancouver, Edmonton, Toronto, and Ottawa. In addition to open government, British Columbia is undertaking regulatory reforms to minimize red tape, measure progress, and explore intergovernmental partnerships.<sup>7</sup>

Since 2009, reforms at the federal level have focused on workforce renewal, workplace productivity, and service improvement. Building on the progress achieved, Blueprint 2020 outlines a vision for an open, networked public service; a consistent, organization-wide approach; a tech-enabled workplace; and a high-performing workforce. Together, these principles are intended to cultivate a modern public service

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<sup>3</sup> Open Government Partnership: <http://www.opengovpartnership.org/>

<sup>4</sup> Shahida Sweeney, Australian State Government reinforces support for cloud, mobility and big data, *FutureGov*, 21 May 2014: <http://www.futuregov.asia/articles/australian-state-government-reinforces-support-for-cloud-mobility-and-big-data>

<sup>5</sup> Office of Management and Budget, *White House Forum on Modernizing Government – Overview and Next Steps*, March 2010: [http://www.whitehouse.gov/sites/default/files/omb/assets/modernizing\\_government/ModernizingGovernmentOverview.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/modernizing_government/ModernizingGovernmentOverview.pdf)

<sup>6</sup> Government of Canada, *Canada's Action Plan on Open Government*: <http://data.gc.ca/eng/canadas-action-plan-open-government>

<sup>7</sup> Government of British Columbia, *Regulatory Reform*: <http://www2.gov.bc.ca/gov/topic.page?id=AE6F6EBC8B394BDC8B71883FB0942F70>

that leverages talent and technology to support more collaborative, whole-of-government strategies to improve policy and service outcomes. Based on online discussions and progress reports, key priority areas moving forward include enabling innovative practices and networking, balancing process and empowerment, employing technology to support better outcomes, managing talent to drive performance, and promoting the value of the public service.<sup>8</sup>

Recent recommendations from the Prime Minister's Advisory Committee on the Public Service reinforce these priorities by emphasizing employee engagement, streamlining processes, strengthening leadership in middle management, investing in capacity building and long-term planning, and defining a clear path for ongoing progress.<sup>9</sup> Similarly, the Ontario government sought external expertise by establishing the 2012 Commission on the Reform of Ontario's Public Services. The Commission proposed a set of overarching guidelines that included taking an evidence-based approach, balancing accountability with efficiency, exploring public-private collaboration, ensuring smart workforce deployment, and making a commitment to immediate, organization-wide change.<sup>10</sup>

Concrete modernization initiatives at the federal level range from implementing the new Directive on Performance Management to establish clear expectations to establishing Shared Services Canada to consolidate and standardize information technology platforms across government. As part of Blueprint 2020, specific initiatives are underway in various departments and agencies.<sup>11</sup> Taking a more collaborative approach to government innovation, Statistics Canada has created a web platform to crowd source employee ideas, and Employment and Social Development Canada is using social media to foster policy dialogue.

To streamline processes, Canada Revenue Agency's business number now serves as the single contact point for businesses to access and manage accounts. Ongoing review of Treasury Board policies, human resources transformation initiatives, and departmental process modernization efforts are contributing to a more balanced approach to accountability. The Office of the Chief Human Resources Officer also launched *Values Alive: A Discussion Guide to the Values and Ethics Code for the Public Sector*, to facilitate further dialogue on the fundamentals of public service.

## Opportunities for greater impact

Much work is underway to modernize the public sector to meet growing demands for more innovative, responsive, and collaborative government. From citizen-centred design and open government to talent management and new technology, public services are refocusing their attention on increasing public value and investing in internal supports. In addition to developing a clear strategy and building the capacity for execution, organizational transformation also requires aligned leadership at all levels to effectively manage change and sustain the momentum toward better outcomes.

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<sup>8</sup> Clerk of the Privy Council, *Destination 2020*, 2014: <http://www.clerk.gc.ca/eng/feature.asp?pageld=378>

<sup>9</sup> Prime Minister's Advisory Committee on the Public Service, *Eight Report to the Prime Minister: Contributing to a Competitive Canada*, March 2014: <http://www.clerk.gc.ca/eng/feature.asp?pageld=369>

<sup>10</sup> Commission on the Reform of Ontario's Public Services, *Public Services for Ontarians: A Path to Sustainability and Excellence*, 2012: <http://www.fin.gov.on.ca/en/reformcommission/>

<sup>11</sup> Clerk of the Privy Council, *Destination 2020*

As governments across the country continue to adapt their structures and processes to meet changing needs and expectations, it is important to reflect on current approaches and explore new avenues for greater impact. To help frame the issues, identify promising opportunities, and define future priorities, some key questions for consideration include the following:

- What are the key barriers to improving public sector performance?
  - *How are growing demands for better management, engagement, collaboration, and innovation being met?*
- How can government modernize its structures and processes to meet changing needs?
  - *What type of vision, strategy, and capacity is required to support transformation?*
- Where should government target its efforts and investments?
  - *Which changes are more urgent and beneficial than others?*



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