

# Leading change in the public sector 2010



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## Foreword

The UK is slowly emerging from a severe global recession. Up until now, the impact has been felt primarily by the private sector, with jobs cut and some famous brands disappearing forever.

The public sector has not yet felt the full force of this recession, although it hasn't been immune. Now, however, with the government having bailed out the banks, jobless numbers soaring and tax revenues falling, widespread cuts in public sector budgets seem inevitable to bring down the ballooning national debt. This is bound to affect everyone, as we are all consumers of public services in one form or another.

Against this backdrop, the Institute of Leadership & Management set out to explore how well prepared public sector managers are to meet this challenge. We asked them about the situation now and how they see it changing in the coming 12 – 18 months. We also asked them about the attitudes to their jobs and experiences of working in the public and the private sectors, their levels of satisfaction and their frustrations.

Our research paints a nuanced picture that opposes the cliché of the cruising public sector employee. It reveals a cadre of committed, talented and motivated managers who are up for the challenge of leading their teams and organisations through what will be a difficult time. There are frustrations – around bureaucracy, the failure of senior leadership to understand what's involved in delivering services and a lack of resources – but they see a way forward.

Our research shows there is a great enthusiasm to respond to the need to cut costs and improve efficiency through the creative redesign of service provision. The question is whether the government, senior management and policymakers will give public sector managers the freedom to meet this challenge.

Now, more than ever, we need to develop these managers and empower them to deal effectively with budget cuts in innovative ways. ILM wants to support the public sector in developing management practice by working with employers and individuals to achieve their full potential and minimise the impact on essential frontline services.



Penny de Valk, Chief Executive  
Institute of Leadership & Management  
February 2010

## Executive summary

The public sector touches everyone's lives; providing a range of essential services, and employing one in five<sup>1</sup> of the UK workforce. In 2010, as the UK emerges from recession and with the public deficit expected to reach £178bn, the public sector as a whole will be challenged to reduce costs while maintaining quality of service.

At a time when public sector managers face considerable challenges, ILM set out to gauge their opinions on key issues. We surveyed 1,554 managers at different levels of seniority from across the public sector.

### Feeling the pinch

The research dispels many of the myths about the public sector and its managers, including, crucially, the belief that it has remained untouched by the economic downturn.

Without doubt, the research shows that fallout from the recession has already affected budgets and resourcing levels across the public sector.

Nearly two thirds of the respondents had experienced budget cuts in the past 18 months, and there was widespread concern that further sweeping cuts could only come at the expense of key public services.

The three key challenges managers currently face are high workload (44%), budget constraints (41%) and resourcing constraints (31%). And these are only going to get worse, with three quarters of respondents reporting that their team is working at a high level of efficiency with minimal room for cost reductions.

### Future concerns

But looking forward, nine out of ten managers believe that further budget cuts are likely. And, if these cuts are managed poorly, they anticipate staff and customers will suffer.

Over half of managers are concerned that cuts will harm the quality of services they provide, while two thirds expect a drop in staff morale and wellbeing.

The months ahead present a major challenge for public sector managers. They expect renewed pressure as cost cutting impacts on day to day operations, with increased concerns about personal job security, the threat of redundancies and headcount reductions.

This pressure will only intensify the issues around workload, budgets and resources. When we asked respondents to anticipate the challenges of the next 18 months, we saw the same three issues. Concern over budget constraints rose 13% to replace workload (up 5%) as their number one challenge. Resourcing constraints rose by 6% and remained the third most pressing challenge.

### Motivated managers

But while budgets are under scrutiny and the future outlook is uncertain, it is clear that, on the

whole, public sector managers are up for the challenge. Our research shows a committed, experienced and talented cadre of management professionals who are highly motivated to make a difference in their roles.

Job satisfaction is high, with 70% of managers either satisfied or very satisfied at work. Of the two thirds of respondents who had previously worked in the private sector, 61% were more satisfied or much more satisfied in their current role.

This highly positive approach to working in the public sector is put down to working with good colleagues, the value of teamwork, the rewarding nature of the work, and the opportunity to influence change.

To maintain the current high levels of motivation, the research highlights the importance of retaining the many talented managers working in the public sector, enabling those managers to do their job effectively, and, most importantly, maintaining the level and quality of public services.

Talent retention will be a major issue, with over a third of respondents anticipating that they might leave the public sector over the next 12–18 months for a combination of reasons, including the likelihood of redundancy.

### **The need for leadership**

Of the relatively few managers (17%) who were dissatisfied in their role, most blamed poor or unsupportive management or leadership, and a lack of understanding of the frontline by senior management.

Almost half of all respondents agreed there was not effective two-way interaction with the senior management team. Over half the managers believed the senior management team did not understand the functions and responsibilities of other teams.

The use of targets is also a hot topic – it is clear from the research that targets are an important tool for managers to use in dealing with the challenges they face. But while there is considerable support for targets, managers need to be empowered to set realistic localised targets for their team, rather than having uniform targets imposed without consultation.

### **Opportunity to innovate**

Despite the challenges, the research identified a strong sense of optimism and opportunity. Nearly half the managers had a positive outlook for the next 12–18 months. The majority identified opportunities to improve performance at work, to innovate and introduce new business processes, develop creative

solutions, improve teamwork and communication, and improve staff morale and motivation.

To capitalise on this spirit of optimism and opportunity, policymakers and senior managers need to support and empower public sector managers to make decisions that are appropriate to the circumstances. Managers should be empowered to develop innovative responses to budget cuts that improve efficiency, introduce more effective back office services and improve frontline delivery.

### **Training threat**

One area likely to be hard hit by the pending cuts is training and development budgets. Yet this is an essential tool to support the kind of radical change needed, equipping managers and their teams with the skills to make it happen. At a time when the public sector needs to maintain the highest levels of performance, the provision of ongoing support and development for managers will be critical.

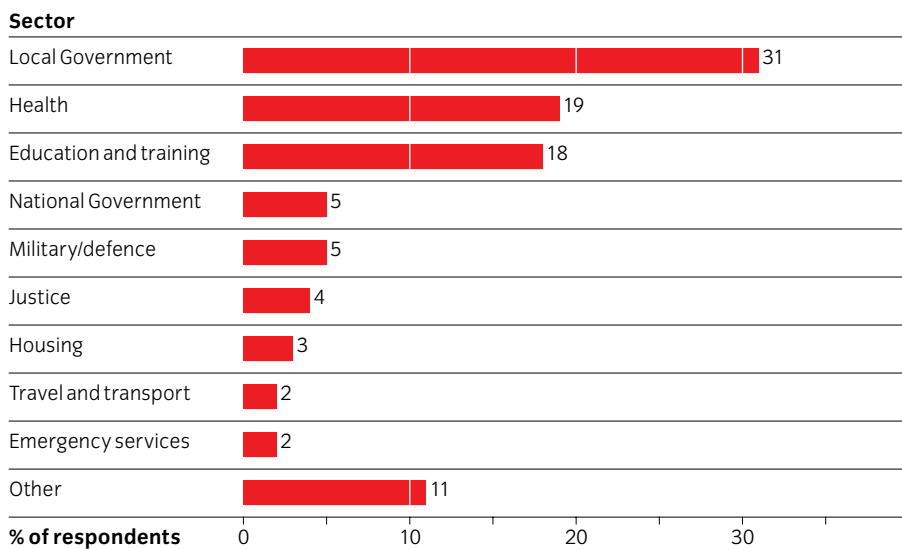
The calibre and commitment of its managers is a major asset for the public sector. If it is to meet the challenges of reforming services and delivering efficiencies without harming the quality of service, it will be essential to ensure they remain engaged and empowered to use this opportunity to innovate.

Footnote 1:  
Public sector workforce – ONS Statistical  
Bulletin Sector Employment Q3 2009  
20.9% (6.093 million)

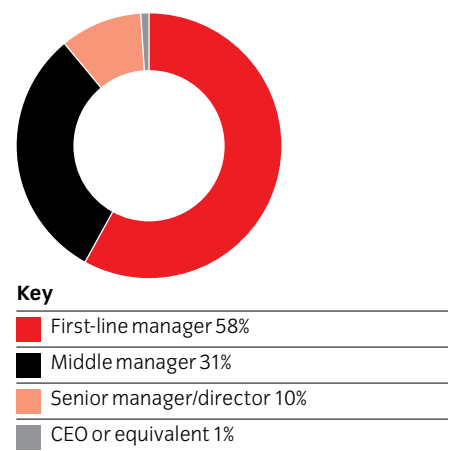
# Introduction

From the moment we are born, the public sector is an integral part of our lives. The National Health Service welcomes us into the world, and cares for us when we are sick. The police, armed forces, and justice system, protect us. The education system equips us with the skills that we need to carve a career. Local government helps to maintain the fabric of daily life.

**Figure 1: In which industry sector does your organisation operate?**



**Figure 2: What is your seniority level in your organisation?**



So when the public sector suffers, society suffers. And when public sector managers face tough challenges, we want reassurance that they are well prepared to deal with those challenges. As we begin to emerge from the deepest and longest recession the UK has ever faced, it is clear that significant efforts will be required to reduce the public deficit which is set to reach £178bn in 2010, over 12% of GDP. While a general election will take place in 2010, regardless of which party assumes power, substantial cuts in public sector spending are inevitable.

Much has been made of the apparent inefficiencies in the public sector, the ineffectiveness of the

prevalent target culture, low employee morale, underperforming managers, and declining service levels. Without question, coping with the conflicting pressures of resource constraints and service provision will require motivated and highly competent management.

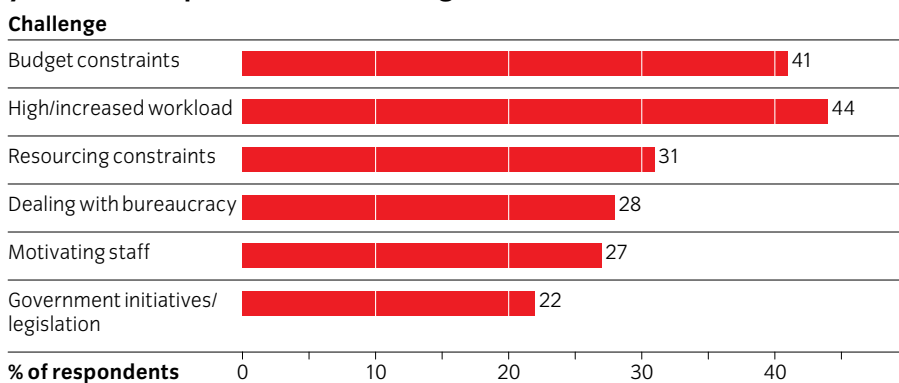
In light of the challenges facing public sector managers in 2010 and beyond, ILM set out to ask managers at all levels of seniority about their experiences and their opinions on the crucial issues facing the public sector. Unlike many other recent investigations into the public sector, they were also asked for their proposals about how to deal with these challenges. These views are captured in this report.

Figure 1: Local government accounted for 31% of respondents, followed by health (19%) and education (18%). More details of the sample of public sector managers is available in methodology on p15.

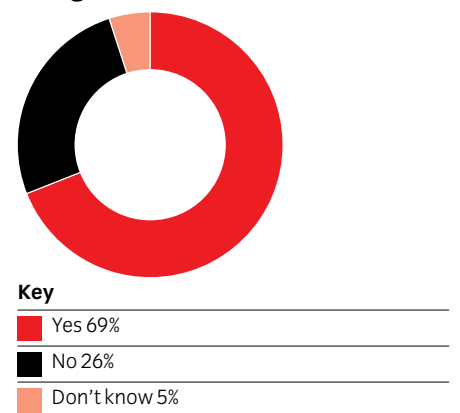
## Section one: Public sector management – the current situation

With budgets under scrutiny and the future of the public sector under review, managers are under increasing pressure to deliver more with less. Contrary to perceptions, the sector has not escaped the recession unscathed and there have been cuts to budgets and staffing levels. But despite the current challenges, public sector managers appear to be highly motivated and ready to embrace change.

**Figure 3: What are the current challenges you face as a public sector manager?**



**Figure 4: Have you experienced budget cuts in the last 12 months?**



### Current challenges

Job satisfaction levels may be high, but public sector managers are definitely already under pressure. They will need to overcome numerous challenges if they are to continue making a difference.

Some people have suggested that unlike the private sector, the public sector has been protected from the harsh economic realities of the recession. The research paints a different picture.

Managers throughout the public sector are already facing budget cutbacks. Some seven out of ten managers (69%) have experienced budget cuts in their teams during the last 12 months.

Asked about the main challenges they currently face, the public sector managers identified high workloads (44%), budget constraints (41%), and resource constraints (31%) as the main issues.

This suggests there may not be much room for further cuts in budgets and resources without a significant impact on service provision or a fundamental review of operational processes.

There is also a strong belief that teams are working at full capacity with 74% of managers stating that their teams operate efficiently, with minimal room for reductions in costs.

### Bureaucracy

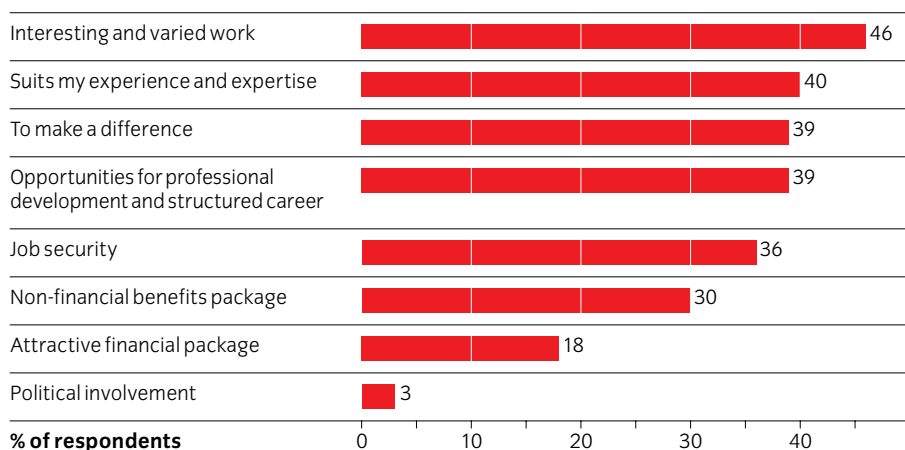
A number of other challenges were also identified. There were frustrations arising from the typical management issues commonly associated with the public sector, such as dealing with bureaucracy (identified by 34% of managers from across the whole public sector) and difficulties in getting decisions made (20%).

Among those managers who were most dissatisfied with the public sector, around half (48%) put this down to 'poor or unsupportive management or leadership', a worrying comment.

There were other management competence issues as well. A

# Section one: Public sector management – the current situation

**Figure 5: Why do you work in the public sector?**



quarter of respondents cited the ‘failure to deal effectively with underperforming staff’ as a major cause of their dissatisfaction, and there were also complaints about the ‘inability to motivate staff’ (cited by 27% of respondents) and inadequate senior management skills (18%).

Change management problems, such as dealing with new government legislation and initiatives (22%), changing strategic objectives or frequently moving goalposts (21%) were also causes of dissatisfaction. It is unlikely that these challenges will reduce in the coming months, and a key issue for senior managers and policy makers is how well they prepare managers to address them.

### Management motivation

Our research shows that, despite these frustrations, public sector managers are largely extremely positive about their roles, and motivated to meet the challenges they face.

The majority of public sector managers (56%) consciously chose to move into management – a significantly higher proportion

than is generally the case across the private sector, based on 2008 ILM research.

They chose management because they wanted to tackle the challenges the role presents (57%), progress their careers (49%), develop themselves professionally (35%), and develop and train others (35%). These people see management as an opportunity to progress both themselves and others.

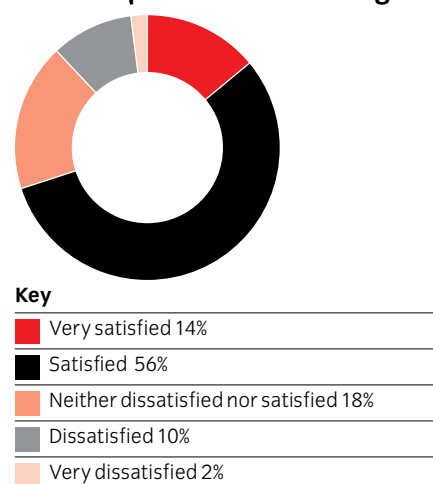
Status was the least important reason to opt for management (with only 6% of respondents choosing it as one of their three reasons).

### Career choice

Working in the public sector was a deliberate career choice, too. It may surprise many commentators to learn that the majority of the managers surveyed have had private sector experience but opted for a move to the public sector.

Nearly two thirds of those surveyed (65%) had worked in the private sector, just under half (30%) as managers. This experience enables them to assess the public

**Figure 6: Are you satisfied in your role as a public sector manager?**



sector from a much stronger and better informed position than many outsiders who lack their clearer perspective.

This deliberate move into the public sector reflected managers’ strong motivation and ethos of public service, rather than pay and benefits. Asked to give three reasons why they chose to work in the public sector, and rate them in order, ‘being able to make a difference’ was the most popular response.

When all three choices are aggregated, the most popular reason overall was that the public sector offered ‘interesting and varied work’.

Financial rewards ranked way down the list of attractions of a career in the public sector, with only a very small percentage (4%) citing it as their main reason.

### Job satisfaction

Perhaps unsurprisingly, this positive motivation towards both the sector and the managerial role leads to encouragingly high levels of job satisfaction, with seven out of ten managers

either satisfied or very satisfied in their role. That percentage rises to 84% for senior managers and directors.

This high level of satisfaction comes from having good colleagues and teams (64%), being able to make a difference (49%), doing interesting and varied work (47%), and being able to influence change (32%). In other words, the reasons that attracted them to the sector in the first place.

Despite the recession and the challenges managers currently face, overall levels of satisfaction changed little in the 12–18 months before the research.

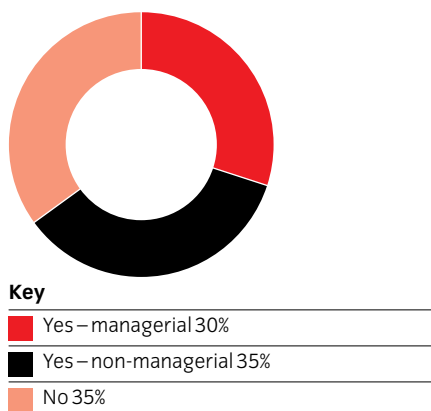
Although one in three public sector managers reported feeling less satisfied or much less satisfied now, compared to the period before the financial crash happened, just over a quarter said they were more or much more satisfied now, with the rest (41%) saying that their level of satisfaction remained the same.

The rewarding nature of the work and the working environment, and the ability to effect change were important factors in creating job satisfaction.

### Private sector experience

Of the two thirds of managers with private sector experience, 61% said they were more or much more satisfied working in the public sector than in the private sector. For these managers, their increased job satisfaction resulted from more rewarding work, more responsibility or influence, more job security and more opportunities, challenges and training.

**Figure 7: Do you have private sector experience?**



The high levels of motivation and job satisfaction, coupled with a strong commitment to public services and making a difference, demonstrate what a tremendous asset managers are to the public sector and wider society.

### Employee engagement

The research shows that the public sector has a strong foundation of engaged and dedicated managers, an asset that needs to be recognised. In times of extreme and traumatic change, the quality and attitude of managers is critical to the success of change strategies.

The research reveals a surprisingly healthy management cadre available to effect the budget savings and policy changes now emerging, supported by a strong team structure.

The managers have strong support in their immediate teams, which they believe are ready and willing to innovate and develop creative solutions (68%), are open to change (70%) and are highly engaged (68%), although two thirds of respondents believed their teams were worried about the future.

## Section two: the year ahead – challenges and opportunities

The heady mix of budget cuts and resourcing constraints is a clear signal that public sector managers are already feeling the pressure. But the new era of economic austerity is seen as a catalyst for transformational change and an opportunity to introduce innovation and improve service delivery across the public sector.

### Increasing challenges

Public sector managers are already under considerable pressure dealing with the current challenges. But what about the future? With a general election imminent, and much speculation about the nature and degree of post-election public sector spending cuts, how do public managers view the forthcoming year?

The managers were asked about the main challenges they anticipated over the next 12–18 months. The same three main challenges become even more significant looking ahead with heightened concern about even more budget constraints, increased workload, and resourcing constraints.

There is a wider agreement about the likely future challenges, however, compared to those faced over the last 12–18 months. More people were concerned about issues relating to cost pressures and potential cutbacks, for example.

Over half (57%) of managers anticipated budget constraints, up 16% from the 41% already experiencing them, and half (49%) expected higher workloads (up from 44% currently). The number of people who identified personal job security as an issue almost doubled, to 27%. In addition, there will be the

added challenges of retaining good staff (cited by 20% of respondents) and making redundancies and headcount reductions (18%).

Given that effective change management requires decisive action, it is interesting that issues considered less of a challenge in the future included getting decisions made (down nine percentage points to 11%), and dealing with bureaucracy (down nine points to 19%).

Public sector managers were also asked to describe how they feel about the next 12–18 months. The results reveal a degree of anxiety, with the most common word being challenging, followed by uncertain, concerned, change, worried and apprehensive.

Considerable leadership and managerial skills will be required to deal effectively with the challenges and issues identified in our research. If these challenges are mismanaged, there is a real risk of adversely impacting frontline services and workforce effectiveness. Half (52%) of the managers believed that budget cuts would lead to a reduction in service quality for customers.

### Budget cuts

One popular perception of the public sector is that it is inefficient compared to the private sector.

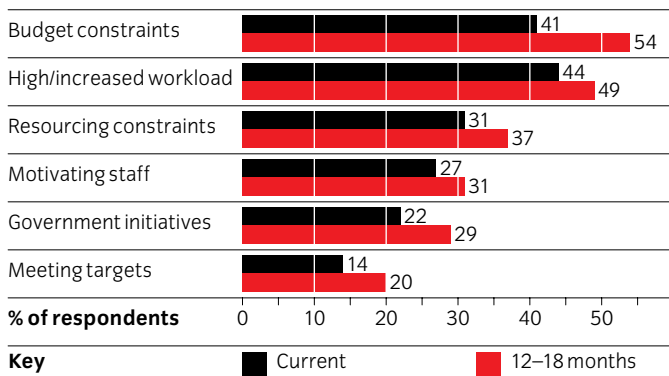
However, the research suggests that public sector managers are already operating close to full stretch. Three quarters of managers say their team is working at a high level of efficiency with minimal room for cost reductions.

Managers are well aware of the growing pressure to be more efficient, with budget and resourcing constraints as two of the top three future challenges. More specifically, 69% of managers have experienced budget cuts in their teams during the last 12 months, and the majority of managers (89%) have some expectation of budget cuts in the next 12–18 months, 60% of them stating that such cuts are very likely.

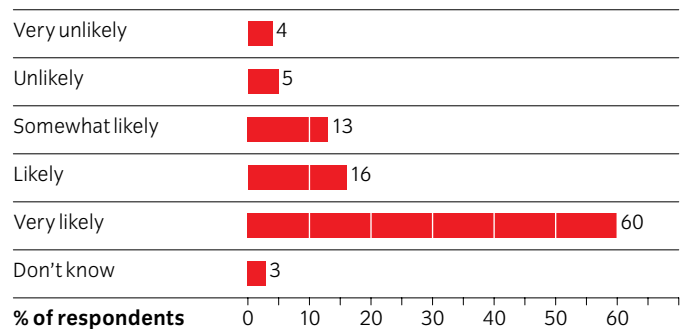
The majority of budget cuts are expected to come through reduced headcount (49%), process streamlining (49%), and cutbacks in staff training and development (48%). Staff and personal wellbeing is a key concern for respondents, with the likely impact of budget cuts on their teams predicted as being higher workload (73%), lower morale (69%) and stress (67%).

Another major concern is the capacity and capability of senior management to deliver the necessary changes. One third of managers say that senior management is ill-equipped (24%) or very ill-equipped (7%) to deal

**Figure 8: What are the main challenges you face currently and looking to the future?**



**Figure 9: Do you expect budget cuts in the next 12-18 months?**



with these budget cuts. Another concern is the impact on service provision. Worryingly, 38% of managers believed budget cuts would be achieved by cutting services, and a majority of managers (52%) felt that budget cuts would lead to a reduced quality of service for customers.

There are also signs that the public sector is failing to deal with poor performance, cited by one in four (25%) as an important reason for dissatisfaction. Furthermore, 28% of respondents felt there would be more opportunities to manage out poor performers in the future. But tackling poor performance is not just about managing out those employees who are not performing to the standard required, it is also about addressing the fundamental reasons for underperformance.

### Targets

The widespread use of targets in the public sector has been the subject of much criticism in recent years. The target culture is often represented as ineffective and a hindrance to real performance improvements and efficiency gains.

Contrary to expectations, the research reveals considerable support for targets among public

sector managers. A significant proportion believed that targets provided team direction (69%), enabled effective performance management (63%), and helped drive high quality results (51%).

Targets are an important tool for managers to use, but there are caveats; managers want to be able to set realistic localised targets for their team, rather than having uniform targets imposed without consultation. This is in line with best practice in leadership and management at all levels.

### Retaining talent

It is not surprising, given the pressures identified in the research, that talent retention is likely to be a serious problem for public sector organisations in the coming months as budgets come under pressure and workloads increase.

Managers' confidence in their job security certainly suffers. Personal job security was seen as the least significant current challenge for managers, only cited by 15% of managers, yet it was placed in the top six for the next 12-18 months.

Concerns over job security also have an impact on talent retention with managers beginning to

consider careers elsewhere. A third of respondents say they might leave the public sector over the next 12-18 months, with the likelihood of leaving increasing in line with the level of dissatisfaction in their current role. Four in ten (42%) of those managers dissatisfied or very dissatisfied are likely to leave.

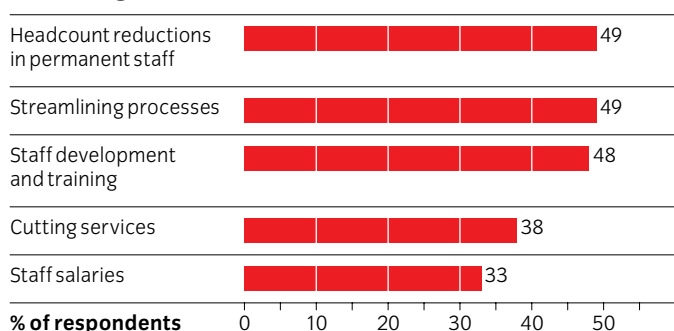
Although the dissatisfied only account for 12% of managers, if the factors that cause dissatisfaction increase, they will be more likely to leave the public sector. The main reasons for dissatisfaction are related to concerns about change management, communication and managerial competence. So poor or unsupportive management or leadership (48%) was the leading reason given for dissatisfaction, followed by too much organisational restructuring (34%), lack of understanding of the frontline by senior management (27%), and frequently moving goalposts or changes to strategic direction (26%).

### Senior management

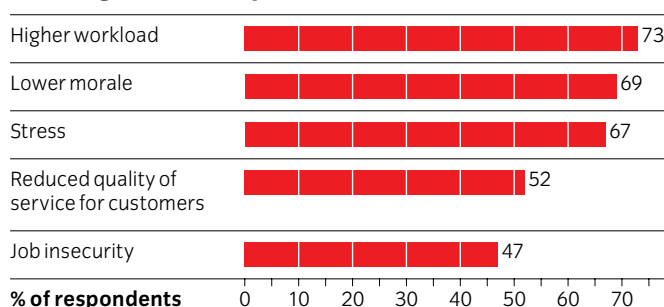
Public sector managers responded positively when asked how they felt about the way their own team worked. The majority of managers believed that their team was open to change (70%), highly engaged (68%), able to innovate and develop

## Section two: the year ahead – challenges and opportunities

**Figure 10: Where will the budget cuts fall?**



**Figure 11: What will be the impact of budget cuts on your teams?**



creative solutions (68%), and had high morale (51%). In other words, they were well placed to tackle the challenges ahead.

However, the majority (56%) were less positive about how well senior managers understand their teams' functions and responsibilities. Communication between senior managers and operational teams was also identified as a particular problem. Nearly half (48%) of the managers did not believe that there was effective upward and downward communication between their teams and the

senior management team. This was particularly the case when the respondents were junior managers or worked in larger organisations. This reinforces the findings from ILM's research into trust (Index of Leadership Trust 2009).

### Optimism and opportunity

Despite the challenges ahead and the undoubted pressures, the research revealed an outstanding sense of optimism and opportunity among public sector managers.

The respondents used words like excited, interested, rewarding

and hopeful to describe the next 12–18 months. Asked about their general outlook public sector managers were remarkably upbeat given the current economic climate, with 43% of managers being positive or very positive in their outlook.

Indeed, rather than adopting a negative attitude about the prospect of funding cuts and increased workload, most public sector managers were able to identify possible opportunities to improve the way that they work and maintain or raise levels of service.

### Trust in the public sector

In 2009, ILM published its Index of Leadership Trust. Among its many findings the research revealed comparatively low levels of trust in the public sector, compared to the private sector.

ILM's trust research also showed that levels of trust depended on a number of factors. One of the most important drivers of trust in line managers was the extent to which those line managers understand the needs and abilities of others.

Organisational size is a major factor in determining trust, and a reduced

level of trust in larger organisations is a direct consequence of the difficulty senior managers have in interacting with the people involved directly in the delivery of services. However, research has shown that a lack of trust has a significant impact on the effectiveness of teams and the quality of communication.

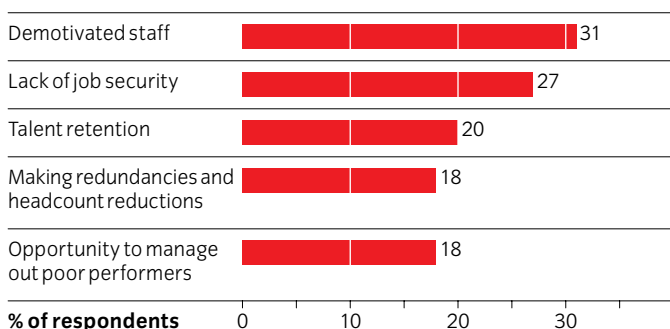
Those findings on trust are reinforced in our Leading Change in the Public Sector research.

Public sector managers were asked about teamwork, and in particular how their team interacted with senior management. Over half

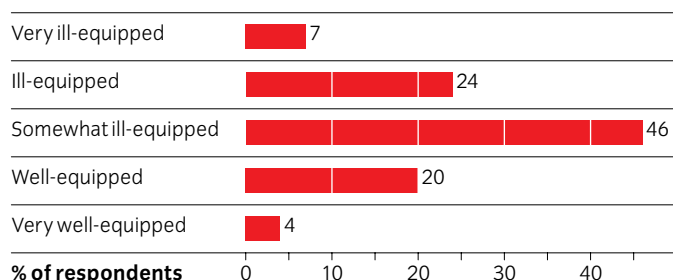
the managers (56%) believed that senior management did not understand the functions and responsibilities of the line manager's team. Nearly half (48%) felt that there was not effective upward and downward communication between senior management and other internal teams.

Based on our earlier work, we would expect poor communication and lack of understanding of this kind to have an impact on trust. When questioned about trust, a third of these public sector managers felt that multiple layers of management had led to lower levels of trust.

**Figure 12: What will be the impact of budget cuts on staffing issues?**



**Figure 13: Is the senior management equipped to deal with budget cuts?**



There is a strong belief that the coming months will give them greater opportunities to banish bureaucracy, get things done, and make a difference. Half (51%) of managers anticipate being able to innovate and develop creative solutions to the challenges presented by budget cuts, introducing improved business processes and tackling bureaucracy. At the same time, 42% expected to be able to deal with inefficiency and 31% looked forward to implementing some key strategic decisions in response to the challenges ahead.

This translated into a greater opportunity to improve their own management skills and competencies, and enhance their performance. Paradoxically, nearly half of them (48%) believed that there would be a chance to improve teamwork, and 29% felt they could increase staff morale and motivation despite budget cuts.

The managers also saw some positive aspects to the potential budget cuts, particularly how their teams would be affected. A third (35%) thought staff would be able to take on new responsibilities, and 24% thought it would encourage an innovative approach. However,

these positive aspects came significantly below more negative impacts, such as higher workload (73%), lower morale (69%) and stress (67%).

**Supporting management**

Unfortunately, high levels of job satisfaction, optimism and goodwill are not enough on their own to deal with the increasing challenges highlighted in the research.

Policy makers and senior managers, HR directors and organisational leaders, need to capitalise on the spirit of optimism and opportunity identified by this research. Strong leadership is required to support and empower public sector managers, enabling them to make decisions that are appropriate to the circumstances.

Public sector managers must be equipped with improved management skills and knowledge, building their capability and competence in areas such as change management, innovation, and communication.

It is a comparatively easy option to achieve budget and resource cuts by squeezing training and development budgets, as 48% of managers believe will happen, but

this limits the ability of managers to deal with the challenges facing their organisations.

**Innovation**

The research findings show that managers believe there is a real opportunity to use more innovative and creative solutions to meet the challenges ahead. Indeed, the public sector managers offered a range of suggestions for meeting cost reductions.

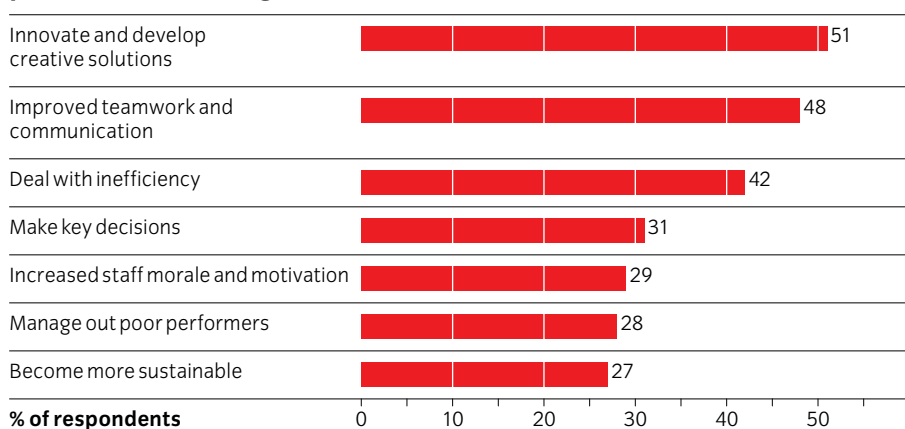
Empowerment is necessary for effective target setting, too. Those managers who felt they had the authority to set realistic targets were more positive about the use of targets and their importance in providing direction.

At present, just over half of the managers (57%) thought they had the authority to set realistic targets, while nearly 50% believed they had been set realistic and appropriate targets. This leaves significant scope for managers to set challenging, but achievable, localised targets.

There is a desire to address capability gaps in areas such as teamwork and communications. This was the second most commonly cited opportunity

## Section two: the year ahead – challenges and opportunities

**Figure 14: What are the main opportunities for public sector managers in the next 12–18 months?**



going forward, and the fifth was to increase staff morale and motivation. There is substantial evidence that the latter can be best achieved through encouraging people to work together in true teams, by consulting them and keeping them well informed, the essence of effective communication.

Similarly, the research suggests that greater attention to the skills and competences of senior managers, not least to better communication and more effective handling of change management issues, would go some way to addressing levels of

dissatisfaction, and consequently improve talent retention. It is essential that the cadre of talented and motivated managers that currently exists in the public sector is retained.

By engaging employees, improving motivation and morale, and implementing performance management best practice, public sector managers will be able to tackle poor performance. It is only by focusing on matters like these that public sector managers will fulfil their ambitions of making a difference, allowing them to

continue delivering outstanding public services.

The public sector has the managerial raw materials to make change happen, but needs to ensure they are engaged and developed to deliver on their demands for more innovative solutions. Managers must be empowered to provide innovative solutions and not just be expected to improve efficiency by implementing crude cuts and continuing doing what they have been doing in the same way, but under greater pressure and with fewer resources.

### General election 2010

We asked the public sector managers a number of questions about the 2010 general election.

Perhaps the most remarkable finding was the managers' apparent indifference to the election result in terms of how it might affect their job. It suggests that public sector managers are focused on dealing with the challenges of delivering public services in a difficult environment rather than politics. It is a response

in keeping with other findings in the research highlighting the strong public service ethos motivating these managers.

A sizeable majority of managers (77%) believed there would be a change of government. Asked how they felt about a potential change of government in the context of their job, managers who felt negatively (31%) outweighed those who were positive (17%). However, nearly half (47%) were neutral in their view.

About two thirds of managers thought a change in government would bring a change in direction and priorities. Significantly more managers felt a change of government would result in a negative culture shift (30%) rather than a positive one (14%). This was reflected in the other findings: over half the managers believed that a change in government would lead to more pay issues (52%), greater challenges as a manager (52%) and an increased pressure to demonstrate quick results (51%).

# Conclusion

This research provides an in-depth understanding of the anxieties and challenges facing public sector managers in today's turbulent economic times. The sector is braced for a period of uncertainty, but its managers are highly motivated and eager to transform their organisations with innovative and creative solutions, while maintaining service delivery.

Our research clearly shows that the public sector has not been completely immune from the challenges that the private sector has faced since the summer of 2008, and that managers are well aware that the real pain is yet to come.

What is striking about the research findings is the real appetite among many public sector managers to develop radical solutions to the budgetary and resourcing pressures that they are undoubtedly going to face in the near future.

The research also challenges some of the stereotypes of public sector managers that easily capture the public's imagination, and reveals an experienced, sophisticated and motivated group of managers with a real commitment to serving the public, driven largely by a desire to make a difference.

ILM believes that the research reveals some clear findings that need to be kept in the forefront of the minds of those responsible for public sector strategy in the coming months and years.

## **Commitment to service**

Public sector managers bring a broad range of experience to their roles; for example, many of them have extensive experience of the

private sector – two thirds of our sample had worked there, half of them as managers.

They are committed and motivated by what they do and the services they provide. They appreciate the benefits that come from working in the public sector, including the opportunities for training and job security (although they know this is no longer guaranteed).

Policymakers should recognise this experience and commitment, and take advantage of the opportunities it offers.

## **Dealing with budget cuts**

They are also willing to take up the challenge presented by the expected budget cuts and are ready to implement change. However, many of the managers were worried that there were limited opportunities for efficiency improvements without impacting on service delivery.

They have already experienced budget cuts and heavy workloads, and are worried about the impact on team morale. They are also concerned about the quality of organisational leadership and communication across their organisations.

## **Opportunity to innovate**

There is a strong appetite among managers at all levels to

develop innovative solutions to the budgetary and resourcing constraints they anticipate in the coming months.

Rather than attempting to impose centralised approaches to reducing planned expenditure in the public sector, policymakers should harness the enthusiasm and ability of public sector managers to come up with innovative solutions. Innovation means developing new services and ways of delivering existing services. It can bring real efficiency gains by changing the processes and roles.

Policymakers need to decide the goals (in terms of service provision) and the limitations, and allow public sector managers to develop creative ways of delivering services that meet public expectations.

## **Motivating staff**

Maintaining the enthusiasm and commitment of their teams will be critical in the months ahead. Many of the managers were anxious about the impact that expected cutbacks would have on morale, and saw this as a threat to the quality of public service provision.

At the same time, managers need to take advantage of the abilities of their teams if they are to develop creative solutions to resourcing problems.

# Conclusion

This presents a real opportunity for the public sector to innovate in service delivery and, at the same time, motivate staff by engaging them in the process, rather than allowing them to feel like victims of centrally devised solutions.

## Effective targets

One of the surprises of the research was the general support for the use of targets in managing and improving service provision. However, there is one caveat – it's not rigid, centrally imposed targets that managers want but locally negotiated and agreed targets that enable managers to manage performance effectively.

The challenge to policymakers is to avoid using targets to micro-manage services. They need to establish clear policy goals for service deliverers (in the form of high level targets or key performance indicators), and allow managers at all levels to translate these into local targets that reflect the realities of the service on the ground.

In this way, targets are far less likely to distort service priorities and will encourage behaviour that focuses on meeting targets reflecting public needs.

## Managing underperformers

The research also highlighted concerns about how the public sector deals with underperformers. There is a real need to ensure that managers have the skills and the confidence to address performance problems in their teams, and that they will be supported by their own managers in doing this.

Unlike the private sector, where market forces drive organisations

to deal with performance problems, this significant driver is missing in the public sector.

This places more emphasis on line managers to make sure that public resources are not wasted and that service quality is constantly improved by ensuring that employees have the skills and the motivation to deliver.

This is not an argument for sacking people but for insisting that the causes of underperformance are fully explored and action is taken to help people improve their performance.

## Motivating staff

The research included managers at all levels in the public sector, and many junior managers (especially in larger organisations) were critical of their senior managers.

This reflects the findings in ILM's Index of Leadership Trust 2009 survey that the greater the distance of senior managers from frontline staff, the lower the level of trust.

Senior managers in the public sector need to spend time and energy connecting with the people they lead, communicating with them and making themselves as visible as they can.

They also need to recognise that building trust is a long term process that requires ability, integrity and two-way communication.

## Supporting managers

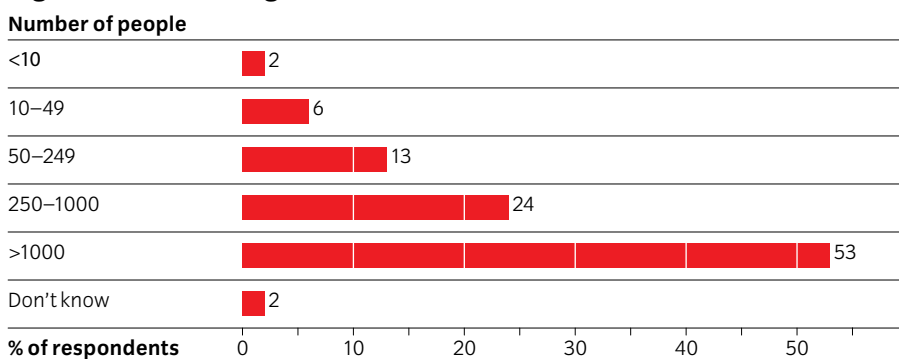
Training and development is another area which is widely expected to feel the impact of the cutbacks. But it is now, more than ever, that these managers need

expert support and development if they are to seize the opportunity to drive performance and deliver radical innovations in service delivery across the public sector.

Whichever party is in power by the summer, it will need to get the public finances back in order. Policymakers need to recognise that public sector managers can be allies in this campaign and must not see them as a barrier to achieving their goals.

This report is based on responses to an online survey of ILM members working in the public sector, conducted by research consultancy FreshMinds in December 2009 and January 2010, and commissioned by the Institute of Leadership & Management.

**Figure 15: Size of organisation**



The survey, including a combination of open-ended and closed questions, was drawn up collaboratively by FreshMinds and ILM. There were 1,554 respondents, and the sample was a good representation of the wider population of public sector managers.

There was a balanced geographic spread of respondents regionally throughout the UK. No single region was dominant; all the regions had at least 57 respondents with the majority having well over 100.

There was also a good split in terms of the gender of the respondents, with 42% of the respondents being male and 57% female. (The remaining 1% preferred not to say).

In terms of ethnicity, respondents were predominantly from a white British background (84%), while respondents ranged across all age groups with the highest percentage coming from the 45-49 age range.

### Sectors

The public sector managers surveyed represented a wide range of industry sectors. Local government accounted for the largest proportion of respondents (31%). The next largest sectors were health (19%) and education and training (18%).

There was some variability between sectors in terms of the gender of respondents. Males accounted for 84% of military/defence, with 10% of the total male

respondents working in this sector, compared to only 1% of female respondents. Females accounted for 71% of health, with 24% of the total female respondents working in this sector, compared to only 13% of male respondents.

### Respondent profile

The managers covered a wide range of seniority and management experience. Three quarters of respondents had been managers in the public sector for more than two years, and nearly half (48%) for more than five years.

The higher up the management hierarchy the fewer the respondents from that level. Over half (58%) of respondents were first-line managers/supervisors, with just 1% CEOs or equivalents.

# Methodology

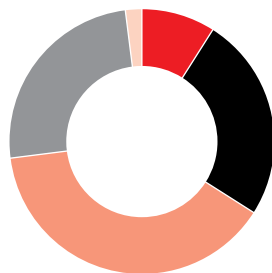
Figure 16: Gender



**Key**

Male	42%
Female	57%
Withheld	1%

Figure 17: Age profile



**Key**

18-29	9%
30-39	25%
40-49	39%
50-59	25%
>60	2%

Figure 18: Length of service



**Key**

<2 years	13%
2-5 years	24%
5-10 years	25%
>10 years	38%

Male respondents were more likely than female respondents to have been a manager in the public sector for longer.

Only 27% of respondents who had been a manager for less than one year were male, whereas 65% of respondents who had been managers for more than 20 years were male. Males were also significantly more likely to be senior managers than females.

Half of male respondents were first line managers and 13% were senior managers/directors, compared with 63% of females who were first line managers and 9% who were senior managers.

### Size of organisation

Over half (53%) of the respondents were managers of organisations with over 1,000 employees while 24% worked in organisations with between 250 and 1,000 staff.

Regarding length of service, 75% of respondents had been managers in the public sector for more than two years, with nearly half (48%) for more than five years. Only 13% of managers had been employed by their current organisation for less than two years.

Two thirds (65%) of respondents had worked in the private sector previously, with 46% of these in a managerial role.

## About FreshMinds

FreshMinds Research works across industries to help their clients better understand their markets, competitors and customers and to explore new market opportunities. Their strength lies in providing strategic insights through comprehensive and robust research, and their holistic approach enables them to deliver analytical and creative solutions to meet a wide range of needs.

FreshMinds' innovative approach to research and consultancy has not only seen them named the Market Research Society's 'Best Agency' two years running, but they were also the 2008 London winners of the Bank of Scotland's £35m Entrepreneur Challenge.

[www.freshminds.co.uk](http://www.freshminds.co.uk)

## About ILM

The Institute of Leadership & Management (ILM) is Europe's leading management organisation. We partner with individuals and organisations to help them fulfil their potential and achieve success.

With a broad range of industry-leading qualifications, membership services and learning resources, ILM provides flexible development solutions that can be blended to meet the specific needs of employers and learners. We are also undertaking a significant programme of original research to contribute to our understanding of global leadership and management practice. This will ensure our products are benchmarked against best practice standards and easily tailored to the economic, social and cultural context of individual organisations and their operating environment.

All ILM programmes are built on in-depth research and carefully conceived to meet the skills requirements of the industries and professions in which they are used. ILM's membership packages are tailored to deliver cost effective career-long support and development to managers at all levels.

We operate internationally, improving leadership and management skills, knowledge and outputs across all sectors, from financial services to the armed forces.

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