

USING EVALUATION TO INFORM STRATEGIC PLANNING, ORGANISATIONAL MANAGEMENT AND REPORTING IN A LARGE PUBLIC SERVICE ORGANISATION

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ABSTRACT

For many years the process of evaluation within many public service organisations in Australia has been divorced from strategic planning and reporting. If the truth be known, it has only been in recent years that strategic planning has been given any sort of priority status, especially in government agencies. In the quest for greater efficiency and effectiveness in many organisations, strategic plans have been drawn up, program evaluation put in place, and in many cases massive structural changes have occurred. But, have these led to the desired improvements?

Such strategies will not necessarily lead to organisational improvement unless there is a solid connection between planning, evaluation and reporting. There needs to be a thorough integration between an organisation's evaluation capacity and its policy processes. It must also be recognised that organisational change is a complex process, taking place over time. The change process needs to be carefully managed.

This paper highlights the need for such integration and describes how agencies can incorporate evaluation into a performance management framework which can ensure organisational change. It also looks at the roles of managers and evaluators in the process.

CONTEXT

Government agencies, such as the Northern Territory Department of Education, are governed in their operations by a number of external forces including legislation, directives and government Minister's visions and promises. Over the last decade, pressure, including government pressure for accountability and a more vocal pressure from the general public have resulted in agencies being required to tighten their operations (and their belts) and to reveal their plans and processes and publicly report their outcomes. In addition to, but not necessarily linked to, this process has been mandatory requirements for agencies to evaluate their programs. For example, the Treasurer's Directions under Section 38 of the Northern Territory's Financial Management Act 1995 states "that all functions of an Agency shall be reviewed at least once every three years or more frequently if the Minister so requests" and under Section 15 of the Audit Act 1995, the Auditor-General may conduct an audit of performance management systems to determine "if the agency can assess whether its objectives are being met economically, efficiently and effectively". A recent letter to the Department from the Auditor-General's Office (June 1999) proposes such an audit which asks the question: "How well does program evaluation assist organisational performance?"

This trend fits into the larger context of 'corporate governance' – which is a term being

used to describe external pressures being placed on organisations aimed at addressing the need for greater internal control. Sharp (1998a) explains that this is happening on a global scale and that “changes in corporate governance are going to affect the theory, practice and use of evaluation” (p. 873).

THE PLACE OF EVALUATION

This paper describes:

CORPORATE GOVERNANCE – where evaluation fits into the ‘bigger’ picture.

A PERFORMANCE MANAGEMENT FRAMEWORK – where evaluation fits into performance monitoring within an organisation.

MANAGING THE PROCESS – the roles of managers and evaluators.

COMMUNICATION AND INFORMATION MANAGEMENT – the importance of communication and a Management Information System (MIS) within an organisation.

1. CORPORATE GOVERNANCE

The trend for organisations to be more accountable is resulting in a shift towards greater internal control, an upsurge in planning and monitoring of performance (of both programs and personnel) and, if not a new role, an extended role for evaluation. This move will also change the traditional role of the evaluator and the role of senior managers in the evaluation process.

Incorporating evaluation at the policy decision level has highlighted the need for senior managers to gain knowledge in the areas of evaluation and strategic planning and for evaluators to become more involved in ensuring the utilisation of evaluation findings. In an address entitled "Strategic Evaluation", given at an Australasian Evaluation Society (AES) seminar in Darwin in 1998, Dr Colin Sharp explained that a flaw in organisational management has been that program evaluation is carried out at the middle and lower levels of an organisation with very little information gleaned from evaluations being reported to and/or accepted by senior managers. To address the need for change in organisational control a number of major reforms are taking place.

In March 1997 the Federal Treasurer announced changes to the corporations law in the Government's Corporate Law Economic Reform Program which is aimed at "reforming key areas of corporate and business regulation" including "clarifying Directors' duties" and competencies which are to include knowledge in performance evaluation.

Recently legislative requirements in OECD (Organisation for Economic Cooperation and Development) countries on Corporate Governance and international professional standards on accountability and internal auditing, have indicated that Boards of Directors, CEOs (Chief Executive Officers) and top managers need to understand and practice skills of performance monitoring and evaluation.

In response to these changes the Institute of Internal Auditors of Australia have recently developed the Australian Control Criteria which gives a lead for Boards of Directors, Internal Auditors and CEOs to address risk management, corporate governance and effective control of organisations (Sharp, 1998b, pp. 3–4).

The Commonwealth Department of Finance and Administration has recently produced a package for the Australian Public Service (APS) entitled The Structure and the

Substance. Financial Management and Beyond, sub-titled Beyond Bean Counting. This comprehensive set of documents is designed to assist with the implementation of the "Government's decision that Ministers should require managers to systematically review agency activities". The philosophy of this system is accruals-based management and emphasises a four-phase performance improvement cycle. Phase 1 is Review Government Activity (which examines the appropriateness of the activity), phase 2 is Testing Cost and Effectiveness, phase 3 is Implement Improvements and phase 4 is Review and Evaluation (Commonwealth Management Advisory Board (a) 1998, pp. 12–13). Along with this, the Performance Management Cycle links the corporate plan, business plans, and individual performance plans with reporting (ibid. p. 61). The following diagrams have been adapted from the documents to demonstrate these concepts.

2. A PERFORMANCE MANAGEMENT FRAMEWORK

To bring about real change within an organisation requires a 'paradigm shift' or a change in the thinking and actions of personnel. A major outcome of the review of the Northern Territory Department of Education has been the "refocussing of resources towards Territory classrooms" with the aim of "improving results for students" (Northern Territory Department of Education 1998). Evaluation will play an important role in determining the success of the new initiatives. However, to bring about real change will require a comprehensive performance management framework which incorporates strategic planning, evaluation and personnel management. Patton (1997) explains

A paradigm is a worldview built on implicit assumptions, accepted definitions, comfortable habits, values defended as truths, and beliefs projected as reality....Paradigms tell them (practitioners) what is important, legitimate and reasonable (p. 267).... Real-world circumstances are too complex and unique to be routinely approached through the application of isolated pearls of evaluation wisdom. What is needed is a comprehensive framework. Use concerns how real people in the real world apply evaluation findings (p.20).

The Northern Territory Department of Education, along with other government agencies, has undergone quite dramatic structural changes as a result of the NT Government's 'Planning for Growth' review, the aim of which was to reduce government spending and streamline a number of government functions. These structural changes, however, will not necessarily lead to greater efficiencies, unless they are accompanied by a change in the culture of the organisations to which they have been applied. The Northern Territory Department of Education has developed a number of strategies in order to (hopefully) bring about a paradigm shift. These include

- a strategic planning, evaluation and review unit to coordinate change management
- a management information system (MIS) to coordinate and make available strategic information for use in planning, evaluation and reporting
- a system of program evaluations
- the development of a performance monitoring framework as a guide to performance monitoring and reporting.

Smith (1998) suggests that the administrative and management framework within an organisation will have a significant influence on the success of evaluations and that there should be thorough integration of an organisation's evaluation capacity in its decision and policy processes (p.15). The following diagram shows the elements of the Northern Territory Department of Education's performance monitoring framework. Following the diagram is a brief description of each of the elements.

ELEMENTS OF THE DEPARTMENT'S PERFORMANCE MONITORING FRAMEWORK

External Forces and Legislative Requirements

External forces which influence the operations and management of the department include such things as the Chief Minister's vision (Foundations for Our Future), government policy, election commitments, cabinet decisions and budget allocations. Legislation that must be adhered to by the Department includes the Education Act, the Public Sector Employment and Management Act, the Financial Management Act, the Audit Act, the Procurement Act, the State Grants (Primary and Secondary Education) Assistance Act and the Indigenous Education (Supplementary Assistance) Act.

Strategic and Operational Planning

Currently, operational plans for the two departmental divisions of 'Strategic Services and Operations Division' and the 'School Services Division' are being developed. At the same time, the development of a new three-year strategic plan (2000–2002) is being considered by a committee involving members of the 'Executive Board', Directors of each of the eight Branches, the Manager of the strategic planning, evaluation and review unit and an external consultant. When these plans are launched, towards the end of 1999, Branch and unit plans will be drawn up to align with the strategic plan and Action Plans for School Improvement will be updated to fit with the new plans.

Performance Management

xe "Performance management"

System

Alongside the new plans will be the Department's personnel Performance Management System which requires each employee to complete and regularly update an individual performance plan. This plan outlines the individual's work goals, which relate to the school/work unit plan, and include professional development activities designed to enhance personal performance and satisfaction within the workplace.

Evaluation and Review

In accordance with the NT Treasurer's Directions the Department commenced a process of program evaluation in 1997. In 1997 the department's 26 budget programs were evaluated for appropriateness, efficiency and effectiveness. In 1998 the Department's evaluations focussed on system-level effectiveness in achieving 'educational outcomes' for clients as described in The Department's Plan 1997–1999 (Northern Territory Department of Education, 1997). Recommendations from these reports informed some policy decisions and the reports provided information on the organisation's performance against objectives for inclusion in the annual report.

As part of the restructuring of government agencies, several functions of the Department underwent major reviews. The reviews were conducted under the auspices of external consultants with reports being tabled in Parliament. The reviews were not linked to the Department's internal evaluation exercise.

Annual Reporting

Section 10 of the Education Act 1995 requires an annual report from the Secretary or the CEO on the administration of the Act and on the operation of education services throughout the year. Schools are also required to produce an annual report for the CEO.

3. MANAGING THE PROCESS

Careful, imaginative management of the whole process is necessary for organisational change. Having the right people involved, communicating the process, producing the right documentation, carrying out the right evaluations at the right time, and reporting appropriately to the appropriate people will all be necessary for organisational learning and improvement. But, who is responsible? Frazer (1998) reiterates the need for a coordinated approach to planning, evaluation, performance monitoring and reporting stating that

...lack of coordination lies in the way most government agencies are structured. It is still common for evaluation to be handled in one area of a department, performance reporting in another, and internal audit in a third.... Usually there is so little coordination between them even at the reporting stage that it is hardly surprising to find none in the planning phase.... In situations like this, coordination tends to be overlooked precisely because it is no one person's responsibility (p.33).

The establishment of the Department's strategic planning and evaluation unit is a step in the right direction, although the responsibility for performance reporting is currently in another area of the department. Ideally managers and evaluators should work together to develop a plan to incorporate all of the processes required to bring about organisational learning and improvement.

The Role of Managers

The role of managers is to incorporate evaluation into their planning and to promote the process of evaluation to all staff. To do this they need to gain knowledge of evaluation, the part it plays within the organisation and to use evaluation findings to inform decision making and future planning. As Owen (1996) points out

There is now recognition that change within organisations is a complex process. The use of the term process is a signal that change is not an event, that implementation of new policies and practices takes place over time. Organisational leaders need to be aware of the conditions under which major organisational change and innovations are institutionalised (p.1).

Leaders need also to support staff in the implementation of changes and the utilisation of

knowledge gained through evaluation.

Providing information in accessible formats is not enough... effective use of new... knowledge implies changes in individuals who must be supported by their agency. Implementation of a meaningful innovation implies a major learning curve and large changes to the working knowledge of all concerned. Implementation often has to be done alongside ongoing day-to-day tasks, placing enormous pressures on the capacities of site workers. Leaders must have an expanded working knowledge of effective change principles (Owen, 1998, p.8).

The Role of Evaluators

As well as involvement by senior management, evaluation literature is suggesting strongly that evaluators must become concerned with effective instrumental use of their evaluations. This begins with ensuring a client orientation in evaluations. As explained by Smith (1998)

A client orientation requires the following: identifying the specific primary clients or stakeholders and involving them in all phases of the design from identification of specific information needs to strategies for obtaining that information to analysing and disseminating results. It also involves educating decision makers in evaluation processes and the uses of information (p.12).

Owen, Lambert and Stinger (1994) suggest that instrumental use of the findings of evaluation are dependent on the following

Negotiation of an evaluation plan which is acceptable to the stakeholders

Heightening awareness of the evaluation by making data management procedure highly visible to stakeholders

Use of interactive and timely techniques of reporting...

...ongoing personal level support for the implementation of the findings of the study.

Our current view is that all four strategies are essential if an evaluation is to lead to change (Knowledge, 15,3, p.374).

For evaluation findings to be used, they need to be useful. Particular findings will be useful to some stakeholders and not to others. It is the evaluator's job to determine which findings will be most useful and to encourage and support the utilisation of those evaluation findings.

Also, to assure the integration between planning and evaluation, evaluators should be involved in the strategic planning process. For one thing, the evaluator will ultimately be the one who evaluates the achievement of objectives which are stated in the plans and for another, in carrying out evaluations the evaluator will gain knowledge which will assist with systems thinking. Owen and Lambert (1995) explain

There is an emerging need for evaluators to assist with strategic decision making in

organisations committed to ongoing learning and renewal...developing a deep knowledge of programs and how they fit within an organisation is central to systems thinking...Evaluators have the potential to provide leaders with such knowledge...evaluation findings should be used to inform leaders so that they can accurately conceptualise the dynamic between individual programs and the policies and structures which support them (pp 1–6).

4. COMMUNICATION AND INFORMATION MANAGEMENT

Strong, energetic, and personal communication is vital to coordinating a system of strategic planning, evaluation and reporting aimed at organisational learning and cultural change. Change is likely to be incremental, and at times unobservable, which is all the more reason for a commitment to communication and dialogue over the whole organisation. The changes that have taken place so far with refocussing of direction of the Northern Territory Department of Education have been promoted well. The initial promotion, of a 'glossy' information pack, was done personally by the CEO at centres across the Territory to which all staff were invited. This has been followed up by regular newsletters which are sent to all staff. Reports on various aspects of the review of education have been made available on the Department's home-page on the Internet with hard copies distributed to regional centres.

In addition to findings from the reviews and data collected through specific evaluations, the Department houses a range of other information which should be used for planning and reporting as well as for providing knowledge to staff and clients. For maximum use of such a knowledge base, organisations must have a good Management Information System (MIS) in place. This needs to be a dynamic, alive system, where work units, as well as management, can interact and where information can be continually added and accessed. Current technology has advanced this area greatly and this information should be utilised in evaluation, planning and reporting. As Munck (1997) states

The rapidly growing information technology (IT) environment in all fields of society creates many opportunities to trace the effects which interventions have at various levels from societal/organisational macro levels down to the grass roots/individual/micro level. If facilities for measurement, data collection and communication are combined with new advances in statistics and social research methodology, a powerful information infrastructure for evaluations can be created (pp. 320-321).

CONCLUSION

Integrating evaluation with planning and reporting and utilising evaluation findings to improve organisational performance will necessitate top level commitment. It will require evaluators to be pro-active and entrepreneurial, to go beyond just evaluating and producing written reports, to becoming 'change agents'. It will require managers to gain new knowledge and work with evaluators. Communication, as mentioned, will be a vital ingredient and engaging stakeholders at all levels will be a major key to success. It is a process of management of information and management of people.

To date, the main purpose of evaluations within the Northern Territory Department of

Education has been to provide information on the effectiveness of the system as a whole or the appropriateness and efficiency of particular programs operated by the organisation. Information from these evaluations has been used in public reports such as the department's annual report, to report to Parliament on the achievement of planned budget outcomes, and to provide recommendations for program improvement.

The question to be answered by the Northern Territory Department of education in the coming months is "how well does program evaluation assist organisational performance?" What has been done so far needs to be analysed and consideration given as to how evaluation can better assist organisational performance. The process of evaluation must be viewed in the light of strategic planning and where it fits with assisting the achievement of the Department's change in focus. If the focus is on schools, then this may be where research and evaluation needs to be directed.

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