Public Service Transformed

Harnessing the Power of Behavioural Insights

BY ANDREW GALLEY, JENNIFER GOLD & SUNIL JOHAL

part of the
SHIFTING GEARS
series

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Purpose

This report from the Mowat Centre at the School of Public Policy & Governance at the University of Toronto, supported by KPMG, is intended to help facilitate informed, strategic, long-term decision-making in Canada. This report is part of the Shifting Gears series.

The Mowat Centre at the School of Public Policy & Governance has undertaken this study because of our commitment to better understand how governments can improve their ability to deliver high-quality public services and public policy, even in times of fiscal constraint.

KPMG has supported this study financially because of its commitment to help its clients understand the challenges faced by governments and to contribute to the discussion of strategies that can be used to address these challenges.

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PUBLIC SERVICE TRANSFORMED: HARNESSING THE POWER OF BEHAVIOURAL INSIGHTS

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Directory

The greatest challenge in transforming government is not designing new processes or business models. There are many options available.
The greatest challenge is creating the institutional culture necessary for new service delivery models to succeed.

Executive Summary

Our Shifting Gears research series reviews the trends and challenges facing Canadian governments and provides strategic recommendations for navigating them. The reports focus on supporting an emerging model for public service that can make government more citizen-centred, focused on results, integrated, digitally-enabled, and engaged with partners.

Much of the focus of current public sector reform efforts has been on sweeping, transformative changes at a systems level, aimed at improving programs and services while achieving lasting savings. These reforms, while required, are also hugely disruptive, difficult to implement and often involve significant up-front costs. To succeed, they should be supported by an enabling organizational culture, as well as improved processes and structures.

Some governments are starting to use applied insights from the behavioural sciences to influence the behaviour of citizens. For example, shifting the default on forms to 'opt-in' rather than 'opt-out' can lead to much higher participation rates for organ donation or retirement contributions. Similarly, establishing an interpersonal commitment on water conservation through home visits makes people far more likely to take action than they would if they had simply received an impersonal letter.

By making positive behaviours easier—or even effortless—governments can shift away from traditional, expensive regulatory and programmatic interventions to low-cost, subtle interventions that have positive impacts in the public interest.

To date, these behavioural insights have been deployed by governments to influence the behaviour of the public. This report makes the case that these insights should also be deployed to influence the culture of the public service.

Drawing on focus groups, expert interviews and the research literature, this report assesses opportunities for governments to leverage behavioural insights to drive progress in four areas that are crucial to government transformation: greater transparency, enhanced collaboration, accelerated innovation and robust evaluation.

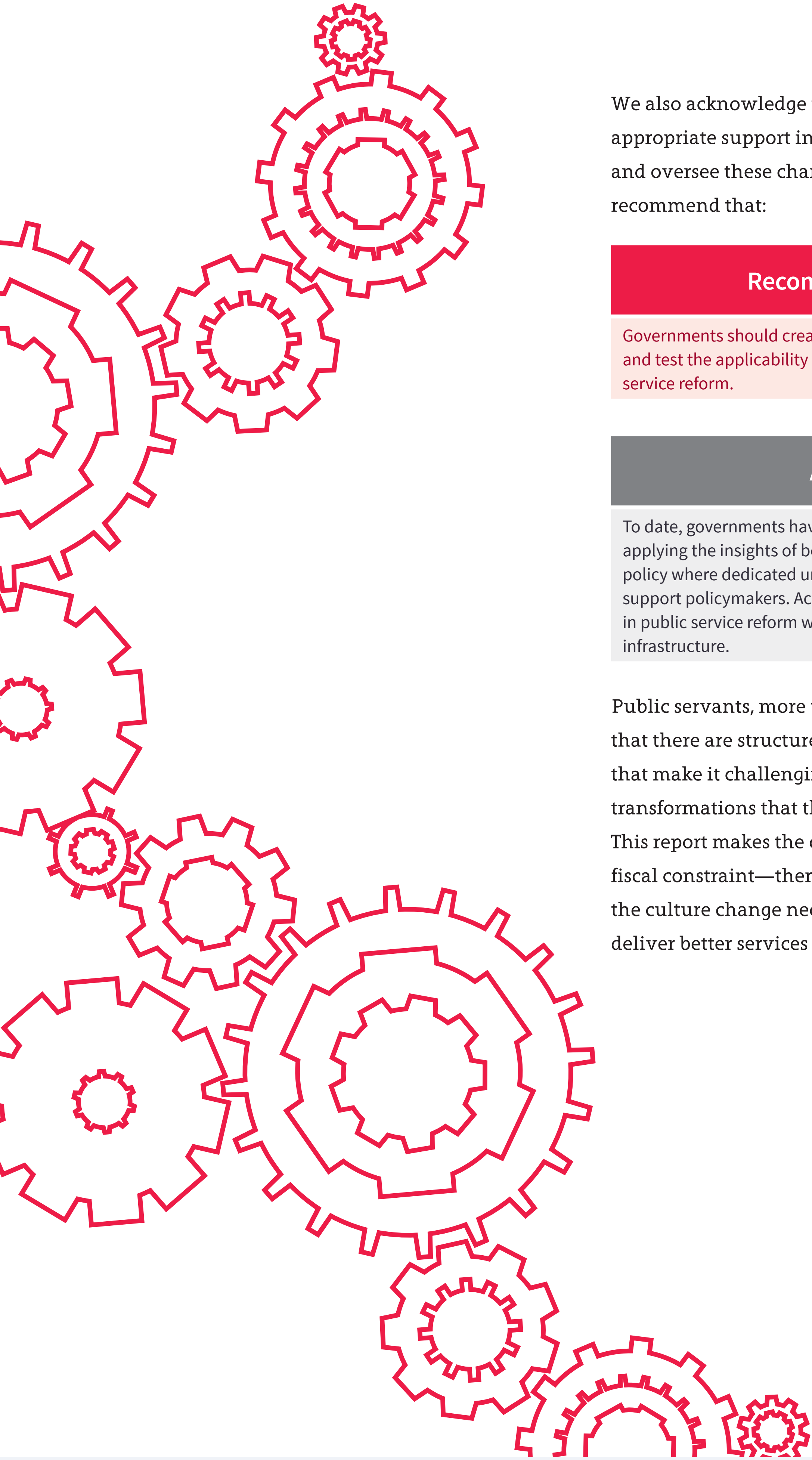
In each area, we offer a number of actionable recommendations:

Recommendation	Action
TRANSPARENCY	
Governments should adopt a 'disclosure by default' approach to information sharing.	Governments should make proactive disclosure of, and access to, information a 'default' choice. This should include both external and internal disclosure, where information is shared across government departments and with the public, unless a case can be explicitly made for withholding it.
Departments or units leading transparency initiatives should serve as a model for the desired behaviour.	Given the understandable level of risk aversion in public services, governments should not underestimate the power of having desired behaviour modeled by individuals or teams who are respected and strategically placed. Initiatives such as open data portals are likely to be more widely used if the ministry heading the project leads by example.
Managers should ensure that public servants have clear "sight-lines" to the output of their work, either at the end of projects or during the performance appraisal process.	A culture of transparency should be fostered by ensuring public servants are made aware of the end result of their work, whether positive or negative. Governments should avoid situations where work simply disappears into a 'black hole' without results being communicated back to public servants.

Recommendation	Action
COLLABORATION	
Use the performance appraisal and planning process to elicit commitments on, and design a roadmap for, collaboration.	People are far more likely to follow through on commitments if they either have a clear roadmap for how to achieve a desired outcome, or if those commitments were made through interpersonal agreements. Line managers can use the performance appraisal and planning process to elicit commitments on collaborative work and set actionable goals for expanding professional networks and undertaking joint projects.
Evaluate proposals, such as business cases, strategic plans, or cabinet submissions, on the degree to which they include contributions from relevant stakeholders.	Natural cognitive biases in strategic decision-making, such as groupthink, self-preservation, and overly optimistic forecasting, can be countered by bringing together diverse points of view. Evaluation criteria can be used to incent public servants to engage with different viewpoints when drafting proposals.

INNOVATION	
Greater time and space should be allowed for creativity in the workplace.	The high-pressure work environments found in many government organizations are not conducive to innovation. To harness the creative capacity of public servants, there should be a more widespread practice of allowing opportunities for bright and motivated staff to temporarily step away from their daily duties and work independently on developing new ideas.
Governments should provide unstructured opportunities for the exchange of ideas through actions such as reorganizing work environments or using innovation units.	Cognitive biases can be challenged and innovative thinking supported by providing unstructured opportunities for public servants to exchange viewpoints. These opportunities could be entirely internal, such as putting staff from different divisions or departments in the same office. They could also be external, through cross-sector innovation units.
To increase participation rates and improve the quality of submissions, governments should leverage the psychology and technology of online games when designing ideas programs.	We know that turning an activity into a game increases engagement and participation. Large organizations, including governments, are beginning to use the technology and psychology of online games to build social innovation platforms. In place of the traditional “suggestions box” these platforms allow employees to come together and develop ideas through a format that combines competition, rewards, transparency, fun, and social interaction.

RESULTS-FOCUS	
A small portion of program budgets should be dedicated to rigorous evaluation and clawed back if unused.	To promote a focus on evidence and results in policy making, governments should allocate dedicated resources to rigorous program evaluation. By clawing back unused funds, governments can take advantage of the powerful loss aversion bias that exists in most large organizations. The tangible prospect of losing funds is far more likely to spur action than simply making funds available for rigorous program evaluation.
Evaluation specialists should have dual-reporting responsibilities to a department and central agency.	Centrally-hired evaluation specialists should be seconded to departments to help with program evaluation. Their independent advice, strengthened through dual-reporting requirements, would not only help counter the natural cognitive biases of many of those in charge of departmental programs (which often lean towards a preference for the status quo) but provide useful reinforcement for those pushing for program reform.
Governments should consider a more inclusive approach to policy and program reviews with input from relevant stakeholders.	Bringing together program leaders, internal evaluation specialists, and external experts to review performance data and evaluate policies and programs would help challenge different biases and foster a sense of ownership over the evaluation process. Governments could also consider ways of enhancing citizen participation by leveraging digital technologies.



We also acknowledge that there must be appropriate support in place to implement and oversee these changes. Consequently, we recommend that:

Recommendation

Governments should create specialist teams that examine and test the applicability of behavioural insights to public service reform.

Action

To date, governments have been most successful in applying the insights of behavioural science to public policy where dedicated units have been available to support policymakers. Acting on behavioural insights in public service reform will require similar supporting infrastructure.

Public servants, more than anyone else, recognize that there are structures, processes, and behaviours that make it challenging to achieve some of the transformations that they are asked to deliver. This report makes the case that—even in times of fiscal constraint—there are low-cost ways to incent the culture change necessary for governments to deliver better services with fewer resources.

SECTION 1
Introduction

Shifting Gears: The future of government

Today's public servants face a challenging operating environment. Governments are asking for ambitious reforms to service delivery models and administrative systems, while also undertaking short-term cost-cutting and revenue-raising measures. These transformative efforts—aimed at providing better quality services with fewer resources—are coalescing around a number of broad trends:

1. **The integration of operations both within and across government departments**
2. **The move to citizen-centred services redesigned around the needs of the end user**
3. **The adoption of new technologies that lower transaction costs and respond to evolving citizen expectations of public service provision**
4. **The sharing of responsibility for service delivery with new partners from the private and non-profit sectors**
5. **The evaluation of services on the basis of outcomes rather than process or method.**[1]

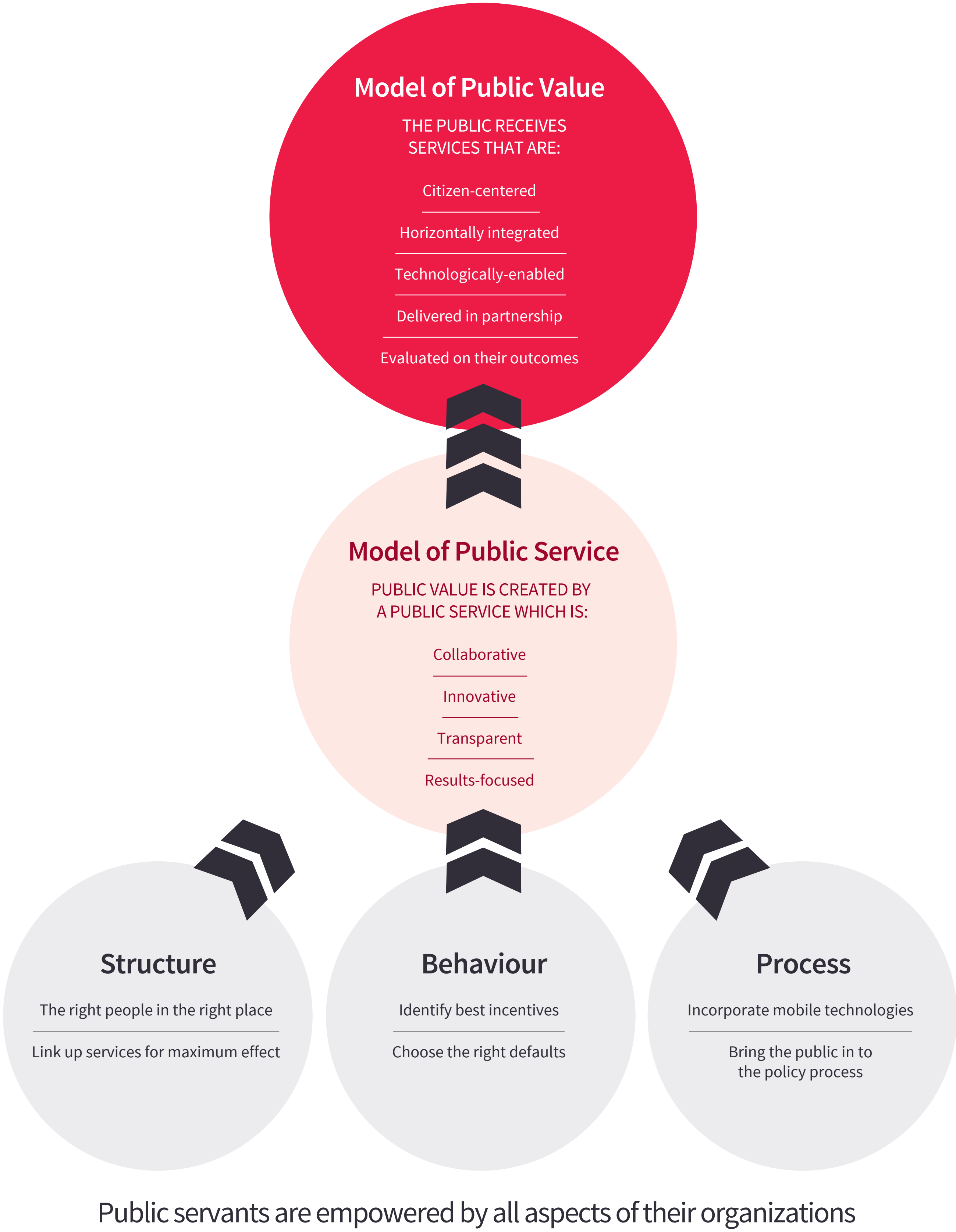
These trends help us to envision the kind of public service that is needed to make change happen. Even if governments directly deliver fewer programs in the future, a high-performing public service will remain the key engine that powers these reforms.

In order to achieve integration and work with new partners, the public service must be collaborative; in order to aggressively adopt and develop better technological and policy solutions, the public service must be innovative; in order to be citizen-centred the public service must be transparent; and finally, in order to realize positive outcomes, the public service must be results-focused.

Three elements of the public service operating environment can hinder or encourage the qualities of a high-performing organization described above: structures, processes, and behaviours. This report is part of our Shifting Gears series that sets out an agenda for achieving government transformation (see Figure 1). Other papers in this series address other key issues such as improving service provision through integrating internal structures, improving processes around payment systems, and the use of digital technology.[2] This paper focuses on behaviours.

1 For a more detailed discussion of these reforms see Mendelsohn et al., 2010; Gold et al., 2011.
2 See Gold with Hjartarson, 2012; Gold, forthcoming 2013; Galley and Molson, forthcoming 2013.

FIGURE 1: THE SHIFTING GEARS LOGIC MODEL



Among member governments of the Organisation for Economic Co-operation and Development (OECD), the UK has gone furthest in explicitly setting out the behavioural components supporting public service reforms (see Table 1). A new behaviour-based competency framework—aimed at delivering an open, innovative, collaborative, and results-focused culture—now informs performance appraisal processes, hiring policies, and promotion procedures across the civil service.[3] In this paper, we explore how these competencies might be progressed by harnessing recent insights from the behavioural sciences.

TABLE 1: CHANGING PUBLIC SERVICE CONDITIONS

The Past	The Future
TRANSPARENCY	
Information is closely guarded by individual departments and teams	Information is shared across government and made available to the public
Policy-making process is closed and fixed	Policy-making process is open and flexible
COLLABORATION	
Government services are delivered and managed predominantly through bureaucracies	Effective service delivery partnerships are forged with the private and non-profit sectors
Departments and agencies address policy problems in isolation	Departments and agencies work together to address policy problems and realize savings
INNOVATION	
Rigid organizational hierarchies prevent the flow of ideas	An innovative work culture is openly encouraged with public servants given space for creative thinking
Risk aversion stifles innovation	Public servants are empowered to utilize their expertise and take measured risks
RESULTS-FOCUS	
Service delivery models are slow to change, with isolated conversations about performance	Service delivery models are reconsidered in light of performance results. Data collection practices are adjusted in response to gaps in the existing evidence base
Resources are allocated on the basis of legacy formulae and agreements	Decisions on resource allocation are made according to evidence of effectiveness
Service providers are paid through block grants and fee-for-service	New approaches to procurement involve commissioners seeking to pay service providers on the basis of outcomes achieved

Note: This table represents broad themes set out in the UK Civil Service Competency Framework.[4]

3 UK Cabinet Office, 2012.
4 Ibid

Specifically, this report offers practical recommendations on applying behavioural insights to the transformation efforts underway in many Canadian public sector organizations. It is informed by 27 interviews and two focus groups conducted with current and former employees of Canada's federal and provincial public services.

Achieving change in the public sector is more difficult than it is in other sectors, given the multiple bottom lines, media scrutiny, electoral cycles, and various decision-making and veto points. Public servants across the OECD are facing enormous challenges and are attempting to transform their organizations to deliver more public value with fewer resources. It is often a thankless task. This paper uses the results of our research to highlight some low-cost ways that culture and behaviour change can occur in a manner that supports on-going efforts to modernize public sector structures and processes.

An evolution in thinking about public sector behaviour: incorporating behavioural science

The greatest challenge in transforming government is not designing new processes or business models. There are many options available. The greatest challenge is creating the institutional culture necessary for new service delivery models to succeed.

Some of the internal organizational changes needed are systemic and fundamental, aimed at tackling the long-standing structural rigidities—from departmental silos to budgeting models—that stifle reform. However, others can be more subtle, creating small cues and incentives to encourage behaviour change.

"Whether reluctantly, or enthusiastically," note Dolan et al. "today's policymakers are [already] in the business of influencing behaviour."[5] The decisions that governments make in areas such as taxation, food labelling or licensing influence how people act. They always have. The effects can be positive—increasing charitable donations, for instance, or encouraging healthy living. Equally, policy decisions can cause unforeseen harm or create perverse incentives.

Recent work by behavioural economists is shining a spotlight on how governments can more effectively influence behaviour by understanding the way people think. High-profile books such as Richard Thaler and Cass Sunstein's Nudge and Daniel Kahneman's Thinking Fast and Slow, explore what behavioural science has to say about making it easier for people to choose well.[6]

According to Thaler and Sunstein, governments have an important role to play in ensuring the 'choice architecture' presented to people serves the public good:

> *Choice architecture is the social environment against which we make our decisions. It is not possible to dispense with a social environment, and hence choice architecture is an inevitable (though often invisible) part of our lives. A bookstore has a choice architecture (which books do you see first?); so does a website that sells books (how big are the onscreen covers?). Choice architecture can be found when we turn on a computer; when we enter a restaurant, a hospital...and when we apply for a driver's license or a building permit or Social Security benefits. For all of us, a key question is whether the relevant choice architecture is helpful and simple or harmful, complex, and exploitative.*[7]

5 Dolan et al., 2010.
6 See Thaler and Sunstein, 2008; Kahneman, 2011.
7 Sunstein, 2013a, pp.9-10.

In this way, policymakers can be seen as 'choice architects'. They can work to ensure that the easiest choice presented to people is the one that maximizes the public good. When policymakers cannot or should not define a best choice, proactively giving people complete information about their past choices will allow them to reflect and decide what is best going forward. A number of governments have already successfully applied these insights to public policy, generating significant savings and positive social outcomes (see Box 1).

Applying this type of insight to the public service builds on a large body of existing literature related to organizational psychology. Decades of thought have gone into the scientific study of how organizations function.[8] Little in the new vocabulary of behavioural cues and choice architectures overturns what we already know about organizations, but it provides a new perspective relying on small, less formal steps as a way of enacting and enabling change.

The choice architecture model allows governments to move away from the traditional carrot-and-stick method of trying to cajole or coerce desired behaviours through policy tools such as legislation, regulation or taxation. Instead, they can change the processes through which people act, with an eye to making positive behaviour easy, even effortless.

Governments are able to 'nudge' people into making certain choices while still allowing individuals the freedom to depart from the 'easiest' path offered to them.

Because changes to the choice architecture presented to people can be as simple as altering approval procedures and browser settings, or changing how information is communicated in a letter, or how an application form is laid out, they also usually cost little to implement.

BOX 1:
CURRENT APPLICATIONS OF BEHAVIOURAL INSIGHTS IN PUBLIC POLICY

Since 2010, the United Kingdom central government has supported a Behavioural Insights Team who work to scientifically test the use of behavioural science in policy design and service delivery. Their successes so far have included changes to tax notification letters that remind citizens of the timely behaviour of the majority of payers, boosting on-time payments by 15 percent. The work of the team has also helped to increase the number of job seekers gaining employment by between 15 and 20 percent by getting Job Centre staff to use new communication techniques.[9]

In the United States, the Obama administration has pursued a similar agenda since 2008, even employing Sunstein—one of the authors of Nudge—as the head of the Office of Information and Regulatory Affairs (OIRA). OIRA's key mandate includes lightening the regulatory burden on American citizens and businesses, while protecting the public good and inviting greater participation in government. Over the course of his tenure, Sunstein oversaw US$91 billion in economic benefits by applying cost-benefit analysis to government regulations and choice-architecture thinking to citizen interactions with government.[10]

The New South Wales government in Australia set up a behavioural insights team within the Department of Premier and Cabinet in 2012 and are now exploring a range of applications in public policy.

The culture of a workplace—the processes by which work is delegated, accomplished, and evaluated—can be viewed as a prime arena for 'choice architecture'. Some things at work are easy to do; others are harder. If the architecture of choice is well-designed, the easiest choices are the ones that lead to the outcomes desired—both by the public, decision-makers, and public servants themselves.

Applying choice-architecture thinking to public services offers a new low-cost option for encouraging improved patterns of work, beyond the limits of traditional performance evaluation and pay-for-performance schemes.

8 C.f Drucker, 1992; Mintzburg 1994; Simon, 1997.

9 Behavioural Insights Team, 2012a; 2012b.
10 Sunstein, 2013a.

Traditional approaches to reforming public service work cultures have been shaped by public choice theory that emphasizes rational self-interest as a key motivating force. Tools such as performance-related pay have emerged as a result (see Box 2).

BOX 2:
TRADITIONAL APPROACHES TO REFORMING PUBLIC SERVICE WORK CULTURES

Over the past few decades, many of the efforts aimed at reforming public service cultures have been influenced by public choice theory.[11] This work emphasizes the rational self-interest of bureaucrats, arguing that they consistently attempt to maximize the budgets and resources at their disposal. In the public service, the salary curve is less steep than in the private sector.[12] Without the benefit of pay as a measure of status, the number of direct reports and the size of budget or division overseen all become important markers of personal prestige within government.

Equally, at the organizational level, public choice theory suggests that budget size and program scope become key barometers of agency or department status and influence within government. These parameters contribute to phenomena such as silos, stockpiling, and reporting biases.

The common executive response to reforming work cultures has been to introduce efficiency-oriented management practices imported from the private sector, which focus on policing undesirable behaviours or breaking bureaucratic monopolies through outsourcing.

However, evidence from behavioural economics, sociology and psychology suggest there are an enormous range of factors that shape and drive behaviour.[13]
Here, we identify a handful of important factors which influence behaviour and are useful when thinking about reforming the choice architecture confronting public servants (see Box 3).

11 Perry and Wise, 1990.
12 C.f Blanchflower and Oswald, 1995.
13 Dolan et al., 2010, p.7.

BOX 3:
BEHAVIOURAL LEVERS USED BY CHOICE ARCHITECTS

SOCIAL REINFORCEMENT

Many of our attitudes are influenced by what we think those around us do and believe, even when those perceptions are not accurate. If you wish to address lags in performance or encourage the adoption of positive behaviours, letting people know that desired standards are commonplace will make them even more so. For example, people are more likely to recycle if they encounter messages emphasizing that most people recycle.[14] The other side to this coin is that the desire for social reinforcement often stifles innovation. The risk of 'groupthink'—the phenomena where individuals privilege unanimity above all else—is common in large, rigidly hierarchical organizations such as public services.[15]

FUTURE VISUALIZATION

It is fair to say that what gets planned generally gets done. People are more likely to follow through on commitments when they are given a clear roadmap (sometimes a literal one) to achieving the outcome. For example, providing a map to a vaccine clinic greatly increases the chance that someone who commits to getting vaccinated will actually follow through—even if they already knew where the clinic was.

LOSS-AVERSION BIAS

Human beings do not weigh potential losses and gains equally. Psychological experiments have shown that most people will only risk a loss of $100 if they stand equally to gain at least $200. That is, losses weigh about twice as heavily on the mind as gains.[16] This has implications not only for motivating people but also for understanding common behaviours, such as an aversion to risk-taking. Risk aversion is particularly acute and understandable in a climate where, as the UK Civil Service Reform Plan puts it, the public sector "operates in a political, parliamentary and media environment that seizes on mistakes but seldom champions operational success."[17] This is not a bad thing where bureaucracies are dealing with 'can't fail' services such as disease-free water supplies and the maintenance of structurally-sound bridges. But it can also result in a status-quo bias that creates a reluctance to engage in rigorous program evaluation and makes service delivery models slow to respond to changing conditions.

SEEDING COMMITMENTS

Even when we know that changing our behaviour will be good for us, such as saving more money for retirement, we find it very difficult to pay the up-front costs (in this case, having less disposable income). Studies have found that people are more willing to make substantial changes if they grow into them over time, committing to only a small change in the short-term.[18]

POSITIVE RECALL

There is a link between our ability to recall information, the mood we associate with the information, and our willingness to plan for the future. Reminding people of positive associations with an activity in the past, such as successful teamwork, makes them more likely to commit to such activities in the future. Many studies have identified the intrinsic satisfaction public servants derive from serving the public good as a key motivating force.[19] Where past actions can be linked to positive outcomes for citizens, reminders can serve to influence behaviour.

RESPECTED MESSENGERS

Employees are more likely to alter their behaviour in response to a messenger they admire and respect.[20] In hierarchical organizations such as public services, direct communications from senior management can have a powerful motivating effect. Equally, while ministers can often be reluctant to engage with the behind-the-scenes intricacies of internal reorganization,[21] ministerial support for a particular action can encourage people to act.

14 Thaler and Sunstein, 2008.
15 Behavioural Insights Team, 2013, p.2.
16 Kahneman et al., 1990 cited in Thaler and Sunstein, 2008, p.33.
17 UK Government, 2012, p.9.
18 Thaler and Sunstein, 2008.
19 Ontario Public Service Employee Engagement Survey, 2011; Ritz 2009; Vigoda-Gadot et al., 2011.
20 Dolan et al., 2010.
21 Page et al., 2012.

THE PATH OF LEAST RESISTANCE

The literature on choice-making and choice-architecture emphasizes the importance of setting the right 'default' option, that is, deciding what happens when people don't bother to choose. This is important because human beings have a limited appetite for consciously choosing between alternatives. In fact, they suffer from a decreased capacity for making good decisions, the more decisions they have to make. As a consequence, when people prioritize the many decisions they make in their daily lives, many things are left until later—and 'later' can turn into 'never'. The more mental effort a person must put into doing something—filling out forms, asking permission from multiple gatekeepers, etc.—the less likely it is to get done.

INTERPERSONAL COMMITMENTS

People are more likely to follow through on commitments if they are formed through interpersonal agreement, with or without explicit consequences. For example, receiving a personal visit to solicit a commitment that you will water your lawn less during a hot summer is more likely to yield results than an impersonal letter.[22]

This report focuses on four areas of public service reform that would benefit from the application of behavioural insights: collaboration, transparency, innovation, and a focus on results. These areas were chosen for three reasons:

1. **They represent an 'engine' that can drive many of the larger, more structural reforms in government, such as service integration, modernized budgeting approaches and greater efficiencies in service delivery.**
2. **They avoid two of the main problems that derail so many public-sector reform efforts: high short-term costs and divisive political ideology.**
3. **There is existing evidence that behavioural insights can be particularly effective in these areas.**

All organizations develop habits and cultures that become ingrained structurally, socially, and psychologically. The public sector is not unique in this way. Yet attempting to change the way government operates without simultaneously addressing its internal culture is very difficult. As one recent evaluation of the UK's central government reforms warns: "Departments have proven to be very good at making the tangible structural and process changes asked of them, but much weaker when it comes to engaging staff and changing behaviour."[23] This report explores how behavioural insights can help modernize the public service.

Our actionable recommendations are designed to make small changes that will encourage culture change and produce the kinds of outcomes and transformation that governments are demanding. The recommendations proposed in Section Two are designed to incent the four positive work behaviours (transparency, collaboration, innovation, and a focus on results) that will help public services adapt to changing conditions, while recognizing that many existing behaviours (such as safeguarding confidentiality) serve an important function that should be maintained.

Throughout this report we acknowledge that structural rigidities exist, sometimes for good reason, and it is important to remain mindful that this constrains people's ability to act. We also recognize that for behavioural insights to be applied effectively in public service reform, governments will need to put the necessary supporting infrastructure in place.

22 Tools of Change, 2004.
23 Page et al., 2012, p.42.

SECTION 2
Harnessing the Power of Behavioural Insights

i) Incenting Transparency

WHAT IS IT?

Transparency in government refers to making decisions, spending money, and conducting everyday business within the view (as much as possible) of the public and relevant stakeholders. The objective is to ensure that such activities are being undertaken appropriately, accountably, and ethically in ways that advance the public interest.

Transparency supports and furthers several of the trends in 21st century public service reform outlined in this report. It lays the foundation for collaboration with service delivery partners, supports the design of innovative solutions to public policy problems and enhances the evaluation of program performance. It incents a citizen-facing culture in government organizations.

Historically, the design of government institutions presumed that governments housed the requisite expertise and specialization to grapple with the policy challenges of the day. In today's world, this assumption is challenged by a host of factors, including globalization, the internet, fiscal pressures and the increasing mobility of employees between different sectors.

Public sector organizations are seeking to respond to this changing environment and improve decision-making, spur innovation, and drive accountability by putting more government information into the public domain and engaging in new forms of dialogue with the public via channels such as online challenges and digital town-halls.[24] In some respects these new 'open government' initiatives already incentivize greater transparency by 'nudging' bureaucrats into behaving differently. In the words of the UK's Minister for the Cabinet Office, Francis Maude, disclosure drives culture change by "holding our feet to the fire all year round, not just at election time...exposing what is inadequate and driving improvement."[25]

This is evident in a number of instances:

Open processes

The Government of Canada's practice of publishing the rationale and cost-benefit analyses for draft regulatory proposals incentivizes public servants to consult affected stakeholders and to 'get it right the first time'.[26]

24 See, for example, www.challenge.gov; IBM 2010.
25 Maude, 2012, p.5.
26 Mowat Centre, Ontario Chamber of Commerce, and Leger Marketing, 2013.

Open data

The growth of open data portals, where government agencies upload datasets for public access, can influence bureaucratic behaviour. The prospect of greater scrutiny results in a type of 'regulation through revelation'.[27] In 2009, for instance, Windsor and Maidenhead Council in the UK began publishing online the automated meter readings for energy and gas use in their buildings. This disclosure prompted an immediate 15 per cent drop in energy use.[28]

Transparency of course does more than simply change behaviour by policing waste or identifying procedural errors or misbehaviour. By making information available or enabling public servants to link data and analyze patterns, transparency changes the choice architecture confronting public servants. Moreover, it can also be a valuable tool for improving decision-making.

WHAT HOLDS US BACK?

Governments stand to benefit from creating working environments that enable public servants to share information between themselves and engage with external stakeholders. However, while fiscal accountability is an established ideal for governments, progress towards more radical openness has often been hampered by procedural, cultural and legislative barriers.

For new networked forms of governance to succeed, public servants need to be able to share information among trusted partners and to electronically link data. In many parts of Canada, provincial and municipal Freedom of Information and Protection of Privacy Acts pose considerable challenges. Misperceptions or confusion over the terms of this legislation can also make public servants reluctant to share information.

Stringent controls within some governments on access to social media websites are also commonplace and reduce open dialogue.[29] As one interviewee commented:

> *We are in a perverse situation where [leaders] are putting out news releases and engaging the public [through social media] and public servants can't access the debate [because the websites are blocked]*

Such legislation and protocols are consistent with a risk-averse culture that is ill at ease with open government initiatives. This reality was obvious in our conversations with public servants involved in the establishment of open data portals. Program areas were found to be reluctant to publish datasets due to liability concerns and fears over the possible misuse of official information. As a senior leader in one public service described it:

> *[There] is a destructive incentive in the public service... that comes from the political-media-bureaucratic dynamic. The political level tends to be risk-averse because they're constantly trying to avoid calamity; and you've got a media culture that is full of "gotcha!" journalism directed at people in politics. The two feed off each other.*

While some governments have sought to ensure compliance through more coercive means—for instance, in December 2009, the Obama administration introduced quotas for the number of datasets agencies should release after a slow response to the launch of the data.gov portal[30]—these strategies do not address underlying fears or promote lasting behavioural change.

27 Hamilton, 2007. See also Coglianese, 2011; Grierson, 2012.
28 UK Department for Communities and Local Government, 2010.
29 See, for example, Halliday, 2013.
30 Hogge 2010, pp.5-6.

HOW TO GET THERE

Appropriate support mechanisms should be put in place to help public servants navigate their (quite legitimate) concerns over more open government. Their comfort in participating in transparency initiatives is crucial to success.

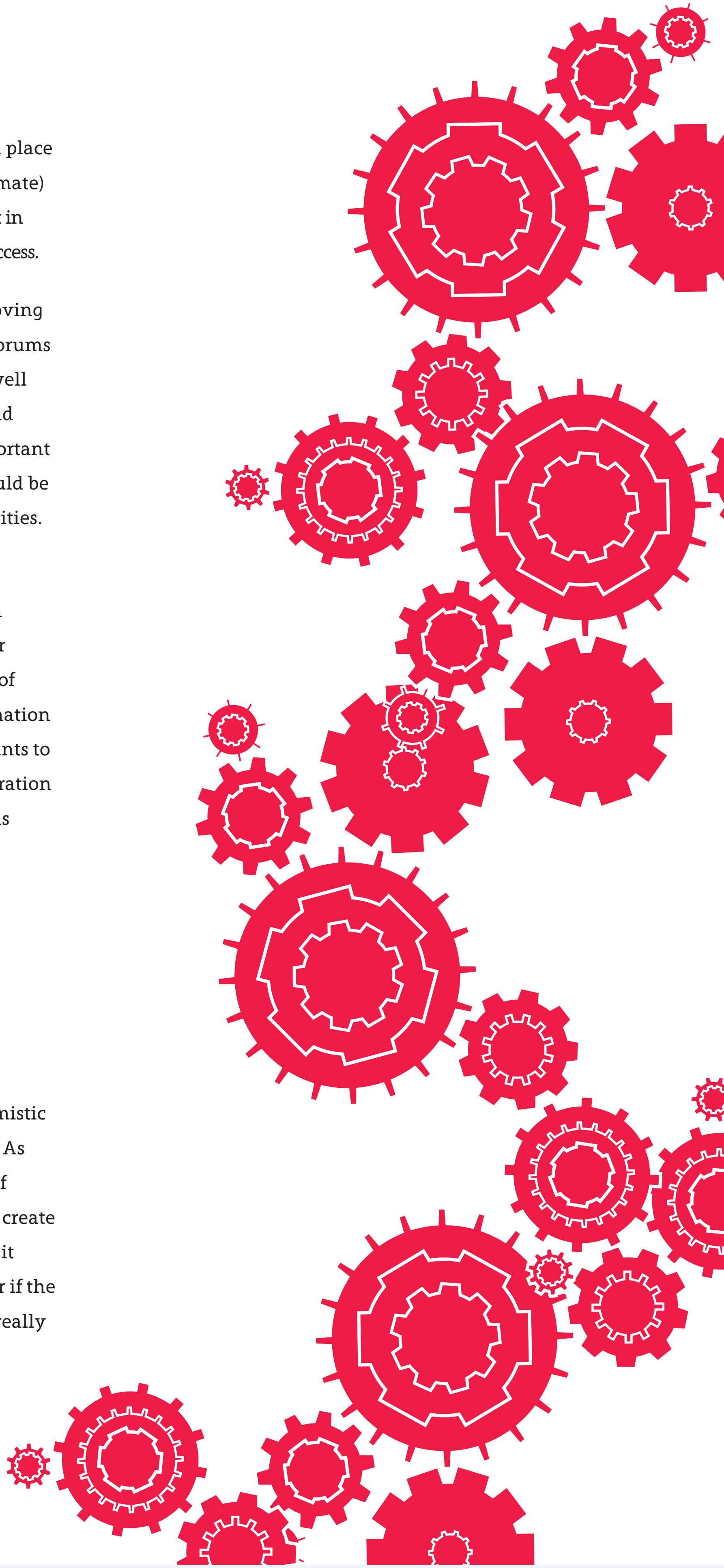
More productive approaches would include improving bureaucrats' access to online public engagement forums (accompanied by clear guidance on their use), as well as setting up committees or teams that listen to, and directly address, concerns. Early action is also important to defuse anxieties; the release of information should be discussed in the design stages of government activities.

Governments should also re-examine whether provincial and municipal Freedom of Information and Protection of Privacy Acts need clarification or amendment. In November 2011, the Government of British Columbia passed amendments to its information and privacy legislation that empower public servants to share information in cases where it supports integration initiatives and evaluation work. Other jurisdictions should follow suit.

Progress can also be made through harnessing behavioural insights:

1. Disclosure by default

Government can leverage the enthusiasm for transparency already present among many public servants. Many interviewees expressed more optimistic hopes for the potential of transparency initiatives. As one interviewee noted: "there's a fear on the part of decision-makers that opening up government can create embarrassing situations for them, whereas I think it would make more sense because it would be better if the public had a better idea of what governments are really grappling with."



This perception is backed up by studies on government data reporting, which suggest a positive feedback cycle between the accessibility of government data, the willingness of stakeholders to participate in policy conversations, and the greater enthusiasm of public sector actors to release still more data.[31]

However, the more effort that must be put into getting datasets declassified so they can be added to open data portals or getting approval to share data with another team or department, the less likely it is that information will be shared. As we discussed in Box 3, the greater the lengths that someone must go to in order to undertake a task, the less likely it is to get done. This is especially true at a time when public services are being asked to do more with less.

If governments are serious in their commitment to increasing transparency, then they should make it easier to share information. Adopting a 'disclosure by default' approach could drive culture change. Divisions and ministries would then be required to make an explicit case for withholding documents or datasets, either from other departments or from the public. These cases should either be made when a document or dataset is created or if circumstances or legislation change. This requirement would negate the need for public servants to make a separate application to share information when individual requests are received. Disclosure rather than information hoarding would be the default response.

2. Behaviour modelled by respected messengers

In risk-averse work environments, teams and departments are more likely to imitate the behaviour of others than follow instructions on disclosure and transparent practices. Governments should not underestimate the power of having desired behaviour modeled by individuals or teams who are respected and strategically placed. It almost goes without saying, for instance, that if governments want open data portals to be widely used then the ministry leading the initiative should lead by example.

3. Making 'sight-lines' visible

Most significantly for this report, transparency has an overlooked internal dimension. Interview after interview stressed the importance in public sector work of 'seeing' and 'sight-lines', and the damaging consequences of their absence. Seeing the effect of one's own work on the public good, seeing a political decision-maker speak about your projects, seeing a media clipping referencing the products of one's work; these experiences were memorable, powerful motivating forces. As we noted in Box 3, reminding people of the positive impact of their own work, particularly where it benefits the lives of citizens, is a significant motivating force in the public service.

By contrast, the greatest de-motivating forces were consistently identified in terms of 'the black hole' into which work often disappeared. Many informants stressed that it was not project failure, or negative responses to their work that upset them; there was a general understanding that the nature of their work included setbacks and changes in direction often brought about by political decisions. Rather, they were demoralized by the uncertainty created by a lack of follow-up and communication from leaders. They regarded the failure to 'close the loop' on work, by sharing information about its fate, as a key leadership deficiency.

Greater internal transparency through making 'sight-lines' visible, either at the end of projects or during the performance appraisal process, would produce a more transparent work culture. It would also mitigate the inherent frustrations of working in a political system, inform decision-making on future projects and provide a socially meaningful reward for public servants where projects were successful.

31 Yang, 2008.

ii) Incenting Collaboration

WHAT IS IT?

Collaboration is the act of bringing different strengths together in an integrated way to produce greater value. Collaboration is distinct from teamwork in that it refers to reaching across differences of department, ministry, sector and individual specialization in a non-hierarchical way. Collaboration implies a sharing of ideas and resources beyond that typically found in a formalized, top-down team environment. It therefore touches on two overarching trends in public service reform: the breaking down of institutional silos within government and the expansion of partnerships between government and non-government actors. Collaborative practices will be necessary to bring about the integrated and efficient services expected by the public.

Collaboration impacts upon broader public service behaviour in a number of ways. In the spirit of 'doing more with less,' collaboration across departments or ministries avoids the necessity of reinventing policies and rediscovering solutions. It enhances professional development as individuals expand their networks and encounter those with different skills, experiences and outlooks. Finally, it refocuses service delivery around the needs of the citizen or client rather than a department's long-established operating procedures. It becomes possible, for instance, to identify duplication and gaps across support systems.

Interviewees repeatedly told us that advancing the agenda of collaboration was key to turning around records of poor performance, motivating consistently high performers and strengthening other positive behaviours such as transparency and creative thinking.

WHAT HOLDS US BACK?

Collaboration is a widely celebrated value. What, then, are the negative incentives that work against collaboration, understood through the lens of what we know regarding human behaviour? One manager in the public service zeroed in on a key factor:

> *People feel, especially in the policy world, that your value is the information that you bring to the table. If you share that information, if you give up all that information, then your value is depleted. There is no need for your existence, or for you to be at the table. Those people who have confidence, those that are good thinkers, [should] recognize that beyond the information they bring to the table, they also have experience, creative skills, to provide even more.*

The recommendations in this section flow from this insight, which can be understood as a form of loss-aversion bias. In a variety of related ways, public sector organizations should, above all, seek to transform a mentality that values hoarding information and resources into one that promotes growing networks and continuously reinforcing collaborative relationships.

Just like businesses, public sector organizations live in an uncertain environment full of risks. However, unlike the private sector, government departments face limitations in the ways in which they can hedge against uncertainty. Their mandate is set out in legislation and the direction provided by elected officials. They are not free to diversify their operations or withdraw from activities where future success is highly uncertain. A department of transport cannot decide that since building subways is their core competency, they will no longer repair bridges.

Hoarding resources and talent can therefore be a rational response to uncertainty about future needs. This tendency can be accentuated where there is a strong culture of benchmarking the performance of departments, thus pitting them against one another, even when they serve different client groups or pursue very distinct policy agendas.

Governments, for instance, frequently set department-specific savings targets as part of their deficit elimination strategies.[32] This siloed approach to target setting works against more collaborative ways of realizing savings through transforming operations across government.

There are other reasons for anti-collaborative behaviour. Interviewees consistently noted that territoriality seemed to increase the longer someone worked on a single file or had an area of responsibility. People develop a sense of ownership that was more attached to the continuation of a particular project than to the policy goal that the project was originally meant to advance. At senior levels, this can lead to managers favouring strict information control in order to avoid compromising the status of their projects.

A scaled-down version of such a tendency can afflict workers at all levels. For those who feel that their value and employability rest in a stock of specialized information that is of limited availability, sharing information widely can be perceived as reducing future demand for their services.

In many public services the appraisal process, conducted by line managers, actively reinforces organizational silos. As one senior public servant that we interviewed put it:

> *The performance review process is very siloed. There is no requirement to be cross-functional – it is up to the manager whether they add a deliverable that is cross-functional. [Even then,]*

32 Page et al., 2012. This occurred, for instance, in the UK Spending Review of 2010 and Canada's Program Review of the 1990s.

whether staff behaviour actually supports cross-functional deliverables usually goes unchecked. I always check with colleagues in other ministries about the performance of my staff but there is no requirement to do so.

The appraisal process, it seems, does little to incentivize collaborative behaviour, an attribute essential to reducing inefficiencies and the success of reforms such as the move to shared services.

Even external pressures, created by complex social policy problems that concern multiple departments or ministries, can perversely incent anti-collaborative behaviour. Senior leaders, including political leaders, may see 'ownership' of an issue—with 'collaborators' playing an officially subordinate role—as reinforcing the status of their own portfolio.

HOW TO GET THERE

Notwithstanding some of the structural issues standing in the way of a culture of collaboration, there are ways in which behavioural insights can promote collaboration:

1. Eliciting commitments on collaboration through the performance appraisal and planning process

We know that people are more likely to follow through on commitments if they have a clear roadmap for how to achieve an outcome or if those commitments were made through interpersonal agreements.

The standard performance appraisal and planning process—where public servants sit down with their line managers and set objectives for the year ahead—offers a natural forum to elicit commitments on collaboration. Actionable goals could be set regarding growing one's professional network or initiating and following through on collaborative work with other divisions, ministries, or external stakeholders. The current, siloed approach to performance appraisal and planning would also be transformed in the process.

2. Changing the evaluation criteria for proposals such as strategic plans and cabinet submissions

Evidence suggests that when it comes to strategic decision-making, exposure to dissenting views is the best way to counter one's own cognitive biases (including optimistic forecasting, groupthink, a natural preference for the status quo, and self-preservation).[33] "Improving strategic decision making," as Lovallo and Sibony point out, "requires not only trying to limit our own (and others') biases but also orchestrating a decision-making process that will confront different biases and limit their impact."[34] Bringing different viewpoints together is essential.

Collaboration in decision-making could be incentivized by evaluating proposals, including business cases, strategic plans, and cabinet submissions, partly on the basis of whether they include contributions from relevant partners and stakeholders. This move would encourage the growth of initiatives like the US regulations.gov website, which allows citizens to review and comment on proposed federal regulations. Cass Sunstein has credited the information gained through the site with challenging decision-makers and improving the quality of regulations issued by federal agencies.[35]

33 Lovallo and Sibony 2010.
34 Ibid.
35 Sunstein, 2013b.

iii) Incenting Innovation

WHAT IS IT?

Innovation is characterized by a style of thinking that is unorthodox, creative and not overly determined by short-term, well-defined outputs. Studies of human cognition have found that, while some individuals may be more inclined to innovative thinking than others, there is also a relationship between creativity, mood, and environment. Positive, low-stress environments are conducive to more creativity.

There is, of course, a trade-off. Detail-oriented thinking is enhanced by high-intensity, high-stress environments.[36] However, today's task of modernizing policy frameworks and service delivery models requires building work cultures that are more open to experimentation and more tolerant of risk.

WHAT HOLDS US BACK?

Intense media scrutiny and rigid organizational hierarchies have contributed to public service cultures that tend to make change difficult and risky. Employee engagement surveys across Canada show that only around half of public servants believe innovation is valued in their work environment.[37]

More traditional responses have seen governments attempt to directly incentivize innovation. British Columbia, for instance, has used executive salary holdbacks. In 2008/09, a portion of executive pay became linked to identifying improvements in service delivery models that could deliver $250 million in extractable savings.[38] This can be thought of as 'big money' innovation. While it may involve creative means, the ends are defined in a top-down manner and the problem is tackled in a somewhat traditional way, by using pay-for-performance incentives.

Governments also have a history of initiating flagship 'ideas programs' that have struggled to create innovative work cultures and stalled in the absence of support structures that would see ideas readily and widely adopted. There are a number of recent examples:

1. The Ontario Public Service Ideas Program (2006-2011)

The Program accepted applications from Ontario public servants, adjudicated their worthiness and selected ideas to be implemented. Unfortunately, participation rates dropped quickly and the ideas selected were often 'low hanging fruit'.[39] A final evaluation of the scheme concluded that it had created localized "pockets of innovation" but not the culture change that was desired.[40]

2. Canada's Employee Innovation Program (2010-present)

Similar issues are hampering the federal government's Employee Innovation Program. Launched by the federal Treasury Board Secretariat in 2010, the program is intended to publically recognize and offer cash rewards to employees who can find "creative and practical ideas that lead to tangible savings and improved services."[41]

By 2012, media reports confirmed what many public servants had already suspected: the scheme had become mired in bureaucratic hurdles. In the absence of a streamlined process for evaluating and implementing employee proposals, only ten of the almost 700 proposals received over a two-year period had been approved and no employee had received a cash reward.[42]

36 Bless, 2000; Fiedler, 2000.
37 Cf. Ontario Public Service Employee Engagement Survey 2011; Alberta Corporate Employee Survey, 2010; Nova Scotia Employee Survey, 2011.
38 BC Ministry of Finance, 2009.
39 Shah and Prokopec, 2011, p.13.
40 Ibid, p.7.
41 Treasury Board of Canada Secretariat, 2010.
42 Bruser and McLean, 2012.

3. US Presidential SAVE Award (2009-present)

US federal government attempts to crowd-source innovative ideas from employees have similarly foundered. The Presidential SAVE Award was set up in 2009 to reward federal employees who submitted ideas to cut costs while maintaining or improving the standard of service delivery.

By March 2013, only 16 of 86,000 submissions had been recognized with an award, while 67 had been incorporated into budget proposals. Many of the suggestions selected related to initiatives the Obama administration was already pursuing, or even initiatives that had been started by the previous administration.[43]

HOW TO GET THERE

Innovation is one of those areas where more can often be achieved at a smaller scale. As we noted in the introductory discussion, people are more willing to significantly change their behaviour if they can do so gradually over time through small, easily-fulfilled 'seed commitments' (see Box 3). Even when the changes themselves may not seem transformative, they can help shift mindsets about what is accepted and what is expected.

1. Allowing time and space for creativity in the workplace

Our interviewees emphasized that innovation benefits from devoting time and space to creativity, and giving public servants the opportunity to temporarily shed normal work pressures to explore novel ideas and environments.

Governments should consider instituting measures that harness the creative potential of bright, motivated, and professional public servants. Private sector companies, most notably Bell Labs and Google, have recognized the need to give certain employees the creative space and freedom to pursue projects and interests that aren't necessarily part of the organization's current core mandate.[44] The recognition that talent is often in search of a problem to fix has led to some of AT&T and Google's most successful innovations, including the transistor, communications satellites, and Gmail.

This can occur at a micro-level. One manager we interviewed encouraged members of his team to work on a project of their choosing for a limited amount of time each week and report what they had accomplished once a month. Modelled on the practices of high-profile technology companies, this exercise has been met with considerable enthusiasm by staff and promoted creativity.

This type of initiative recognizes that, perhaps surprisingly, innovation can often be a private activity. Individuals come up with creative ideas more easily when given time to think alone, whereas group brainstorming sessions can create too much pressure for consensus.[45]

Another 'small start' approach might be to have public servants commit, a few months in advance, to making a very short presentation to their colleagues on an idea for doing business differently. The emphasis would be on a low-pressure environment in which rigour and feasibility are (temporarily) de-emphasized. Separating the discussion of ideas from that of implementation creates space for change-oriented behaviour.[46]

2. Providing unstructured opportunities for the exchange of ideas

Equally, innovative thinking can be supported by facilitating opportunities for public servants to interact with those with different viewpoints. As we pointed out in the previous section, cognitive biases such as a preference for the status quo can be challenged when people are exposed to alternative perspectives.

Simple internal interaction could see staff from different divisions or departments placed in the same office space to ensure unstructured opportunities to network and discuss files.

43 Fahrenthold, 2013.
44 Gertner, 2012.
45 Behavioural Insights Team, 2013.
46 Lovallo and Sibony, 2010.

In terms of out-of-office opportunities, more formal approaches such as secondments are becoming an increasingly popular option for some governments. The UK's Civil Service Reform Plan of 2012, for instance, committed to "staff having greater opportunity for interchange, secondments and loans with other sectors and industries."[47] However, as the Civil Service Reform Plan: One Year On Report reveals, secondment policies, while commendable, are difficult to scale up to a point where they make a meaningful impact on the culture of departments or public services as a whole.[48]

Innovation units offer an easier route to culture change. Denmark's MindLab, for instance, brings together civil servants with individuals from the private sector and interested citizens in a creative, unstructured environment to tackle difficult problems.[49] This type of initiative, which is also underway in Ontario, helps break down barriers between sectors and supports the cross-pollination of ideas.

Mainstreaming current mind lab pilots represents an immediately actionable route to greater public sector innovation. Developed appropriately with rigorous HR strategies that identify effective participants, this type of opportunity represents a low-cost way of harnessing the innovative capacity of high performers.

3. Applying gaming psychology and technology to ideas programs

If governments are to use flagship ideas programs they should incorporate behavioural insights into their design. We know from evaluations of past schemes that interest has a tendency to wane following initial enthusiasm.[50]

Behavioural scientists have shown that turning an activity—such as recycling or exercise—into a game increases participation rates.[51] The same principles can be applied to public service ideas programs, as the UK central government has shown. Major departments, including the Department for Work and Pensions and Ministry of Justice, have used gaming and social media technology to create virtual stock markets for the generation, development, and trading of ideas.[52] These internal innovation platforms are used by departments to crowd-source ideas on particular policy issues or operational challenges.

These developments in the UK reflect a growing cross-sector trend in employee engagement known as 'gamification', which, according to Palmer, refers to the practice of taking the principles of game technology"—fun, play, transparency, design and challenge—and applying it to real-world objectives rather than pure entertainment."[53]

The benefits for employers are dramatic. Social innovation platforms offer solutions to two of the biggest stumbling blocks for traditional ideas programs: maintaining employee enthusiasm when ideas simply disappear into suggestion boxes, and finding enough quality ideas in a sea of undeveloped proposals.

Platforms such as Ideas Street allow public servants to view suggestions and vote on them. Popular ideas can be developed through users forming teams and then floated on a virtual stock market when ideas are ready for implementation.

The UK Department for Work and Pensions has found that cross-departmental exchanges of ideas have increased as a result. Early on, users would often form teams with individuals known to them. Over time they realized the necessity of recruiting from across the department on the basis of expertise and specialist knowledge.[54]

47 UK Government, 2012, p.24.
48 UK Government, 2013.
49 MindLab, 2013.
50 See Shah and Prokopec, 2011, p.3.
51 See Choueiki, 2013.
52 Williams, 2010; Burke and Mesaglio, 2010.
53 Palmer et al., 2012.
54 Goodwin, 2012; Kruger, 2012.

iv) Incenting Results

WHAT IS IT?

We use the term 'results-focused' in this report to refer to the behaviours and incentives that surround learning from mistakes and choosing future investments shrewdly based on past results. Evaluation is the process that springs from, and supports, a results-focused culture. Evaluating service and program performance naturally provokes strong feelings, all the more so if everyone involved is doing their best to protect and create value for the public.

Yet in the same way that governments are sharing consumption information (such as energy use patterns) with citizens to encourage them to make more informed decisions in the future, evaluation information on policies, programs, and procedures can help shape decision-making in government. In this way, evaluation information can be seen as part of what Cass Sunstein refers to as the "choice architecture for choice architects."[55]

WHAT HOLDS US BACK?

Program evaluation has not traditionally been a high priority in many jurisdictions. A review of federal spending in 2009-10 found that, on average, departments devoted just 0.08 percent of their direct program expenditure to evaluation.[56] An earlier (2005) review found that only 23 percent of small agencies had funds specifically earmarked for evaluation.[57] A key finding of the 2011 Ontario Auditor General's report was that government programs—from disability support services to legal aid—were not gathering and reporting sufficient information for their effectiveness to be assessed.[58]

While there are capacity issues that hamper the measurement of program outcomes, departments and agencies also face considerable disincentives to devoting resources to program evaluation. In the age of the 24-hour news cycle, departments have become increasingly risk averse. In cases of poor program performance, official statistics (where they do exist) are frequently used by the media to criticize the public service, rather than being understood as part of a learning and evaluation process.[59] Such media coverage hardly incentivizes rigorous program evaluation.

However, the lack of a serious process of measurement, assessment, review, and action often means that, in the face of an overly critical media, governments can be too quick to go into damage limitation mode.

Governments in fact need to report more regularly and more openly about program outcomes and adjustments in order to encourage headlines that move beyond a reductive 'success or failure' narrative. This would require a culture change in many quarters, but more rigorous evaluations may help nudge us toward that change.

If evidence from robust program evaluations is used to inform budget deliberations, there will inevitably be winners and losers. Poor-performing programs risk funding cuts or cancellation as resources are reallocated to high-performing programs. Departments and agencies may be averse to evaluation systems which ultimately threaten to downsize the number and size of their programs.

This type of institutional reluctance to risk program cuts was observed in a recent review of the Obama administration's policies to raise evaluation standards in social intervention programs:

55 Sunstein, 2013b.
56 Treasury Board of Canada Secretariat, 2010.
57 Treasury Board of Canada Secretariat, 2005.
58 Auditor General of Ontario, 2011

59 Johnsen, 2012.

Some agencies appear to be conflicted about evaluation because so many programs that are subjected to rigorous evaluation are shown to produce null results. No agency wants to be administering programs that are known to be ineffective. Moreover, a major rule in the federal government is that power and influence are based on big budgets. If agencies want to expand their programs and their budget, they need Congress to believe that they are conducting effective programs that are providing benefits to the nation.[60]

Similarly, a number of program analysts we interviewed spoke of their routine frustration at being unable to proceed with evaluations due to an entrenched reluctance to collect and share data within government. As one put it:

I remember one project where I had to contact regional offices. They would only supply lump-sum data. I needed a break down for it to be any use. They didn't collect it. I got the sense they were suspicious of the 'corporate centre'—that we'd cut their funding if we didn't like what we found. I always tried to say "we are on the same team" but it made no difference.

Audits by external, disinterested parties—conceived of as a way to prevent self-dealing among public servants attached to a program—are a classic solution to these problems. However, program evaluation in government struggles from what economists call the 'principal-agent problem'. Departments (agents) have a natural information advantage over central oversight bodies (principals) and the latter often struggles to challenge the assertions made by departments.

60 Haskins and Baron, 2011a, pp.16-17.

Finally, traditional perceptions of performance evaluation assume that the right data is available, that everyone agrees on what the data means, and that the data itself is value-neutral.[61] These assumptions do not hold in conditions common to public sector organizations.

Frequent reorganizations or reappointments lead to irregular data collection as actors gain and lose relative information advantages over time. Public sector programs also operate in an environment of multiple stakeholders where performance data ends up having to speak to multiple audiences and serve more than one purpose. There is often a lack of agreement on a set of metrics for success. Outcomes in big spending program areas such as social care, health, and education take years to materialize and are determined by a complex range of factors which make interpretation challenging.

Under these conditions, our interviewees often struggled to think of instances where program evaluation had led to radical changes within, let alone the elimination of, underperforming programs.

HOW TO GET THERE

These difficulties certainly make program evaluation more challenging and costly in many areas. Public services must be delivered even when there is uncertainty over metrics and expected results. However, these difficulties should not become a default rationale for side-lining rigorous evaluation.

Evaluation information is essential to the choice architecture presented to policymakers. The impact of insufficient information about which programs are working and delivering their intended outcomes is particularly acute during times of fiscal constraint. Discussions at the Cabinet table, or with the public, about which programs might be candidates for reductions,

61 Radin, 1998.

or added investments, are unlikely to be helpful if the underlying analytics about effectiveness are lacking. A lack of reliable evidence-based evaluation lends itself to a status quo bias in government. Without trustworthy data, the reflex at times of budget reduction is often to safeguard established programs at the expense of newer ones.

There are a number of actions governments can take:

1. A loss-aversion approach to rigorous program evaluation

Governments need to invest more systematically in scientifically-rigorous methods, such as randomized control trials and quasi-experimental studies, to determine whether programs are effective. As commentator James Ball observes:

> *New drugs and medical treatments are required to pass a randomised controlled trial (RCT), showing they are better or more cost-effective than any existing medicine... But policies, such as on unemployment schemes, education, tax reminders or parenting programs, are not subject to the same checks and thus there is often no evidence as to whether they actually work.*[62]

Some governments have made advances in specific areas. The Obama administration, for instance, has introduced a more scientifically rigorous approach to establishing an evidence-base for social policies such as teenage pregnancy prevention.[63] These advances have only been possible as a result of significant political will and real budgetary commitments. The UK Behavioural Insights Team also stands on its record of conducting randomized control trials of policy interventions, one example being their practice of using a subset of Job Centres as an experimental setting for employment services reform.[64]

However, these initiatives are the exception rather than the rule. A far greater commitment to rigorous evaluation is needed.

Studies show "that the way a proposition is framed can greatly influence people's response to it."[65] We know that people do not weigh potential losses and gains equally. This loss-aversion bias suggests that, rather than creating an evaluation fund that ministries can apply to use, ministries should be given money or be required to set aside a small portion of program budgets for rigorous evaluation. Unused funds would then be clawed back. The tangible prospect of losing funds is more likely to spur action than the abstract prospect of being awarded funds for rigorous evaluation.

2. Dual-reporting evaluation specialists

To give ministry staff sole responsibility for evaluation functions risks evaluations being conducted in ways that safeguard the continuation of departmental programs or funding. Yet, central agencies cannot possibly understand or appreciate the nuances of every department's programs and may apply inappropriate one-size-fits-all templates to unique program offerings. Program evaluation procedures must strike an appropriate balance between these two key considerations.

A simple way to resolve this dilemma would be to second centrally-hired staff to each individual ministry. These evaluation staff would have a dual-reporting relationship with both their departmental and central agency Deputy Ministers. This model has been adopted by the federal government for the provision of legal advice.

Crucially, this approach would ensure that evaluation specialists develop good working relationships with their policy and program colleagues, as well as an expert understanding of their ministry's context. At the same time, staff would retain a certain level of professional

62 Ball, 2012.
63 Haskins and Baron, 2011b.
64 Behavioural Insights Team, 2012a.
65 Behavioural Insights Team, 2012c.

autonomy, allowing them to provide independent advice that furthers government priorities.

Their independent advice would not only help counter the cognitive biases of ministers or staff running programs, but offer welcome ‘cover’ to those pushing for reform. As one interviewee put it:

[External auditors can] validate what you already knew but aren’t in a position to say. The evaluation of beloved programs, programs that have political cachet, no matter what you say, they don’t want to touch it. When you go to a minister to say “this isn’t working,” the minister will think about all the great press they get from it. Sometimes a consultant can come in and provide a bit of cover.

3. An inclusive evaluation process

Governments can also strengthen program evaluation by encouraging a more collaborative program review process. Putting everyone—including program leaders, internal evaluation specialists, and external experts—at the same table not only compels involved parties to address their preconceptions and prejudices openly, but gives everyone involved a greater sense of ownership over the process. The impact could be far more transformative than isolating program leaders from the evaluation process for fear of self-dealing.

Public participation could be facilitated through greater online access to program data and allowing citizens to comment on the impact of policies and programs via digital technologies.

Conclusion

Governments across Canada and around the world are undertaking ambitious reforms to service delivery and operating models. Yet changing the way government operates without simultaneously addressing internal working cultures will make lasting change difficult to achieve.

This report focuses on four key attributes that will help public services meet the extraordinary demands being placed on them: transparency, collaboration, innovation and a focus on results. We identify low-cost, low-risk ways of encouraging these attributes, using the insights of research into human cognition and behaviour.

Governments have recently enjoyed considerable success in applying these insights to influence decisions made by citizens (in areas such as energy conservation, organ donation and tax returns). We believe behavioural insights also offer value for influencing the culture of public services.

Behavioural insights can be boiled down, for our purposes, to the idea of incentives. Small, inexpensive changes can be made to the structure of work in the public service to remove perverse incentives and encourage change-oriented behaviour.

Small is important in changing culture, not just because it avoids expense and controversy, but because small commitments can grow over time, and people are more willing to experiment with them. Small commitments allow us to learn lessons without risking big losses, and the benefits of small commitments can convince skeptics to give it a try.

There is, of course, a limit to the impact of applying behavioural insights. Proponents of public service reform may point out that much deeper changes to structures and operating models are necessary. The arguments in this paper are not intended to dismiss the need for these changes but rather to point out what can be done before or alongside them.

We also believe that decisions over changes to structures and models can benefit from behavioural insights. Choice architecture theory, for example, can help ensure collective bargaining agreements do not create unintended consequences such as making it difficult to recognize exceptional performance or address poor performance issues. Embedding the merit principle within agreements in dialogue with unions could benefit from an understanding of how choice architectures might be differently constructed.

This type of case is out of scope for this report. We focus on 'nudges', which are generally easy and non-controversial ways of changing the context in which people make decisions, in order to help them make good decisions.

This paper offers a selection of insights from the behavioural sciences (documented in Box 3) and identifies ways they might be applied to public sector work cultures. For example, greater transparency can be fostered by making information disclosure the default option. Data can then be shared unless a case is explicitly made for withholding it. Equally, a greater focus on results can be encouraged by leveraging loss aversion bias. If a small portion of budgets are

dedicated to rigorous evaluation methods and clawed back if unused, governments are likely to see more investment in rigorous program evaluation.

As public sector organizations continue their transformation journeys, the focus on large-scale, expensive reforms to service delivery models and operating systems will garner much attention. But smaller changes to incentive structures, with the goal of transforming internal working cultures, should go along with these larger changes to structures and processes. Only through behaviour change will wider reforms have staying power.

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