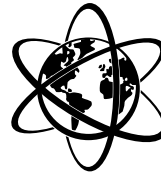


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People, service and trust: is there a public sector service value chain?

Ralph Heintzman and Brian Marson

Abstract

This article reviews the evidence for the existence of a 'public sector service value chain', offering a new way of thinking about what Bouckaert and his colleagues have called the micro-performance approach to improving trust and confidence in public institutions (Bouckaert et al., 2002). In particular, the article focuses on the role of service delivery in enhancing citizen trust and confidence. But it does so in the context of a broader model, one that links service delivery to other important aspects of management performance, especially people management. The article refers to this model as the 'public sector service value chain', drawing on work by Heskett and others in the private sector (Heskett et al., 1994, 1997). The article reviews evidence for links between employee engagement (satisfaction and commitment) and client satisfaction in the public sector, and between public sector client satisfaction and citizen trust and confidence. The article identifies the five main 'drivers' of service satisfaction in the public sector, and reviews both purported 'drivers' of employee engagement as well as data documenting the influence service delivery appears to have on citizens' trust and confidence in Canada. The article outlines a forward research agenda, to identify the drivers of staff satisfaction and commitment, as well as drivers of trust and confidence in public institutions, and to determine whether the proposed links in the 'public sector service value chain' can be empirically validated.

Introduction

Citizens' trust and confidence in public institutions is one of the liveliest subjects of current debate among both academics and practitioners in the fields of government,

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politics and public administration. Many commentators agree in detecting a decline in trust and confidence in public institutions, and a parallel decline in civic engagement and democratic participation, across the developed world. But there is no unanimity among scholars, and lively debate, even about whether a genuine decline has occurred, or what its consequences may be (Klingemann and Fuchs, 1995; Nye et al., 1997; Bok, 2001; Light, 2002; Van de Walle, 2004).

In Canada, a recent EKOS Report (EKOS Research, 2002) suggests that most Canadians do not trust government, nor do they have great confidence in the democratic process:

- In 1960, over 75 percent of citizens expressed their trust in the government of Canada 'to do what is right'; in 2002, that figure had dropped to 27 percent;
- Only 18 percent of Canadians say they trust politicians, and only 36 percent say they trust federal public servants;
- 58 percent of Canadians say that 'government does not care';
- 77 percent of Canadians feel that elected officials have 'lost touch';
- 28 percent of citizens believe that 'Government is crooked';
- 46 percent of Canadians say that federal politicians are corrupt; only 20 percent believe they are honest;
- 52 percent of the public say that ethical standards in the federal government have slipped badly in the last decade;
- Only 16 percent of Canadians believe that the public interest drives government decision-making;
- Canadians believe that the media (45 percent) and big business (38 percent) have too much influence over government decisions on public issues; on the other hand, 52 percent believe that average citizens have too little influence on public decisions.

Naturally the reasons for such an alleged decline — and the factors that could help to increase or restore citizen trust and confidence in public institutions — are equally hotly debated. In a recent, exhaustive survey of these debates, Geert Bouckaert and colleagues at the Public Management Institute, Leuven, have identified two broad schools or approaches that they call the 'performance' and 'identity' theories (Bouckaert et al., 2002). The latter approach explains the decline in confidence primarily on the basis of societal factors and changes in individual and collective identities and values. This school includes, for example, Robert Putnam and his celebrated, and much debated, theory about the role and influence of a decline in social capital (Putnam, 2000).

The first approach, in contrast, highlights the potential contribution of government performance — or of citizens' perceptions of government performance — to a decline in confidence in public institutions. Bouckaert and his colleagues distinguish two distinct streams within the performance approach. One stream focuses on *macro-performance*, that is the role (or perceived role) of government in providing certain broad public goods such as economic growth, employment, health care, education, a healthy environment, and so on. Another stream pays attention to *micro-perform-*

ance. Interestingly, Bouckaert and colleagues include political micro-performance in this category, including political behaviour and scandals. But they give primary attention to bureaucratic and administrative micro-performance, especially the success of government agencies in increasing or decreasing the satisfaction of citizens through the quality of service delivery. Bouckaert and his Leuven colleagues even offer a theoretical model or 'hypothetical flow chart' to illustrate how improvements in service delivery might have an impact on 'a posteriori trust in this service and government in general'.

There is clearly no need to choose between these various theories or approaches. Each has something valuable to offer. Whether it is declining or not, and whatever may be the consequences of such a decline, citizen trust and confidence in public institutions is clearly an enormously complex phenomenon, with many contributing strands and factors. There seems no reason to doubt that societal factors, including important shifts in values, culture and identities, play a role, probably the major role, in altering citizen trust and confidence. Similarly, both macro- and micro-performance of government probably influence attitudes to public institutions in ways we are only beginning to measure, and in proportions we cannot yet estimate.

Without in any way depreciating other approaches, or underestimating the influence of other factors, the present article focuses on Bouckaert's 'micro-performance', service delivery approach to improving citizen trust and confidence. But we do so in the broader context of a proposed 'public sector service value chain' model that links service delivery to other aspects of management performance, especially people management (what is commonly – if unhappily – called human resource management) and leadership. As evidence in both the private and public sectors suggests, improving citizen satisfaction is only half the story, and appears to be closely linked to improving the satisfaction and commitment of public employees.

The private sector service profit chain

Both theory and practice in the private sector have already identified a link between employee satisfaction and customer satisfaction, on the one hand, and between customer satisfaction and the bottom line, on the other. The combination of these two relationships yields a causal chain in which an improvement in employee attitudes and behaviours leads to an improvement in customer attitudes and behaviours, which leads in turn to an increase in growth and profit.

The best-known exploration of these relationships in the private sector has been carried out by James L. Heskett and colleagues at Harvard University (Heskett et al., 1994, 1997). They have called the sum of these relationships the 'service profit chain'. In its simplest form, this concept maintains that 'there are direct and strong relationships between profit; growth; customer loyalty; customer satisfaction; the value of goods and services delivered to customers; and employee capability, satisfaction, loyalty and productivity' (Heskett et al., 1997: 11). In their 1997 book they report on measurement of relationships between individual links in the service profit chain, especially in some 14 companies with which they were particularly familiar. Only four of the fourteen show a clear empirical link between all three key elements of the chain, but the others all provide some evidence of linkage between individual ele-

ments. Heskett and colleagues assert that the research shows particularly strong and significant relationships between customer loyalty and company growth and profitability, between employee and customer satisfaction, and between employee satisfaction and capability (Heskett et al., 1997: 31–2).

A number of other studies and applications have also explored the linkages between employee satisfaction, customer satisfaction and organizational results. One of the best known of these is the case of Sears, which has used what is called the employee-customer-profit model, with similar reported results and linkages across the three elements of the model. Sears reported that it audits the links between all three elements annually, as closely as it audits its financials, and bases its long-term executive incentives on performance across all three elements of the chain: employee measures, customer measures, and traditional financial results (Rucci et al., 1998). A report by the Conference Board of Canada has summarized over 20 studies on all or portions of the service profit chain and highlighted several complete applications of the chain at companies such as Johnson & Johnson, Saturn, the Ritz-Carlton Hotel Company, the Royal Bank of Canada and Nortel (Brooks, 1998). A recent quantitative study of 100 US media companies by Northwestern University's Forum for People Performance Management and Measurement confirmed that employee satisfaction and engagement have a direct impact on market outcomes and an indirect influence on financial performance (Oakley, 2005).

Heskett and his colleagues conclude that using the service profit chain to manage private sector companies requires several important steps, especially the measurement of 'just a few central results' highlighted by the service profit chain, the communication of these self-appraisal measures across the organization, efforts to help managers improve their performance for these few key results, recognition and reward tied to these results and the internal sharing of 'best practices' related to them.

More particularly, they suggest that, instead of focusing on goals (such as profitability or market share), companies would be well advised to focus instead on the *drivers* that will help attain such goals, starting with the customer, and working back up the service profit chain to those things that determine customer satisfaction, including employee satisfaction and loyalty.

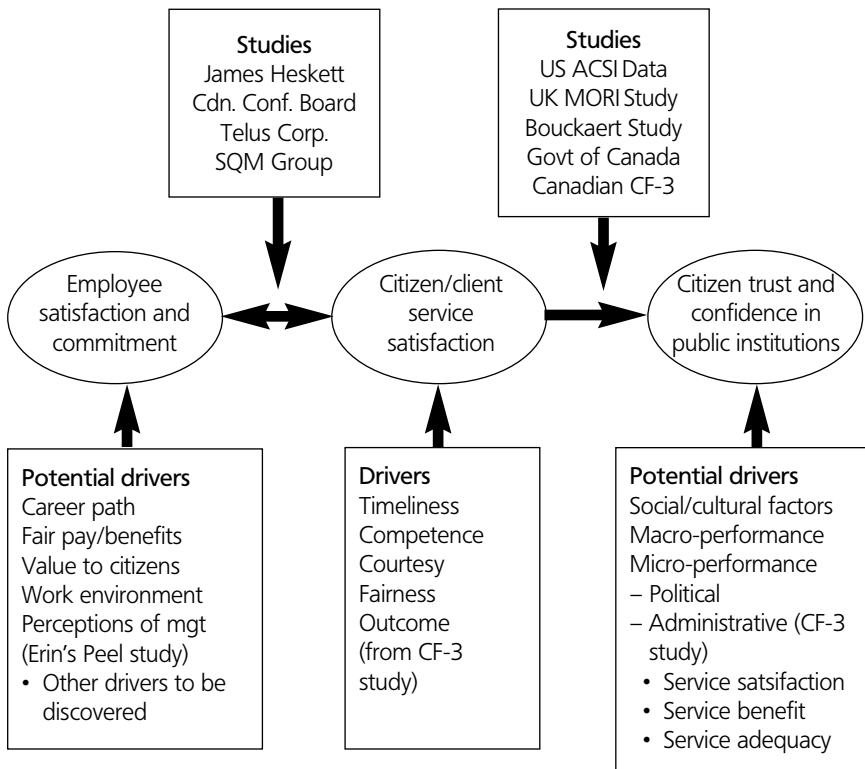
Is there a public sector service value chain?

We think the general architecture of the service profit chain, and some of the specific lessons and conclusions that may be derived from it, can help to shed light on a number of the key challenges of public management. These include the enhancement of citizen trust and confidence in public institutions. After all, citizen trust and confidence is, in many ways, the bottom line for the public sector, or a reasonable proxy for it.

Unlike the private sector, the bottom line for government is not easily measurable, because it involves competing and even contradictory notions of the public good. Like everything else in the public domain, the bottom line for government is contestable, and involves conflicts, contradictions, paradoxes and trade-offs between competing public goods. That is what democratic governance and politics are all about.

In a democratic context, the issue of trust may involve some of these very para-

doxes. For example, lower levels of trust might well be consistent with healthy, appropriately sceptical, democratic attitudes, while very high levels of trust might well be associated with more authoritarian regimes (Bouckaert and Van de Walle, 2003). But beyond the contestable goals and the related complex issues of measurement, the success of democratic government must somehow be connected to its role in building citizenship, and in earning the confidence and trust of its citizens. If citizen confidence and trust in public institutions is high or rising, it would be more reasonable to assume public institutions are achieving their democratic mission, even though there may be failures or disappointments in specific areas. If citizen trust and confidence is low or declining, it will be more difficult to think of governments as fully successful, even if they could point to specific successes of public policy or programmes. Even Bouckaert and Van de Walle conclude that 'in most situations, trust is an indicator for good governance' (2003: 341). For many, if not all, public servants, it is appropriate to think of the ultimate objective of their work as the building of democratic citizenship, and strengthening the confidence and trust of citizens in the efficacy and value of public institutions (Denhardt and Denhardt, 2003). In order to analyse and address some of the micro-performance dimensions of this challenge, we suggest that it may be helpful to conceptualize them within what we propose to call the 'public sector service value chain', illustrated in Figure 1.



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Figure 1 A proposed public sector service value chain

There are five things to note about this model. The first is that it is relatively simple. It does not yet have the complexity associated with the private sector models, or even the 'Leuven' model. Complexity, in our view, would be premature at this stage (it will emerge later, in the consideration of 'drivers') and might even be undesirable, at least for practitioners, if only because simplicity helps focus their attention on the 'few central measures' emphasized by Heskett.

The second thing to note is that the model has *three* key building blocks, similar to the private sector models. We think this is important, because a three-part model can help to widen not just the academic discussion on trust and confidence, but, even more important, the perspective and priorities of public managers. It serves to link two of the key priorities for public sector reform — service improvement and human resource modernization — priorities that are usually addressed in isolation, despite the fact that success in one may well depend on success in the other. And it links both of them to what should be a fundamental objective of public management, and a source of motivation and values for public servants (Canada, 1996, 2000; Canada, 2003b).

A third feature of the model is that it highlights *three* sets of 'drivers', one for each of the building blocks. A 'driver' is an independent variable that can be shown to be an important predictor of performance outcome. If we are to make progress on any of these public sector building blocks, or, more properly, on all three together, further research and reflection will be needed to identify the precise 'drivers' for each of them, especially the first and third building blocks — a key issue for managers and practitioners, to which we will return. As noted, it is in the consideration of the drivers and their relative priority, and of the relations and interactions between them, that the complexity of this model, as of other such models, emerges.

The fourth feature of the model to note is that it involves *two* sets of linkages: one between the satisfaction and commitment of public employees and the satisfaction of citizen clients (or client citizens) with the quality of government service delivery; and the other between citizen satisfaction and citizen trust and confidence in public institutions. Obviously a key issue is the empirical evidence for these linkages. We will return to this issue below, especially concerning evidence for the second link, between service satisfaction and trust and confidence.

A final point to note is that these two links may not be symmetrical. The first is a two-way linkage, while the second may be a one-way relationship. This is a key point on which we will examine some Canadian evidence, because it helps to advance understanding of these relationships in the public sector. The Canadian evidence to date suggests that there is a reciprocal or mutually reinforcing relationship between employee and citizen/client service satisfaction, but not between satisfaction and trust. In other words, *a priori* trust appears to play less of a role, either in service satisfaction or in the *a posteriori* trust generated by service satisfaction, than might normally be assumed (Van de Walle, 2004).

The links in the chain

(a) Employee satisfaction and service satisfaction

The two-way link between employee satisfaction and client satisfaction is so strong that it has been called the 'satisfaction mirror' in the management literature. Benjamin Schneider and David Bowen, who were among the first to document it, asserted that employee satisfaction yielded 'the most consistent information about customer satisfaction' (Schneider and Bowen, 1993). Heskett et al. stated that this 'mirror' effect was found in every multiunit service organization for which they had data. In a cleaning service company, for example, a 1 percent increase in employee satisfaction was calculated to translate into a 0.22 percent increase in customer satisfaction. A food service chain found that 78 percent of restaurants with above-average customer satisfaction also have above-average employee satisfaction.

Sears is famous for developing a mathematical equation to guide management. At Sears it was estimated that an 8-unit increase in employee attitude drives a 1.3-unit increase in customer 'impression' (which in turn drives a 0.5 percent increase in revenue growth). In Canada, Telus, a major national telecommunications company, reported a 0.44 correlation between employee 'engagement' scores and customer satisfaction (Griffiths, 1999). At the Royal Bank of Canada, employee factors were estimated to account for 40 percent of customer satisfaction and retention (Brooks, 1998). Northwestern University's study of US media companies also found mathematical correlations between employee satisfaction and engagement and customer satisfaction (R^2 of 0.218) on the one hand, and between customer satisfaction and financial performance (R^2 of 0.280), on the other (Oakley, 2005).

These kinds of correlations are so consistent that Heskett and colleagues concluded that, 'in the absence of data regarding either customer or service satisfaction, one can be predicted from the other' (Heskett et al., 1997: 101).

While we do not yet have comparably rich data from the public sector, the correlation between these first two links of the chain is so strong that it would be reasonable to expect that it would be replicated to some degree in the public sector. Where we do have initial data, it appears to suggest further research would probably be able to demonstrate a comparable linkage, especially for those public activities most closely involved in delivering public services to citizens. Measurement experts at a major Canadian state-owned enterprise have reported to us informally, for example, that they have obtained correlations in the range of 0.2 to 0.4 between measures of client satisfaction and employee satisfaction for the corporation as a whole. They anticipate much higher correlations for employees directly involved in service delivery. John Wargo, Vice President for Service and Market Development at the US Postal Service, reports that the USPS also considers employee satisfaction a leading indicator for customer satisfaction (Adams, 1999).

A more suggestive example is provided by the Service Quality Management Group. SQM is Canada's leading consulting and research organization in call centre management. In announcing its 2002 contact centre awards, SQM noted that 'there is one underlying pattern that is notable in the stories of our three winners, and that is simply, that high employee satisfaction is necessary to achieve high customer satisfaction. It is also important to mention that SQM research shows the more

complex the call, the greater the impact employee satisfaction has on achieving high customer satisfaction' (Desmarais and Kennedy, 2003; Michiak and Desmarais, 2000). Significantly, public sector call centres exhibit the same pattern. Isolating the public sector in its 2004–05 data, SQM reported that an increase in employee satisfaction from 24 percent to 37 percent in public sector call centres resulted in a corresponding increase in client satisfaction from 49 percent to 68 percent (SQM, 2005).

These examples suggest that broader measurement work should be undertaken in the public sector on both employee and citizen/client satisfaction, and appropriate correlations and causal connections established, to determine to what degree, and in what circumstances, the two-way link between the two is a reality that can guide public sector as much as private sector managers. The importance of establishing this first link is heightened by the potential significance of the second link, discussed below.

(b) The service–confidence connection

In recent years, researchers in a number of countries including the United States, Belgium, the United Kingdom and Sweden have investigated the link between public sector service quality and trust and confidence in public institutions and/or government.

Professor Claes Fornell of the University of Michigan publishes the American Customer Satisfaction Index, which regularly measures public satisfaction with private and public services. The ACSI measurement system has been used to measure citizen satisfaction with US federal government services since 1999. It also measures citizens' confidence that government agencies will do a good job in the future. Fornell's analysis of 1999–2002 data suggests a causal relationship between service and confidence, but not vice versa: lack of trust does not lead to dissatisfaction with services, but satisfaction with government services leads to higher levels of trust. As ACSI scores have improved, he has also noted an improvement in trust 'measured as public confidence that agencies will do a good job in the future' (Fornell, 2002).

Likewise, a recent study by MORI for the Audit Commission in the United Kingdom shows a clear relationship between service quality and trust and confidence in particular public institutions (police, hospitals and local councils). According to the MORI Report, six core factors influence trust across these public organizations. Four of the factors are service related and two are related to the quality of management (MORI, 2003):

- Keeping promises;
- Learning from mistakes;
- What friends and family say about the service;
- Staff treating people well;
- Being interested in people's views;
- Quality of public leaders and managers.

This UK study examined trust and confidence in specific public sector institutions, rather than in the public sector or government as a whole. Research into public sector service quality suggests that this distinction is an important one, since citizens

tend to provide lower ratings to governments as a whole than to institutions individually (*Citizens First*, 1998; Bouckaert and Van de Walle, 2003). Moreover, citizens rate their recent service experiences higher than they rate the individual institutions' general service quality (Dinsdale and Marson, 1999: 14). Similarly, Kampen, Van de Walle and Bouckaert point out that citizens in Flanders distinguish between trust in public administration institutions and trust in political bodies: 'satisfaction with the federal government and the working of democracy have impact on the level of trust, but ... the largest effect comes from satisfaction with the public administrations and services' (Kampen et al., 2003: 2). In other words, overall trust in government is a product of satisfaction with perceived performance of both the political realm and of service delivery, with service delivery apparently having the larger effect on trust in government.

Recent Swedish government research also supports the notion that service quality is one of the factors that determines trust and confidence in government. A large recent study by the Swedish government also concluded that service quality is one of the factors driving trust and confidence in government (Lundberg, 2003). According to the Swedish research, the service variable has a stronger impact on satisfaction with public agencies (R^2 range of 0.7 to 0.9) than on confidence in public institutions (R^2 range of 0.3 to 0.6).

The public sector service delivery community in Canada has been exploring the connection between service quality and confidence in government since 1998. The nation-wide survey, *Citizens First*, fielded in 1998, found a correlation between high service scores and high overall government performance scores: 'Citizens who believe that governments do an excellent job rate service quality higher than those who do not' (*Citizens First*, 1998: 34).

However, it was not clear from the 1998 *Citizens First* study whether: a citizen's positive views about government impacted their satisfaction scores for service delivery; whether service satisfaction impacted ratings of overall government performance; or whether the effect worked in both directions. According to the authors of the 1998 *Citizens First* study, the answer to this question was of considerable importance from a public policy perspective:

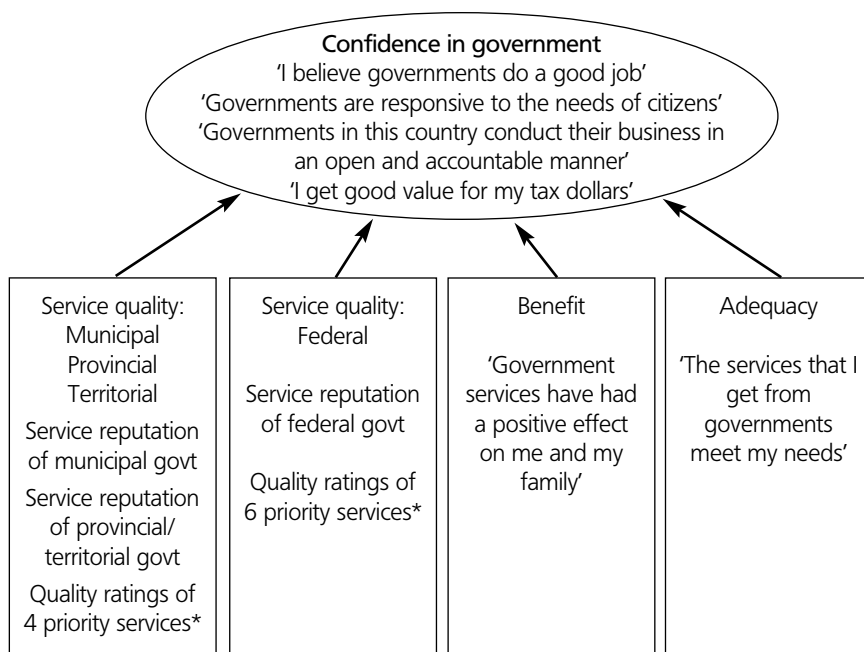
The issue is of more than academic interest. If it is true that service quality affects attitudes toward government, it would create a powerful reason for providing the best quality of service. The rationale for improving service quality would cease to be (at least in some circles) a peripheral issue, something that governments might do when time and resources permit for the sake of pleasing citizens. Rather, it would be regarded as a central element of public policy, something that responsible governments must pursue to ensure citizen engagement. (*Citizens First*, 1998: 81)

Subsequently, the question of whether citizens' service satisfaction influences overall satisfaction with government performance was analysed as part of a country-wide Government of Canada survey of citizens' attitudes in the Autumn of 2000. This study, *Listening to Canadians*, conducted by the survey firm Ipsos-Reid, demonstrated a strong link between service satisfaction and overall performance rating of the federal government: among Canadians who had a positive experience (with respect to service or information) in the previous three months, 43 percent gave the government a good overall performance rating. On the other hand, among those

who had a negative experience, only 25 percent of respondents rated the government's performance positively. Finally, among those who were ambivalent about their experience (neither positive nor negative), 33 percent gave the Government a good rating (Canada Information Office, 2000: 73).

However, the analysis in the Ipsos-Reid survey report did not demonstrate whether good service satisfaction ratings influenced positive ratings of government performance, or vice versa. Thus, in planning for *Citizens First 3*, which was fielded across Canada in 2002, Canadian public sector officials and the Institute for Citizen Centred Service (www.iccs-isac.org) decided to determine definitely whether citizens' satisfaction with service impacts citizens' view of public sector performance more generally.¹ When the data analysis was complete, a model emerged which demonstrates the causal relationship between citizens' views about government service, and their overall views of government performance. (*Citizens First 3*, 2003: 7).

According to *Citizens First 3*, the four clusters of service variables explained 67 percent of the variance in the dependent variable, a compilation of four questions about general confidence in government and government performance. The amount



* Priority services of municipal and provincial/territorial governments are hospitals, health care outside hospitals, public education and road maintenance/construction. Priority services of the federal government are Canada Post, CCRA, EI, Customs and Immigration border services, CPP-OAS and Health Canada information services.

The measures in the four rectangles account for 67 percent of the variance in citizens' confidence in government.

Figure 2 Confidence in government

of variance explained is surprisingly high, and would undoubtedly be lower if the study had been able to test other relevant variables (such as Leuven's other micro- and macro-performance and identity/socio-cultural variables). It is also possible that the proxy variable for confidence in government needs additional elements, including a direct question on trust and confidence. Nonetheless, this landmark study does provide empirical evidence for a causal linkage between service performance and confidence in government. Moreover, the study concluded that the linkage only operates in one direction — service performance impacts confidence in government, but not vice versa.

The drivers

Having examined the main 'links' in the service value chain in some detail, we now turn our attention to the three building blocks of the chain, and discuss what we know (and need to learn) about the factors which 'drive' and determine performance outcomes within each of these building blocks. In other words: what key independent variables determine staff satisfaction and commitment in public organizations? What key variables determine clients' satisfaction with a public sector service experience? And what key variables drive and determine citizens' trust and confidence in public institutions and in their government?

(a) Drivers of employee satisfaction and commitment

As we already noted, one of the key tasks is to sort out and label the high level objectives for the three building blocks appropriately, so that 'drivers' can be identified and assigned their proper place and order. Until this stage has been completed no progress can be achieved, because it is not clear what should be on top, and what on tap.

Nowhere is this task more important than in the area of employee satisfaction. Not because this is an area neglected by research or practice. On the contrary, it is a vein very richly mined. That is part of the problem. Almost every scholar, every organization and every consulting firm active in this corner of the human resource management field has used their own particular set of concepts and vocabulary. Some measure employee 'satisfaction,' some measure employee 'commitment,' some employee 'loyalty,' some employee 'engagement' or a distinctive combination of these and other concepts.

The result is a state of high confusion, with little consistency or consensus. Cutting through this confusion will be one of the first conditions of progress across the public sector, not to mention the private sector. We have been greatly helped in this task by a research report and literature survey prepared for the Public Service Human Resources Management Agency of Canada by Dr Faye Schmidt. Much of what follows, on terminology, and on an appropriate way to order these various concepts for the future, draws on her analysis (Schmidt, 2004).

One thing that emerges from these various approaches is the important distinction between attitudes (or feelings) and actual behaviours.² Employee satisfaction is primarily an attitude or feeling, whereas employee commitment and/or engagement

seem, on the whole, to express patterns of behaviour. Loyalty sits somewhere between them, but perhaps closer to the first, since, as the European Employment Index points out, it would be possible to have employees who strongly desire to remain with the organization but are not prepared to make more than the minimum effort (MarkedsConsult A/S, 2002, cited in Schmidt, 2004). Hewitt makes the same point, with other language, when it advocates a shift in focus from commitment to engagement (Hewitt, 2003a, 2003b).

A second point that emerges is that both measures are probably important because organizations are nourished both by attitudes or feelings *and* by behaviours. From the point of view of a service profit chain or of a public sector service value chain, behaviours are clearly of primary importance because it is through employee behaviour, not just attitudes, that organizational performance will be changed. That explains the shift in focus that Hewitt notes, from satisfaction to commitment, in the 1990s. Nevertheless it seems probable that behaviours are shaped in part by attitudes, as both Sears and IES assume, and measure (Rucci et al., 1998). If behaviour is shaped by attitudes and emotions, then both will be important to track, as a basis for managing the dynamics of a public sector service value chain. But how much do the behaviours expressed by terms such as commitment or engagement influence attitudes and emotions? Is this a two-way or a one-way street? And what are the drivers of satisfaction and commitment in the public sector?

An initial attempt to identify drivers of employee satisfaction in the public sector was carried out for the Government of Manitoba in 2002. Analysis of a 2001 employee survey identified ten questions that best identified the drivers of job satisfaction within the Manitoba public sector. Comparing these results with five departmental surveys, as well as a 1998 employee survey, indicated five areas that consistently had the largest impact on job satisfaction: authority in the job; adequate training; feeling appreciated as an employee; clarity of departmental goals; recognition for good work (Vieira, 2002).

A more significant step forward for the public sector has been achieved by a major recent study carried out for the Region of Peel in Ontario, Canada, by Erin Research. Because this public sector study used appropriate statistical techniques (structural equation modelling) suitable for accurate empirical identification of 'drivers', it provides an important basis for a tentative ordering of concepts and drivers, and a quantitative model of 'employee engagement' for future testing in other parts of the public sector. The Peel study identified two high-level outcome elements for public sector employees, 'job satisfaction' and 'commitment', which can be combined to yield an overall measurement of 'employee engagement'. The Peel research found a correlation of 0.57 between job satisfaction and commitment, suggesting that these two concepts are related but nevertheless distinct.

One of the most important findings to emerge from Erin Research's Peel study is that job satisfaction was found to be a driver of commitment, but commitment was not found to be a driver of satisfaction. In other words, this is a one-way, not a two-way street. This finding gives empirical grounding to a common sense intuition: the satisfaction we feel with our jobs can help to enhance our sense of overall commitment to an organization. But our commitment to our work or to an organization does not necessarily result in job satisfaction, if work is poorly organized or led.

In fact, Erin Research's Peel study identified a total of some nine drivers for the two concepts — eight for satisfaction and four for commitment — with only two common to both (Spears et al., 2003: 3):

Drivers of 'job satisfaction' include:

- A career path that offers opportunities for advancement;
- Fair pay and benefits;
- The perception that [Peel] provides good value to customers;
- A satisfactory work environment, as defined by:
 - 1 A reasonable workload
 - 2 Good relations with immediate supervisor
 - 3 Smoothly functioning organizational dynamics
 - 4 Good relationships with colleagues
 - 5 Effective internal communications.

Drivers of 'commitment' are:

- Job satisfaction;
- A career path that offers opportunities for advancement;
- A positive perception of senior management;
- The perception that [Peel] provides good value to customers.

Each of these drivers has a significant impact on job satisfaction or commitment, or both. So a public sector organization that takes steps to improve performance on drivers such as these can expect to see improvements in higher job satisfaction or commitment, and thus in overall 'employee engagement'.

These are extremely important findings, because the crucial stage in any measurement-based improvement strategy is to identify the drivers of improvement to which improvement strategies and energies can be directed. Once the drivers in a public organization have been accurately identified, accountability for measurable improvements can also follow. Most important, from the perspective of this article, the ground can be laid for related improvements in external service satisfaction, the satisfaction of clients and citizens.

(b) Drivers of service satisfaction

Until 1998, little if any empirical work had been done to identify the drivers of service satisfaction in the public sector (Dinsdale and Marson, 1999). Prior to 1998, only the Government of Ontario had successfully identified some of the drivers of client satisfaction, as part of its 1992 *Best Value for Tax Dollars* survey of citizens' views on service delivery (Continuous Improvement Services and Erin Research Inc, 1992). However, research on the drivers of citizen/client satisfaction was specifically incorporated into the *Citizens First* national survey, launched by the Canadian Centre for Management Development in 1998,³ which concluded that five major elements of the service experience drove 72 percent of the variance in the overall public

Driver	Survey measure
Timeliness	'How satisfied were you with the time it took to get the service?'
Knowledge, competence	'Staff were knowledgeable and competent'
Courtesy, comfort	'Staff were courteous and made me feel comfortable'
Fair treatment	'I was treated fairly'
Outcome	'In the end, did you get what you needed?'

Figure 3 Drivers of service quality

sector service satisfaction ratings: timeliness, knowledge and competence of staff, courtesy/comfort, fair treatment and outcome. (*Citizens First*, 1998: 31).

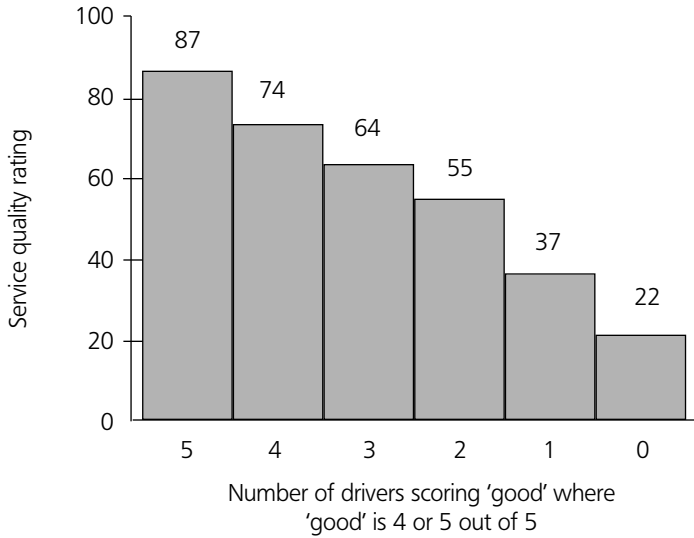
The impact of the drivers on service satisfaction levels is dramatic: when all five drivers are done well (4 or 5 out of 5) the overall service satisfaction scores are more than eight out of ten. On the other hand, when the five drivers are done poorly (1 or 2 out of 10), the overall satisfaction scores are about two out of ten, over a wide range of different public services. This relationship was confirmed again in the 2002 *Citizens First 3* survey, based on responses from a random sample of over 9000 citizens. Thus, the five drivers are the key to improving service to citizens in Canada.⁴

Because we now understand the elements of service delivery that require the most attention, managers can significantly improve service satisfaction scores by targeting these elements for improvement. For example, according to the 2002 *Citizens First 3* data, timeliness is still the service element most in need of improvement. Over 9000 Canadians scored the 'generic' drivers as follows when they were asked about a recent service experience:

- Outcome 72
- Courtesy 71
- Fairness 69
- Competence 64
- Extra mile 55
- Timeliness 51

These data suggest that Canadian public managers need to focus their service improvement efforts on (a) meeting citizens' expectations for timely service, and (b) improving the willingness of staff to go beyond courtesy to 'go the extra mile' to pro-actively offer help to their clients ('Is there anything else I can help you with?').

The Canadian public sector service improvement strategy that focuses efforts on citizen-identified priorities for improvement seems to be paying off. According to the most recent survey data, citizens of Canada are noticing an improvement in service delivery, measured both by their general satisfaction with government service

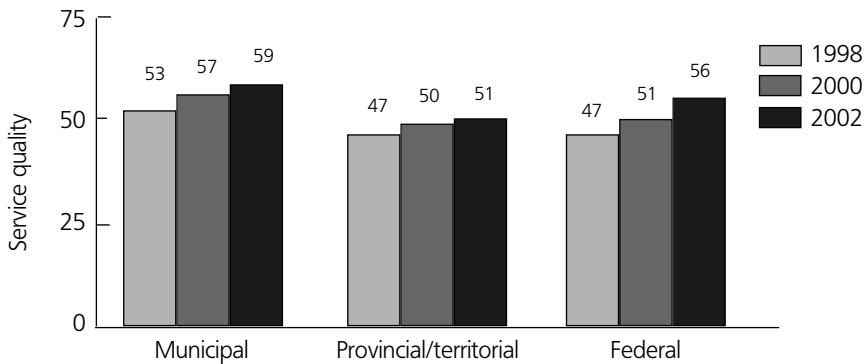


Source: *Citizens First 3*, 2003.

Figure 4 The impact of the five drivers on service satisfaction

quality, as well as their ratings of individual services, both of which have been in a significant upward trend since systematic measurement and improvement efforts began in 1998.

The following chart shows the improvement trend, which is paralleled by improvements in the specific service satisfaction ratings for such major programmes as taxation, postal services and employment insurance.



Source: *Citizens First 3*, 2003.

Figure 5 Canada's improving public sector service reputation

These improving public sector service scores give life and relevance to the concept of the 'public sector service value chain', because the *Citizens First 3* findings also suggest that improving service scores may have a positive impact on citizen trust and confidence in specific public sector institutions, and perhaps in the public sector as a whole.

(c) Drivers of trust and confidence in government

What determines whether citizens have trust and confidence in public institutions and in their government? The concept of the 'public sector service value chain' suggests that one of the factors is service performance. But what are the others? This is perhaps 'the sixty-four thousand dollar question' for those concerned about overcoming the gap between citizens and their governments, and strengthening civic society in Western democracies.

The lack of clarity and progress in this area is understandable because the concepts to be tested are complex and elusive, difficult even to define, let alone to measure. There is a large and growing literature on the issues of trust in government and in public institutions, but little consensus on the issues and on basic terms, much less on what should be measured, and how. Is trust declining, or is it not? If so, is it the effect of something else? Or is it in fact the cause? In the absence of agreement on issues like these, it is difficult to move forward.

The best overview of this literature remains the survey prepared by the Leuven Public Management Institute (Bouckaert et al., 2002). As already noted, the Leuven study identified two broad explanatory approaches to trust and confidence: explanations based on issues of government performance, and explanations based on broader societal and identity-related factors. Each of these approaches includes a variety of sub-categories. The Leuven typology can be summarized as follows:

- Identity factors: social/cultural factors
 - Risk, uncertainty, conflict and consensus
 - Personal characteristics and demographic variables
 - Social characteristics
 - Identity
- Performance factors:
 - Macro-performance factors
 - Economic performance
 - Social policy performance
- Micro-performance factors
 - Political micro-performance
 - Bureaucratic and administrative micro-performance
 - Service delivery

As this typology suggests, service delivery performance is just one of the potential 'drivers' of citizen trust and confidence, and not necessarily the most important. While

it may have a role to play (as the Canadian data indicate), service delivery is only one 'micro-performance' strand in a much wider tapestry.

Since the preparation of the Leuven survey, one member of the team, Steven Van de Walle, has pursued the investigation into the 'causes' (or 'drivers', in our language) of trust (Van de Walle and Bouckaert, 2003; Van de Walle, 2004). His conclusions confirm that explanations of citizen trust based on government performance (in the delivery of services, and in other ways) are at best incomplete, and need to take account of much wider social factors, especially the cultural formation and transmission of 'stereotypes' and socially constructed norms and generalized attitudes. What are sometimes taken to be the 'causes' of low or declining trust may instead be 'expressions' of an underlying or pre-existing culture of distrust.

Gaps in our knowledge and next steps for research

Although some aspects of the public sector service value chain have been well researched in recent years (e.g. the drivers of client satisfaction), the linkages and many of the drivers remain to be studied and documented.

(a) The employee–client link

For example, the link between employee satisfaction/engagement and client satisfaction requires considerably more research in public sector organizations. As noted earlier in this article, there are some data that suggest the link exists, but a wide-scale study is needed with parallel surveys of staff satisfaction and commitment on the one hand and client satisfaction on the other. It would be important to utilize standard questions and metrics to ensure comparability. This suggests the need for a co-ordinated cross-cutting study of a wide range of public sector organizations to determine if the staff–client satisfaction relationship exists, and whether it flows in both directions, or only in one direction. Among other questions that need to be answered are:

- Does staff satisfaction and commitment impact client satisfaction in public organizations?
- Does client satisfaction positively impact staff satisfaction and commitment?
- How strong is the relationship in the link, if it exists? Can it be modelled quantitatively, as it has been in certain private sector organizations?
- Does the staff–client relationship hold for all types of public organizations, or only those with a clear service (versus regulatory and enforcement) focus?
- Is the relationship, if it exists, stronger for service delivery staff (e.g. call centre and counter staff) than for staff in the organization as a whole, and weaker for staff in support functions?

(b) The drivers of employee engagement

If the research is able to demonstrate an empirical link between employee engagement (satisfaction/commitment) and client satisfaction, then the importance of identifying the drivers of employee engagement becomes meaningful from a service

improvement perspective, not just from a human resource management perspective. Earlier in the article, we tried to bring some clarity to the vocabulary of employee satisfaction-commitment-engagement, in order to lay the foundation for research that begins to measure the factors that contribute to employee satisfaction and employee engagement. Identifying these 'drivers' is a priority for the public sector, so that managers can have the same level of knowledge about this set of drivers that has been achieved for drivers of service satisfaction. Current research (e.g. *Citizens First* 3, 2003) suggests that staff perception that their organization is providing quality, value-added service to citizens is one of the drivers. If confirmed, this will be another important insight into the 'public sector service value chain'. Once these drivers are known and the strength of the relationships established, then strategies for improving employee engagement (satisfaction/commitment) could become more focused, more measurable, and more cost-effective. This work would be greatly facilitated by the development of an agreed Common Measurement Tool for measuring performance in people management and leadership within public organizations, in the same way that Canada has developed a Common Measurements Tool for service measurement (www.iccs-isac.org).

Among the specific research questions that need to be answered are:

- What are the specific drivers of staff satisfaction and staff commitment?
- What is the relative importance of each of the drivers?
- What is the relationship between staff satisfaction and staff commitment?
- Can a quantitative model be developed documenting the relationships between the drivers and staff satisfaction and commitment?
- Do the drivers and their relative importance vary across different types of public organizations (e.g. service, scientific, defence, professional, policy, regulatory, enforcement)?

(c) Drivers of client satisfaction

As noted earlier, Canadian research has documented the main drivers of client satisfaction across a wide range of public organizations, business lines and service channels. This is the best-documented area of the 'public sector service value chain', but this research still needs to be replicated in other countries to confirm its findings, and to determine if the drivers are the same across national boundaries. Timeliness is the most important of the five generic drivers of service satisfaction, and Canada has documented citizens' service expectations and standards with respect to timeliness. Since these expectations likely vary across cultures, the research on expectations for timeliness needs to be documented in other countries in order for managers to know what standards and expectations they need to meet in order to gain high satisfaction scores from their clients. Specifically, then, the forward international research agenda needs to include the following questions:

- Are the drivers of client satisfaction identified in the Canadian research universal across countries or do they differ?
- What are citizens' specific expectations in various countries with respect to the

main drivers of client satisfaction, and especially the expectations with respect to timeliness?

(d) *The client satisfaction–confidence link*

As noted in the article, a series of country studies have been completed which appear to demonstrate that a causal linkage exists between service satisfaction and citizens' trust and confidence in both individual public institutions and in government generally; on the other hand, there is little evidence yet that the relationship operates in the reverse direction. The existing studies, while powerful in their conclusions, need to be followed by larger cross-jurisdictional studies that utilize a common methodology and metrics so that the relationship between service quality and trust and confidence can be empirically proven to the satisfaction of the academic and public management communities. The questions that need to be answered definitively are:

- Does service satisfaction impact trust and confidence in the institution providing the service?
- What is the strength of the relationship?
- Does general trust and confidence have any impact on service satisfaction ratings?
- Does satisfaction with public sector services in general impact overall trust and confidence in public administration and in democratic political institutions?

(e) *Drivers of trust and confidence*

This is an area of public policy where the understanding and consensus achieved to date are relatively modest. As others have documented (Bouckaert et al., 2002), there are many theories about the drivers of trust, confidence and voter turnout, but relatively few reliable conclusions. One of the reasons is that such work is very hard to do, because, as Christensen and Laegrid (2002) have noted, the concepts and causal relationships are complex, subjective, multi-dimensional and contestable: 'there is no one-factor explanation for variations in people's trust in governmental institutions . . . Citizens' trust in government institutions seems to be a complex mix of general images, ideology and stereotypes, the actual performance of specific public services, and demographic variables.'

Survey research can no doubt continue to shed light on this area, especially if it is able to take, as both Christensen and Laegrid and Van de Walle (2004) suggest, a more comparative and 'integrated' approach, with standardized instruments (common measurement tools), focusing on changes over time, between different institutions and between different countries. What is needed may be a multi-jurisdictional survey that includes a very wide range of independent variables as well as questions on the dependent variables of trust, confidence and voting behaviour. With careful design, this could give us a clearer understanding of the drivers of citizen trust and confidence, and what specific public policy strategies can influence them, and to what degree. Research questions include:

- What are the major drivers of trust and confidence in individual public institutions, and in government more generally, in both the public administration

and political domains? Among the clusters of independent variables that need to be tested are: *The Ethics cluster*: the degree to which citizens believe that politicians and public servants are honest, ethical and fair in the conduct of the people's business; *The Influence cluster*: the degree to which citizens believe that they and other ordinary citizens have appropriate levels of influence over government decision-making relative to special interest groups; *The Responsiveness cluster*: the degree to which citizens feel that the government is aware of, and responds to, the needs, concerns and priorities of citizens; *The Policy Performance cluster*: the degree to which citizens feel that governments are performing well on economic and social policy; *The Integrity cluster*: the degree to which governments are perceived to keep their political promises, and the degree to which they acknowledge and learn from mistakes; *The Management Performance cluster*: the perception of the degree to which government manages public resources well and that government policies and programmes achieve relevant results and value for money; *The Service cluster*: the perception of the quality of the services provided by individual agencies in particular and the government in general; *The Demographic cluster*: the age, geographic and social characteristics of the population.

- What is the relative importance of each of the main drivers?
- What role does service quality play as a driver?
- Can we develop an empirically based model of the drivers and their relationship to trust and confidence?
- What public policy strategies would best improve public trust and confidence, as well as voter participation rates?

But for a subject as complex and multifaceted as citizen trust, it will probably also be necessary to go beyond survey research, and perhaps even beyond research in public administration, to embrace research strategies in the area of political sociology. Future exploration of the causes or 'drivers' of trust will need to include societal as well as individual perspectives, and explore the processes of political socialization, through which generalized cultural and historical attitudes, perceptions and 'social moods' are formed and transmitted. Only then will we understand better how the micro-performance factors like public sector service delivery relate both to macro-performance and the broader issues of identity and culture (Van de Walle, 2004).

Conclusion: implications for public managers

A recent survey of senior executives across the Canadian public sector asked them to identify the major management challenges facing their organizations over the next few years (Marson and Ross, 2003). Among the top challenges identified in the survey were three elements of the service value chain: improving staff satisfaction and commitment; improving service quality; and improving trust and confidence in public institutions. The potential of the 'public sector service value chain' is that it links these three public management issues, and suggests a powerful relationship among

them. From a management improvement perspective, we might call it 'hitting three targets with one stone'.

The Canadian research on the drivers of service satisfaction and on citizens' service expectations and priorities have provided public sector managers with the tools they need to improve their services in the eyes of their clients. Indeed, the record shows that public managers and staff have used these research findings to substantially improve service quality across the public sector over the past four years, and do it in a focused, cost-effective way. Now we need to provide public managers with the knowledge and the tools to improve the workplace from the perspective of employees, by identifying the key drivers of staff satisfaction and commitment/engagement. In addition we need to help managers focus on two key tools for performance improvement: measurement and accountability. As noted by an external Advisory Committee on senior-level retention and compensation in the Canadian public service (Canada, 2003a):

Performance and the achievement of results have two components: *what* is achieved and *how* it is achieved. Based on some of the results of [executive and employee surveys], the Committee believes that inadequate attention and weight are being given to *how* executives are achieving results and *how* they are managing people and priorities. Improving leadership and management skills ought to be an important focus for the Government, for the benefit of the Public Service as a whole and for the benefit of executives and employees as individuals. Strengthening the Performance Management Program and increasing accountability for *how* functions are performed and results achieved can contribute significantly to improving the working environment in the Public Service.

More generally, the 'public sector service value chain' helps us to understand that public managers should give greater attention to measurement and accountability for both internal and external performance. Implementing systems of accountability for measurable improvement in employees engagement (satisfaction/commitment) results and in service satisfaction (and other results valued by citizens) can contribute, in measurable ways, to the larger goal of improving citizen trust and confidence in public institutions.

Finally, the Canadian experience with the identification and application of the five drivers of service satisfaction shows that significant progress in performance can be achieved, within relatively short periods of time, if public managers focus on those key drivers that are priorities for improvement in the eyes of citizens. By applying the same continuous, targeted improvement approach to the drivers of employee engagement (satisfaction/commitment), public sector managers may well be able to make gains in this area as well. The combined effect of continued progress in both these areas may also contribute to improving trust in public institutions, and perhaps even in democratic governance.

Jan Carlson, the former CEO of Scandinavian Airlines, became famous for observing that every service experience in the private sector is a 'moment of truth' (Carlson, 1987). Exactly the same thing might well be said for the public sector. But the truth would be different. In the public sector 'moment of truth', the citizen who is a client of a public service forms an impression — positive or negative — about the effectiveness of public institutions, and about the potential of democratic governance. The

service experience either increases or decreases confidence in public institutions, and in the degree to which they are capable of promoting the public good.

For this reason, service delivery in the public sector is always about much more than just service. Because the clients of government services are never 'just' clients, as they might be in the private sector. They are not just consumers of government services: they are usually also taxpayers and citizens, that is, bearers of rights and duties in a framework of democratic community, with civic and public interests that go well beyond their service needs (Canada, 1996, 2000: 31–2). They may even be 'involuntary clients', whose service relationship with government derives not from choice but rather from their obligations as citizens, or the rights of other citizens. The 'moment of truth' enhances or diminishes citizens' belief in the value and potential of their own democratic citizenship (Heintzman, 2001; Kernaghan et al., 2000: 127).

A 'public sector service value' chain helps to extend this insight and this challenge beyond the realm of external service delivery to the internal responsibilities of public managers for the leadership of their employees. It helps to link two of the most important challenges of public sector reform — service improvement and human resource modernization — challenges that are too often viewed in isolation from each other, despite the fact that success in one may well depend on success in the other. And it helps to link them both to a fundamental objective or outcome of public management. Both those who deliver government services and those involved in people management should always bear in mind that they can contribute — directly or indirectly, in major ways or in minor ways — to strengthening democratic citizenship, and confidence in public institutions.

Of course the exact measurement of relationships and outcomes will remain a challenge. Bouckaert and his colleagues have pointed out all the uncertainties and points of disagreement among scholars on the issue of trust and confidence in government (Bouckaert et al., 2002; Bouckaert and Van de Walle, 2003; Van de Walle and Bouckaert, 2003; Van de Walle, 2004). There is no consensus on the diagnosis of the issue, let alone on the solutions. Nor is it likely that future research will ever create such a consensus.

Moreover, no matter how much future research may document or illuminate causal links and drivers across a public sector service value chain, 'micro-performance' is still only one thread in the tapestry of confidence in public institutions. Other macro-performance and broader social and cultural factors also play a role, probably the major role, in shaping citizen trust and confidence (Sims, 2001; Christensen and Laegrid, 2002; Stoyko, 2002; Goodsell, 1983, 2004; Van de Walle, 2004).

In the absence of certainty, there are still choices to be made, in the public service, as in life. Beyond the empirical issues, there is also an existential and ethical one for public servants. Immanuel Kant observed that the only way we can make this a moral and a rational world is to act as if it were one, no matter what the evidence to the contrary. Perhaps a similar principle applies to public administration. Perhaps the only or best chance public servants have of helping to strengthen citizen trust and confidence in public institutions is to act as if every single one of their actions could do so.

That may seem a large burden but it is also an exciting and meaningful one — and one that corresponds to the deepest sources of motivation for public servants (see Kerhaghan, 2001). From this point of view, the 'public sector service value chain' is as

much a statement about relationships between ‘families’ of public service *values* — people values, professional values and democratic values (Canada, 1996, 2000; Canada, 2003b) — as it is about relationships between categories of results. It can help public servants to remember, at all times, that those whom they serve are citizens, whose pride and belief in democratic citizenship and governance can perhaps be strengthened — or weakened — by any and every one of their actions, even the everyday choices and priorities of people management and leadership, let alone the more direct activities of delivering programmes and services to the public.

Notes

- 1 To achieve this objective, the *Citizens First 3* survey contained a series of questions to test respondents’ views about the overall performance of government, as well as questions about citizen satisfaction with various aspects and dimensions of public sector service delivery. The resulting database permitted the research team to test a series of independent service delivery variables (‘service satisfaction’, ‘service benefit’ and ‘service adequacy’) against a series of dependent variables about the overall performance of government (‘confidence in government’). Citizens were also asked a subjective question to determine whether they believe that their view of government is shaped by the quality of service that government provides. The model that was hypothesized for the *Citizens First* research in 2002 proposed that there might be three clusters of service variables that could impact overall confidence in government performance:

- Overall perception of service quality at the three levels of government
- Citizens’ perception that public services were of benefit, and
- Citizens’ perception that government services meet their needs

In order to test the validity of the model, *Citizens First* contained questions to measure each component of the model. Analysis of the survey results and the subsequent data modelling demonstrated that there is a strong causative relationship between service variables and responses to questions about the degree of citizens’ confidence in government. Moreover, a majority of citizens also *believe* that the quality of service helps shape their overall view of government performance. Fifty-six percent of respondents agreed with the statement ‘my view of government is shaped to a large extent by the quality of service that government provides’.

- 2 Heskett et al. (1997) use a variety of concepts, such as employee loyalty, productivity, and output quality, service quality, capability and satisfaction. These were all related in a continuous ‘cycle of capability’. But not all these concepts appear to have been rigorously defined, or empirically tested. The US retail giant, Sears, describes its objective for employee satisfaction as a ‘compelling place to work’, which is broken down into two categories of ‘attitude about the job’ and ‘attitude about the company’, which are measured in turn through responses to ten key questions. These are deemed to be the most relevant indicators, because most directly linked to influencing employee behaviour (Rucci et al., 1998, 91). Among major HR consulting firms, Watson Wyatt employs its own ‘employee commitment index’, which includes measures of two types of satisfaction — with job and with company — as well as measures of loyalty, such as willingness to remain with the company, even if offered a comparable job elsewhere. Watson Wyatt identifies the ‘drivers’ of employee commitment according to the degree of impact, ranging from trust in senior leadership, and chance to use skills on the job at the top (14 percent), through competitiveness of rewards and job security (both 11 percent), quality of company’s products and services (10 percent), an absence of work-related stress and honesty and integrity of company’s business conduct (both 7 percent), among others (Watson Wyatt, 2000, 2002). Aon Consulting uses a ‘workforce commitment index’, based on six statements related to ‘productivity’, ‘pride’ and ‘retention’ (two each). None of these questions focus on satisfaction as such, nor is the term ‘loyalty’ used, though clearly ‘retention’ captures at least one dimension of what some others mean by loyalty. Aon identifies the drivers of commitment

in a 'performance pyramid', with work/life harmony at the apex, supported by growth, affiliation, rewards, and safety/security (Aon Consulting, 2001, 2002; Hauserman, 2001). Hewitt, another major international HR consulting firm, measures 'employee engagement', based (like Aon) on responses to six statements linked (two each) to whether employees say positive things about the organization, are likely to stay with the organization, and strive to exert extra effort to contribute to business success (Hewitt, 2003a). Hewitt explicitly contrasts its current focus on engagement measures ('how much I want and actually do improve our business results') with earlier approaches that focused on employee satisfaction in the 1980s ('how much I like things here') and on commitment in the 1990s ('how much I want to be here') (Hewitt, 2003b). However, Hewitt does link its engagement score to the 'drivers' of engagement, which it groups in five categories: people, work, opportunities, quality of life (including work/life balance), procedures, and total rewards. Hewitt also distinguishes between 'positive' and 'defensive' drivers (Hewitt, 2003a). The Corporate Leadership Council of the Corporate Executive Board has tested more than 300 potential drivers of employee engagement. The Council estimates that the top 50 drivers for improving discretionary effort produce returns up to 40 times larger than the bottom 150 drivers. It organizes the top 50 drivers in six categories: organizational culture and performance traits, manager characteristics, day-to-day work characteristics, areas of 'onboarding' focus, learning and development opportunities, and senior executive team qualities (Corporate Leadership Council, 2004). The *European Employee Index* employs a major focus on satisfaction and motivation, but makes a potentially important distinction between commitment and loyalty, noting that it is possible to have high levels of the first (emotional attitude) but low levels of the second (behavioural outcome) (MarkedsConsult A/S, 2002, cited in Schmidt, 2004). The UK Institute for Employment Studies has studied employee satisfaction as the first link in a service-profit chain, but has shifted its focus to employee commitment. It makes another potentially important observation that commitment is influenced by certain types of satisfaction, especially with line management (Barber et al., 1999, cited in Schmidt, 2004). A recent study by the Forum for People Performance Management and Productivity at Northwestern University concluded that the drivers of employee engagement are employee satisfaction, managerial facilitation, job design and organizational culture. The key variable for employee satisfaction was organizational communication (both downward and upward). Interestingly, none of the formal human resource systems (including selection, development, performance management and compensation) were found to influence either employee satisfaction or engagement (Oakley, 2005). Of course, some scholars are sceptical about the usefulness of information derived from employee surveys (Lawler, 2003: 43–5).

- 3 A random sample of 2900 Canadians responded to the survey, and answered a set of questions about a recent specific public sector service experience, including their level of satisfaction with the quality of service. Since participants rated some 30 different elements of their service experience, researchers were able to use multivariate analysis to identify the five major elements of the service experience that 'drive' overall service satisfaction ratings.
- 4 In Canada, the driver that consistently receives the lowest performance rating is timeliness. According to the 1998 *Citizens First* data, when one driver scored lower than 4 out of 5, 62 percent of the time it was timeliness, 18 percent of the time it was outcome, 10 percent of the time it was competence, 7 percent of the time it was courtesy, and only 2 percent of the time was it fairness. Since timeliness is also the most important driver for most services, the improvement of timeliness has become a key strategy in improving government service to Canadians. Fortunately, the *Citizens First* research series has also documented citizens' service expectations for timeliness, and it is now known exactly what citizens feel is a reasonable time to wait by service channel: at government counters, on the telephone, by Internet, and by mail (*Citizens First* 3, 2003: 69–75). Not surprisingly, drivers of service satisfaction vary in order of importance by the type of service and by the service channel(s) used. For example, for recreational services such as libraries and museums, the drivers by order of importance are: courtesy, knowledge/competence, timeliness and outcome. On the other hand, for taxation services, the drivers by order of importance are: timeliness, knowledge/competence, and informed what to do to get the service (note that the third driver for taxation services is not

one of the generic five). For police services, the main drivers are courtesy, timeliness and outcome. For the various service channels (telephone, office visit, mail, and Internet) the drivers of satisfaction also vary from the 'generic five' in their order of importance. For telephone service, the four main drivers are: timeliness, staff went the extra mile, clear accurate information and outcome. For an office visit, the drivers are: timeliness, courtesy, competence and outcome. For service by mail, the drivers of satisfaction are: timeliness and clear and accurate information. For Internet service (in this case web sites), analysis of the data shows that the drivers of service satisfaction are: it is easy to find what I am looking for, I got what I needed, it is visually appealing, and it has all the information I need. In summary, compared to 1998 we now know a lot more about what drives satisfaction with government service generally, and by type of service and by service channel used, in particular. Further research is still needed to explain more of the variance in citizen satisfaction on the Internet channel, since the four main drivers identified to date account for about 50 percent of the variance in satisfaction ratings.

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