

## Improvement Network

### Economic and Social Research Council's project - [Leadership Change and Public Services: Reinvigorating Performance or Reinforcing Decline?](#)

**Purpose of briefing:** To provide a short overview of the Economic and Social Research Council (ESRC) project findings on the links between local government leadership and public service performance.

#### Section 1 - background

- 1 The project was carried out by George Boyne, Cardiff Business School, Oliver James, Department of Politics, University of Exeter and Peter John, University of Manchester.
- 2 Boyne et al use CPA results to answer two questions:
  - Does performance influence the turnover of political and managerial leaders?
  - Do new political and senior managerial leaders make a difference to subsequent organisational performance?
- 3 They conclude that:
  - low organisational performance leads to high turnover of political and managerial leadership; and
  - leadership turnover leads to better results if prior performance was weak, but worse results if prior performance was strong.
- 4 Issues to note:
  - The project highlights that political leaders of a poorly performing council experience a fall in their electoral support at the next election. However, this negativity bias is not replicated in a positive bias when a council is judged to be improving.
  - Boyne et al find that a change in political leadership can result in the expulsion of the Chief Executive if the council is judged as performing poorly. The arrival of a new ruling party reduces the tenure of senior managers, but Chief Executives are vulnerable to political change only when performance is already perceived as weak.
  - The authors' judgment is that right wing controlled councils are linked with better public services. However, ESRC does note that a larger range of years is needed if much credence is to be given to this finding. The Conservative Party has drawn heavily on well performing Conservative led councils in their recent speeches and publications.
- 5 It should be noted that Boyne et al do not specifically aim to prove exhaustively a link between leadership change and public service performance. Although some conclusions are drawn, many of the project's objectives are aimed at stimulating further debate.

#### Section 2 – Boyne et al's findings

- 6 The project draws on information available from the year 1999 to 2006 and is based on the following data sources:
  - Political, chief executive and senior management leadership change.
  - The percentage of citizens satisfied or very satisfied with their local authority, as measured by BVPI 3.
  - The Comprehensive Performance Assessment.

- The core service performance score.
- 7 To assess the impact of performance results on managerial leadership change, Boyne et al drew on a variety of sources to create a comprehensive register of all senior management posts in all 148 English upper-tier local governments.
  - 8 Boyne et al then tested four variables against their register of managerial leadership change:
    - Chief Executive succession;
    - top management team turnover rate;
    - Chief Executive origin (whether the chief executive was promoted from within the organisation or hired from outside); and
    - Chief Executive tenure.
  - 9 In their quantitative methodology, Boyne et al used multivariate statistical analysis of panel data to test models explaining the vote share of the current governing administration, the top management team turnover rate, the presence or absence of a Chief Executive succession, and organisational performance.
  - 10 The researchers also conducted a series of interviews with managerial and political leaders in seven local authorities. The authors examined performance documents, management documents and the local context.
  - 11 Boyne et al use seven objectives in order to arrive at their findings.

**Objective 1:** To demonstrate the effect of public service performance on the electoral success of the incumbent party.

- 12 The research finds that the public react to performance results. However, the findings suggest a clear negativity bias in the relationship between performance and support for incumbents. Boyne et al's research on this objective contains a control measure that takes into account the previous vote, whether the incumbent administration is of the national governing party and local economic conditions.
- 13 Low performance predicts a three-percentage vote share loss for the incumbent administration at the next election, and a performance decrease predicts a two-percentage point vote share loss.
- 14 The paper questions what incentives - if any - elected officials in local government have to achieve high public service as opposed to merely preventing low performance.

**Objective 2:** To examine the effect of political leadership change on managerial leadership change.

- 15 The project finds that the arrival of a new ruling party reduces the tenure of senior managers, but Chief Executives are vulnerable to political change only when performance is already perceived as weak.
- 16 If CPA rating is fair or better, the turnover rate of senior managers is six percentage points higher when there is a change in political party control. However, if the CPA is weak or poor the increase of senior managerial change is 24 percentage points.
- 17 In contrast, the likelihood of replacing a Chief Executive following change in political party control is higher only when party change and low performance occur together.

**Objective 3:** To examine the effect of public service performance on managerial change.

- 18 Boyne et al argue that a CPA result only has a substantive effect on the turnover of the top managers but not on the Chief Executive.
- 19 On average, one additional senior manager will depart if an authority only achieves one star on the CPA as opposed to two stars or more.
- 20 Senior management turnover is higher in the years following a Chief Executive succession. Boyne et al believe this suggests Chief Executives influence top team turnover through new appointments and shift the blame for poor performance to their immediate subordinates.

**Objective 4:** To examine the effect of political leadership change on public service performance.

- 21 Boyne et al find that right-wing party control is linked with better public services. Conservative control and change to Conservative control tend to be associated with higher performance and satisfaction, but only if the Conservative majority is sufficiently small (57 per cent of council seats or less) to pose a threat of loss of office at the next council election. This is not the case for Liberal Democratic control or changes to Liberal Democratic control.
- 22 However, the authors note that the results of their investigation are for a period of time when most of the changes have been in one direction, with the national party losing control locally, and as such Boyne et al have few examples of change in performance for newly acquired Labour councils.

**Objective 5:** To examine the effect of Chief Executive succession on public service performance.

- 23 Boyne et al find that Chief Executive succession has positive effects where prior performance is low but negative effects when it is high. It must be noted that the positive effect on performance relates only to core service performance scores, not CPA scores as a whole.
- 24 For initially low-performing organisations there is a positive effect of Chief Executive successions on the core service performance score (it tends to increase by five percentage points in the second year after a Chief Executive succession), but there is no effect on the CPA rating.
- 25 Chief Executive succession makes a difference to core service performance scores but the direction and size of the difference varies with other organisational characteristics. The impact of succession is moderated by changes in political leadership, and by whether the new incumbent is appointed from inside or outside the organisation.

**Objective 6:** To examine the effect of senior management turnover on public service performance.

- 26 Boyne et al find that changes to the top management team lead to improvements when initial performance is bad but lead to deterioration when initial performance is good.
- 27 An increase of ten percentage points in the turnover rate on average precedes a 0.8 point increase in the core service performance score for initially poor performing organisations.

- 28 An increase of ten percentage points in the turnover rate on average precedes a 1.4 point decrease in the core service performance score for initially high-performing organisations.

**Objective 7:** To examine the extent of managerial turnover across English local government.

- 29 The research finds that rates of executive succession are higher in an adverse external environment, and where organisational performance is weak. Authorities that performed well in all the years covered by the study had lower numbers of Chief Executive successions than other authorities.

### Section 3 – Additional research

- 30 [A study by the Department of Economics at the University of Torino](#) investigates the impact of tax and public service performance on local government popularity. The results reveal a negative effect of taxes and a positive effect of performance ratings on incumbents' chances of re-election.
- 31 A consortium led by Cardiff Business School published the final report of their meta-evaluation of the local government modernisation agenda between 2000 and 2006. The report is available here: [Reforming local government: impacts and interactions of central government policies from 2000 to 2006](#).