**Perceptions of Consulting Practices and Options among Canadian Government Policy Managers**

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**Abstract**

*This paper analyzes the responses from a survey of managers in the Canadian Federal government in order to assess their perceptions of the process and effects of policy consulting within their administrative units. We argue that the broad interest that has emerged in the area of consulting in general in recent years has been related to the attempt at securing enhanced accountability especially in financial and budgetary matters, and has not dealt adequately with other issues such as the impact of increased external consulting on the range and quality of advice and services provided to government. We argue that this narrow focus on financial and budgetary issues surrounding recent developments such as value-for-money accounting outsourcing, and the use of temporary workers has missed many important dimensions of this kind of contracting behaviour, aspects which continue to occur even when contracting processes otherwise meet the requirements of public governance best practices such as openness, accountability, and participation.*

**Introduction**

This paper analyzes the responses from a survey of managers in the Canadian Federal government in order to assess their perceptions of the process and effects of policy consulting within their administrative units. We argue that the broad interest that has emerged in the area of consulting in general in recent years has been related to the attempt at securing enhanced accountability especially in financial and budgetary matters, and has not dealt adequately with other issues such as the impact of increased external consulting on the range and quality of advice and services provided to government (Kim and Brown 2012). We argue that this narrow focus on financial and budgetary issues surrounding recent developments such as value-for-money accounting outsourcing, and the use of temporary workers has missed many important dimensions of this kind of contracting behaviour, aspects which continue to occur even when contracting processes otherwise meet the requirements of public governance best practices such as openness, accountability, and participation.

The use of consultants began to emerge on a large scale in the early 1990s (Hood and Jackson 1991; Greer 1994; Savoie 2004; Raudla 2013; Pollitt and Bouckaert 2011). The main focus of most studies of contracting and consulting in government generally have been aimed at combating over-expenditures, contract creep and financial waste in general (ANAO 2001; House of Commons Committee of Public Accounts 2010; Bakvis 1997; MacDonald 2011; Project on Government Oversight 2011; Howlett and Migone 2013a). Only a very few move beyond this concern to examine larger issues such as the impact of these developments on the nature and content of policy advice or the quality of services provided (McKeown and Lindorff 2011; Streb and Trep 2012). However, the findings of our 2012-13 survey of approximately 160 Canadian federal government policy managers indicate that financial and budgetary issues related to contract oversight provisions represent only a small part of the managerial problems encountered in consultancy work in this area, with large inefficiencies being generated by a generalized lack of shared data and knowledge, or policy learning, gained through the employment of external consultants (Bennett and Howlett 1992; Huber 1991).

**Background**

The rise of consulting in government is not new and the literature has offered a variety of potential explanations to this phenomenon. Saint Martin (2005: 671) reminded us that

*Some have written about the ‘new cult of the management consultant’ in government and have described consultants and ‘intellectual mercenaries’ as ‘hired guns’ that ‘politicians can use to bypass reluctant civil servants, while others have coined the term ‘consultocracy’ to underline the growing influence of consultants an the public management process.*

Experts are divided about what exactly consultants do (Tisdall 1982), on why consultants are hired by government, and on the actual scope and depth of their impact on the workings of the public administration (Brint 1990; Ernst and Kieser 2002; Page and Jenkins 2005; Page 2010; Radcliffe 2010).[[1]](#endnote-1) These differences depend at least in part on the amount of attention focussed on the very different uses that governments have made of these consultants in the past decades.

Since the notion of steering versus rowing became firmly embedded in the process of New Public Management, for example, the process of outsourcing all sorts of services and good purchases has become a key part of government life. However, the very broad set of demands that outsourcing fulfills also reduces the capacity of offering unified answers to the reasons why ‘outside help’ is retained by governments. In some cases, as with garbage collection or food services, the answer lies most likely in efficiency and cost gains from using workers and contractors not bound by civil service contracts and overhead provisions. In other cases, as with policy advice it would be hard to argue that the private sector holds any great advantage in economies of scale or expertise in the area. Furthermore, outsourced resources may be hired for very short term or for longer periods of time, again making the field relatively fractured and complex and generally organized around a multi-phased activity which can be difficult to track in government statistics (Pattendaude 1979: 203-205). [[2]](#endnote-2)

Of course the rise of the ‘consultocracy’ has at least two facets: one being a potential increase in the capacity of external sources to influence policy direction and a concomitant loss of policy capacity within the public service (Radcliffe 2010). The other, perhaps in part a result of the former, an increase in the budget share that these consultants appropriate for themselves.

Donald Savoie (2004) argues that the search for accountability found new challenges with the emergence of New Public Management and the expansion of the consulting function in government activity. The response from within governmental structures has been to devise methods to maintain patterns of accountability in the process. Accountability has been a long-term goal in any governmental unit but the broad application of the governance paradigm has increased the focus on accountability. However, this focus has not brought equally successful results to the various facets of consultant behaviour and contracting activity. In particular we argue that the bias towards market actors that is typical of NPM overly stressed the accounting function and underplayed the more complex and less readily quantifiable processes of learning and non-financial efficiency which affect external policy conustant use in government.

It is not surprising that the immediate focus of internal accountability would be on the financial side. Besides the framing ‘bias’ engendered by New Public Management principles, the large amounts spent on consulting in general (FEACO 2011; Macdonald 2011; Project on Government Oversight 2011) have been an important trigger for these analyses. However, while amounts spent on consulting are a relevant issue in analyzing the progress of consultocracy they do not tell the whole story. St. Martin (1998:320) correctly noted that “there is no direct and simple causal link between increased spending and increased influence” of management consultants.

It should also be recognized that the ‘lay of the land’ in terms of existing data and sources of data on policy consulting also favors this approach. The nature of government databases favors the collection of accounting-like data and makes it complicated to assess any more qualitative facet of the consulting process unless survey instruments are employed as in this case. Utilizing new survey data into the Canadian case, we argue that much is missed by older monotonic approaches and that, while containment of expenses and value-for-money are indeed important goals for government outsourcing practices, in the area of policy consulting (and in general in complex, professional consulting) they are insufficient by themselves to provide a complete picture of consulting efficiency and impact.

**Data and Methods**

In terms of scope, our major interest was in trying to understand the role of policy consulting; an area that has been relatively understudied in the policy sciences and public administration fields (Boston 1994). There is little doubt that a strong policy capacity is critical for good governance (Riddell 2007; Boston 1994) and therefore the emergence of policy consulting has become interesting to scholars because of the impacts it has or may have on the quality of policy advice provided to decision-makers (Raudia 2012; Lindquist and Tiernan 2011; Nicholson 1997; State Services Commission 1999). However, where it has been analyzed, it often had to rely on limited or anecdotal data (Howard 1996; Perl and White 2002), highlighting the complexities involved in both purchasing policy advice and monitoring and evaluating its purchase so that, in general, the field has much more to say about subjects such as the outsourcing of government work than the impact of policy consulting more generally (MacDonald 2011; Lahusen 2002; Woon Kim and Brown 2012; Joaquin and Greitens 2012).

Of late, however, a more intense effort has been made to asses the nature of internal policy work in government which now provides a baseline against which the activities of consultants can be assessed (Howlett 2009; Howlett and Newman 2010; Howlett and Migone 2013a; St. Martin 2005; 2006; Speers 2007). Although it remains very difficult to isolate policy consulting from larger categories of management consulting (Howlett and Migone 2013a; Radcliffe 2010), efforts have been made by several governments and academics to address the subject and assess its growth patterns and extent (House of Commons Committee of Public Accounts 2010; Project on Government Oversight 2011; Howlett and Migone 2013a).

In the first instance a distinction mjust be drawn between outsourcing in general and the hiring of consultants. Outsourcing often involves the hiring of temporary workers or the provision of outside goods and services and this general definition does cover consultants who work under contract to provide advisory services to government. However most temporary works are generally in clerical and other areas with a large impact on direct government expenditures but play a very small role in policy-making (MacDonald 2011). And not all contractors involved in procurement processes, of course, provide advisory services. In general, it is possible to isolate policy consultants who appear in government budget documents as professional or scientific sefrvices providers although most governmental budget offices lump together policy consulting with other areas of professional consulting, like accounting or legal services, in a general management consulting category, (Radcliffe 2010; Howlett and Migone 2013a).

Because of this and other continuing shortcomings in the official data – such as often failing to distinguish between multi-year contracts and single year ones - part of the new direction in research into policy consulting has been to engage the question in a more detailed manner through the analysis of detailed public data on individual contracts now widely available on government or NGO websites (Howlett and Migone 2013a) and by employing survey tools to explore the role of consultants in the process (Howlett and Migone 2013b). However until recently this work focused almost exclusively on the identification of consultants and consultant behaviour rather than upon the management practices of government vis a vis policy consulting.

Here we complement Howlett and Migone (2013b) analysis of Canadian federal consulting contracts and companies with an analysis of the perceptions and experiences of government officials with consulting and in particular with policy consulting. This work is based on a large-scale survey of government policy managers conducted in late 2012 and early 2013. The survey identified 1,100 federal, provincial and territorial policy managers based on a sampling of federal government telephone directories and job descriptions combined with a sample of provincial and territorial managers identified in earlier surveys conducted by one of the authors (for details on these surveys see Howlett 2011; Howlett and Walker 2012). The survey instrument was based on one used in the UK by the National Audit Office and contained 50 questions related to best practices identified in Europe with respect to government consulting activity (On the survey itself see NAO 2006).

On the basis of the survey results we argue that, substantively, the current focus of internal overview undertaken by the Canadian Federal government (Public Service Commission 2010; Auditor General of Canada 2012a; 2012b) and in many other countries (ANAO 2001; Project on Government Oversight 2011; House of Commons Committee of Public Accounts 2010) is overly focused on the financial auditing side and is largely concerned with questions about the appropriate expenditure of funds rather than the quality of impact of the results of these expenditures. In particular these studies have ignored major issues respecting the learning which results from the use of consultants and in so doing has missed not only questions related to ‘value for money’ on an individual contract but also those linked to government-wide impact.

In the next section we put forward the results of our survey and finally we offer some conclusions.

**Survey Results**

*Expertise of Policy Managers:*

The initial set of questions in the survey was designed to articulate the background of the policy managers themselves. The bulk of the managers that answered our survey have been in their position between 0 and 5 years (65%) [Chart 1].

*Chart 1 Length of Employment in Current Position*

*Source Q.2*

This in itself is an interesting finding as the policy consultants themselves often have more than 20 years of experience in their fields (Howlett and Migone 2013 forthcoming). Only a little more than ¼ of the respondents have either undergraduate or Master level courses in public policy, although 68.4% received some kind of internal government training, but much of it being rudimentary such as participating in workshops and conferences.

*The Nature of Consulting Activities Managed*

As Chart 2 shows, In terms of the activity managers undertake, it is also interesting to notice that those managing policy consultants engage in the various phases of the policy cycle almost equally [Q.6]. This may support the analysis by Page (2010) that pointed at a general refocusing of governmental personnel towards process expertise.

*Chart 2 Aspects of Policy Making Contracted to Consultants*

*Source Q.6*

In terms of the question regarding the role of managers in consultancy activity, one area that interested us was to assess who had financial discretion in the hiring of consultants. MacDonald (2011) for example has argued that outsourced work was sometimes used by managers as a way to circumvent cumbersome hiring procedures. In our case, only about 41% of the managers interviewed are actually personally responsible for any consultancy spending and among those personally responsible most managed less than 10% of the Departmental budget (77%). In this sense the capacity to select specific consultants is relatively fragmented. However, this finding must be balanced against the size of consulting budgets available to the different agencies and departments, as there is a split between Departments that invest less than $100,000.00 per year (37.1%) on consultancy and those that spend more than $500,000.00 per year (36.0%) (See Chart 3). This trend may indicate that the provision of consulting services is polarizing towards either very large or very small contracts (Howlett and Migone 2013a).

*Chart 3 Yearly Consultancy Budget*

*Source Q.6*

In the following charts we have cross-tabulated the results for question 7 (which asked whether or not a policy manager was responsible for spending) with the Departments’ budget (see Charts 4 and Table 1)

*Chart 4 Cross-tabulation*

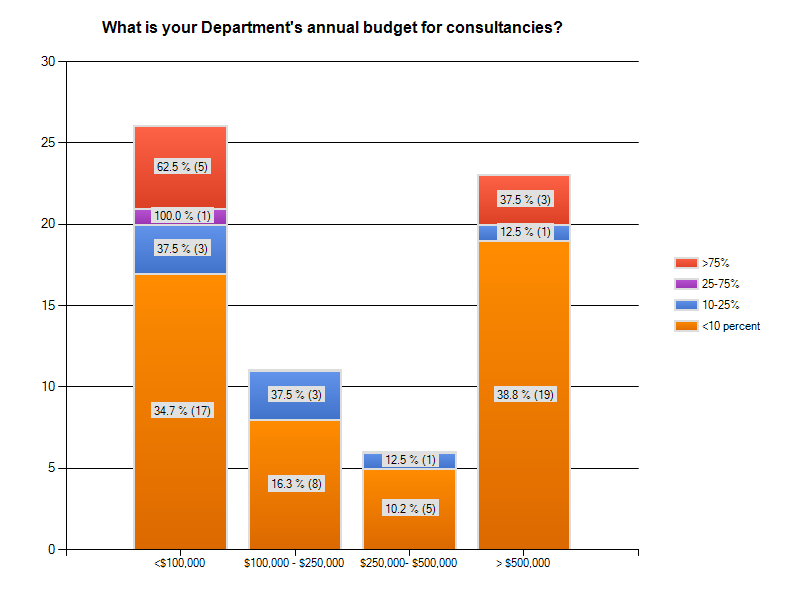
*Number of Respondents*

*Table 1 Cross-Tabulation*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **What is your Department's annual budget for consultancies?** | | | | |
|  | **Are you responsible for any consultancy spending in your department?** | |  | |
| **Answer Options** | **Yes** | **No** | **Response Percent** | **Response Count** |
| <$100,000 | 23 | 10 | 37.5% | 33 |
| $100,000 - $250,000 | 10 | 5 | 17.0% | 15 |
| $250,000- $500,000 | 3 | 5 | 9.1% | 8 |
| > $500,000 | 20 | 12 | 36.4% | 32 |

If we further cross-tabulate the percentage of consulting budget supervised by the policy manager by the Department’s annual budget for consultancies we see that 62.5% of managers who supervise more that 75% of their budget are concentrated in the less than $100,000.00 (5 managers), while the rest (3 managers) fall in the category of more than $500,000.00. The same parabolic distribution holds for the less than 10% category.

Chart 6 – Range of Departmental Spending on Consultancies



Below we present the table that organizes these same numbers. Once again we notice the polarization of consultancy budgets in either rather large or rather small categories and the fragmentation of the decision-making sources in terms of control of budgets.

Table 2 – Levels of Managerial Repsonsibility

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **What is your Department's annual budget for consultancies?** | | | | | | |
|  | **If so, what percentage of your Department's annual consulting budget do you supervise?** | | | |  | |
| **Answer Options** | **<10 percent** | **10-25%** | **25-75%** | **>75%** | **Response Percent** | **Response Count** |
| <$100,000 | 17 | 3 | 1 | 5 | 39.4% | 26 |
| $100,000 - $250,000 | 8 | 3 | 0 | 0 | 16.7% | 11 |
| $250,000- $500,000 | 5 | 1 | 0 | 0 | 9.1% | 6 |
| > $500,000 | 19 | 1 | 0 | 3 | 34.8% | 23 |

In the next subsection we observe the type of expectations that the managers had about future trends in consultancy uses.

*Drivers of the Use of Consultants and Future Expectations and Trends*

Question 10 addressed the drivers for consultancy demand and it also seems to confirm both the research presented in *The Shadow Public Service* by Macdonald (2011) and by Howlett and Migone (2013a) in that, while the most common answer (85.8%) was “Need for specialized expertise” when we sum two other answers (Human Resource Shortfalls (64.2%) and Temporary Work Issues (33.0%)) the human resource area appears to be dominant (see Chart 7).

*Chart 7 Drivers of Consultancy Needs*

*Source Q.10*

In the context of the discussions of evaluation practices presented above, it is very interesting to note that only 16% of managers indicated cost savings were a reason for hiring consultants. It is also interesting to note that 40.8% of respondents said that their department has an internal consultancy function and that in general it is either as good or better than what could be had outside of the administrative unit. This suggests that consultancy contracting decisions are made on other grounds than costs, including especially the need for specialized expertise (cited by 86% as a key factor) and human resource shortfalls (cited by 65%). We see (Table 1) that the highest significance is placed on timeliness, whereas cost and quality are less relevant.

*Table 3 Priorities in Engaging Internal Vs. External Resources*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Highly significant** | **Somewhat significant** | **Significant** | **Less significant** | **Not significant** | **Respondents** |
| **Quality** | 49.40% | 21.69% | 18.07% | 8.43% | 2.41% | 83 |
| **Timeliness** | 60.24% | 15.66% | 21.69% | 1.20% | 1.20% | 83 |
| **Cost** | 50.00% | 21.95% | 17.07% | 9.76% | 1.22% | 82 |

*Source Q.25*

In the next table we cross-tabulate the perception of managers on ranking the pro’s and con’s (quality, timeliness, cost) of using internal resources versus external consultants with the percentage that is supervised by the manager (Table 4).

Table 4 – Managerial Views of Consulting Quality by Budget Size

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | **If so, what percentage of your Department's annual consulting budget do you supervise?** | | | |  |
| **Answer Options** | | **<10 percent** | **10-25%** | **25-75%** | **>75%** | **Response Count** |
| Quality | | | | | | |
| highly significant | | 41.30% | 80.00% | 100.00% | 66.67% |  |
| somewhat significant | | 26.09% | 0.00% | 0.00% | 0.00% |  |
| significant | | 19.57% | 20.00% | 0.00% | 16.67% |  |
| less significant | | 10.87% | 0.00% | 0.00% | 0.00% |  |
| not significant | | 2.17% | 0.00% | 0.00% | 16.67% |  |
|  |  | 46 | 5 | 1 | 6 | 58 |
| Timeliness | | | | | | |
| highly significant | | 58.70% | 40.00% | 100.00% | 33.33% |  |
| somewhat significant | | 13.04% | 0.00% | 0.00% | 33.33% |  |
| significant | | 26.09% | 60.00% | 0.00% | 16.67% |  |
| less significant | | 2.17% | 0.00% | 0.00% | 0.00% |  |
| not significant | | 0.00% | 0.00% | 0.00% | 16.67% |  |
|  |  | 46 | 5 | 1 | 6 | 58 |
| Cost | | | | | | |
| highly significant | | 48.89% | 60.00% | 100.00% | 33.33% |  |
| somewhat significant | | 24.44% | 0.00% | 0.00% | 16.67% |  |
| significant | | 15.56% | 20.00% | 0.00% | 16.67% |  |
| less significant | | 11.11% | 20.00% | 0.00% | 16.67% |  |
| not significant | | 0.00% | 0.00% | 0.00% | 16.67% |  |
|  | | 45 | 5 | 1 | 6 | 57 |

Once again, we find that cost is not an immediate priority for managers who supervise more that 75% of a Department’s consulting budget whereas it seems more important for managers that handle smaller percentages of the consulting budget.

As Table 5 suggests, most managers think that whatever expertise shortfalls exist will be short-term as planning horizons are in 93% of the cases for less than two years.

*Table 5 Planning Horizon for Departmental Consultancy Needs*

|  |  |  |
| --- | --- | --- |
| **Answer Options** | **Response Percent** | **Response Count** |
| < 1 year | 48.5% | 49 |
| 1-2 years | 43.6% | 44 |
| 3-5 years | 6.9% | 7 |
| >5 years | 1.0% | 1 |

*Source Q.11*

This, in turn (see Table 6) may influence managerial perceptions of the likely trends of contracting activity in this area, where the expectation of the majority of respondents is that consulting need will remain the same (51%) (see Table 2).

*Table 6 Expected Growth of Consultancy Needs (next 5 years)*

|  |  |  |
| --- | --- | --- |
| **Answer Options** | **Response Percent** | **Response Count** |
| Large increase | 1.0% | 1 |
| Increase | 31.6% | 31 |
| No increase | 51.0% | 50 |
| Decrease | 9.2% | 9 |
| Large decrease | 7.1% | 7 |

*Source Q.15*

*Auditing Practices: Best Practices*

Especially germane for our analysis were questions related to accounting and auditing practices followed in this area. From the response to a battery of questions in this area it is evident that the most departments (83.7%) have established guidance rules to engage consultants, which are written down routinely (85.7%) and that contract opportunities are generally but not always advertised widely.

In over 60% of the departments we found that internal expertise needs to be considered in the first instance before consultants are hired and in 74.1% of cases departments require that a business case be written for consultancy engagements. This suggests that most units are following standard best practices in the field in these area. If we turn to the control of spending we find that managers are satisfied that the appropriate skills are used in purchasing of consulting services (the answer has an average rating of 4.12/5) and that procurement is generally very closely involved in the process. Outputs are almost always specified in the contracts. The costs billed by consultants are also thoroughly checked and their billing is checked to match their work. Even when speed is of the essence good practice standards are maintained most of the times (This answer has an average rating of 4.01/5).

There is always some kind of variation in the consultancy engagements from the original terms of the contract (Table 7) This is in fact a very diffused process and it may be interesting to try and assess why this happens. In general two separate types of explanation may be brought forward: the first is that the process of consulting ‘naturally’ is undefined and that as more demands emerge from the department or the topic at hand the contract needs to be amended. Another explanation is that administrators may in fact engage external consultants for a smaller task with the intention of vetting them and successively extend the consultants’ activity if they prove adequate. Of course it is possible (and even likely) that both of these dynamics may be present at the same time.

*Table 7 Frequency of Changes in Consultancy Contracts*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Always** | **Frequently** | **Sometimes** | **Rarely** | **Never** |
| 0.00% | 14.63% | 63.41% | 21.95% | 0.00% |

*Source Q.36*

Changes are routinely tracked and we find that just over one quarter of these are seen as significant by the respondents (Table 8).

*Table 8 Size of change in Consultancy Contracts*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Very significant** | **Significant** | **Neutral** | **Not very significant** | **Insignificant** |
| 0.00% | 27.16% | 49.38% | 23.46% | 0.00% |

*Source Q.38*

*Contracting Practices: Lack of Intra and Inter-Departmental Learning*

Over a third of respondents (35.4%) believe that the procedures meant to first consider internal resources may not always be followed. And it is also the case that only 27% of Departments will consider whether other administrative units have the required skills they need (Chart 8 and 9).

*Chart 8 Are other Departments’ Internal Resources Considered?*

*Source Q.27 (Number of respondents)*

*Chart 9 Are other Departments’ Internal Resources Considered?*

*Source Q.27 (Percentage of responses)*

However, there seems to be more interest from managers who are responsible for larger percentages of the consulting budget to seek out similar skills within the federal bureaucracy (see Table 9).

Table 9 – Cross-Departmental Issues by Level of Managerial Responsibility

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Does the department consider whether or not the required skills exist in another department or if similar consulting work has been done by another department before engaging an external consultant?** | | | | | | |
|  | **If so, what percentage of your Department's annual consulting budget do you supervise?** | | | |  | |
| **Answer Options** | **<10 percent** | **10-25%** | **25-75%** | **>75%** | **Response Count** | |
| Always | 11.11% | 0.00% | 0.00% | 50.00% |  | |
| Frequently | 24.44% | 0.00% | 0.00% | 16.67% |  |  |
| Sometimes | 35.56% | 33.33% | 100.00% | 16.67% |  |  |
| Rarely | 26.67% | 33.33% | 0.00% | 16.67% |  |  |
| Never | 4.44% | 33.33% | 0.00% | 0.00% |  |  |
|  | 45 | 6 | 1 | 6 | 59 |  |

While numbers are significant only for the less then 10% category, it is interesting to notice that the lower the amounts directly supervised, the less likely is the pressure or the practice to always seek out internal solutions. This may of course depend on the diminishing returns that the process may appear to grant. However, this leads an interesting question on whether the practice of fragmenting responsibility for contracting budgets may not dampen the capacity or the willingness of an administrator to seek synergic connections and opportunities for organizational learning and cooperation. Our analysis appears to suggest that this type of process is, in fact, in place.

The picture is similar for potential cooperation with other administrative units in the aggregated purchase of consulting services. The results (Chart 10) show that there is very little cooperation in the area with only 14% of managers reporting frequent or routine contact in this area.

*Chart 10 Frequency of Consideration of Aggregate Consulting Purchases*

*Source Q.28*

It is also interesting to note that only 15.8% of respondents mention that their department has a policy for skill transfers from consultancy engagements. Furthermore, in this already relatively small sample the requirement for skill transfer is seldom written into the contract. Only 5.13% of respondents’ answer that this is always done, and only 7.69% answered that it is done frequently (Chart 11).

*Chart 11 Frequency of Formal Skill Transfer Protocols in Consultancy Agreements*

*Source Q.42*

It is also relatively uncommon for departments to share information about the fee rates charged by consultants within the department and/or with other administrative units (Table 10).

*Table 10 Sharing of Consultants’ Fee Rates Within and Outside Departments*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Always** | **Frequently** | **Sometimes** | **Rarely** | **Never** |
| 13.92% | 11.39% | 39.24% | 26.58% | 8.86% |

*Source Q.48*

Even in this case, when we disaggregate the answer by percentage of consulting budget that is supervised, we find that the managers with higher percentages tend to be more likely to try and share this type of information (see Table 11).

Table 11 – Cross Deartmental Learning by Managerial Level

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Is knowledge on fee rates shared within and between departments? | | | | | | |
|  | **If so, what percentage of your Department's annual consulting budget do you supervise?** | | | |  | |
| **Answer Options** | **<10 percent** | **10-25%** | **25-75%** | **>75%** | **Response Count** | |
| Always | 11.4% | 16.7% | 0.00% | 20.0% |  | |
| Frequently | 4.5% | 0.00% | 0.00% | 40.0% |  |  |
| Sometimes | 54.5% | 16.7% | 0.00% | 0.00% |  |  |
| Rarely | 22.7% | 50.0% | 100.0% | 20.0% |  |  |
| Never | 6.8% | 16.7% | 0.00% | 0.00% |  |  |
| Rating average | 2.91 (44) | 2.50 (6) | 2.00 (1) | 3.40 (5) | 2.89  (56) |  |
| Response Count | 44 | 6 | 1 | 5 | 56 |  |

Since a variety of contractors provide either repeat work in the same department or work for more than one department it would be very useful for administrators to share this type of information. What is less common within departments are routine post-engagement assessments. In fact, these take place only about half the time (48.1%).

Also of interest in this area (and in fact confirming the problems highlighted by other independent research in this field) is that the various departments seldom measure efficiency gains from use of consultants. In practical terms, there are as many respondents for the “Never” category as there are for the two top responses (Table 12 and Chart 11)

*Table 12 How often do Departments measure efficiency gains?*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Always** | **Frequently** | **Sometimes** | **Rarely** | **Never** | **Response Count** |
| 5.13% | 12.82% | 25.64% | 38.46% | 17.95% | 78 |

*Source Q.34*

*Chart 11 How often do Departments measure efficiency gains?*

*Source Q.34*

There is also relatively little effort placed on collecting information about suppliers and sharing it either within the Department (only 35% of respondents answer this in the positive), or with other Departments (22.7%).

Ultimately the managers that we have interviewed are satisfied with their engagement of external consultants with over two thirds of respondents being either satisfied or very satisfied and only 5% being unsatisfied (Table 13).

*Table 13 Level of Satisfaction with Consultancy Engagements*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Very satisfied** | **Satisfied** | **Neutral** | **Unsatisfied** | **Very unsatisfied** |
| 8.64% | 58.02% | 28.40% | 4.94% | 0.00% |

*Source Q.49*

However, the picture changes slightly when they report on how satisfied they are of the policies and procedures that exist to manage consultants (Table 14).

*Table 14 Satisfaction with Procedures to Manage Consultants*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Very Satisfied** | **Satisfied** | **Neutral** | **Unsatisfied** | **Very Unsatisfied** |
| 11.11% | 49.38% | 22.22% | 16.05% | 1.23% |

*Source Q.50*

This seems to tell us that management would likely wish to have some more effective manner to handle problems with the management of consultants identified above.

**Conclusions**

The increased complexity of the demands placed on the public sector and the approach aiming at developing market-like responses to the bureaucratic structure’s apparent failings have led to the emergence of increasingly important public-private links in the delivery and production of goods and services. Including policy advisory ones. This leads to needs for accountability (both external and internal) and management of the resources involved and products delivered. However, the organizations that have emerged from the reshaping of NPM are not so much new organizations as hybrid ones (Courpasson and Clegg 2006) and the reality of outsourcing practices within the so-called ‘contract state’ is not always as successful or as up-to-date as adherents of this model allege (Cordella and Willcoks 2010). Communication and cooperation within organizational structures was and remains a very important part of the development and implementation of successful public policy (Stoker 1989; Goggin et al 1990; Ostrom 1998). Furthermore, as Hodge and Bowman (2006: 99) note, the use of consultants in policy advice provisions involves the important re-direction of policy content away from government and towards non-governmental actors who operate under different rules and conceptions concerning the nature of good governance and appropriate levels and types of governmental activity.

These implications and effect of consulting work require detailed investigation and analysis and the results of this survey allow us to make statements about the way in which managers in Canadian governments perceive of, and engage in, policy consulting processes. We argue that the current organizational and process models within governments related to the management of policy consulting services do not appear to be optimally designed to capture all the potential benefits of these efforts and to deal with the challenges of the new models of contract work (Tempest and Starkey 2004). As contractual relations increasing move from the old relational model towards a more transactional one based on temporariness, financial calculation and narrow focuses (Inkson et al 2001: 261), leading to a reduction in trust between organizations and individuals (Feldmann 2000), mainly financial approaches to contracting management and control are increasingly insufficient.

In particular, we found that cost was not the all-encompassing concern that early New Public Management made it out to be and does not deserve to be the almost exclusive focus of attention of most government inquiries. Relatively little is done in terms of sharing information about consultants’ fees and capacity, two areas that would seem at first blush to be important even to the purely ‘accounting’ side of the issue.

This supports our argument that the current focus of accountability measures and studies largely built upon the values and premises of New Public Management ideas and associated notions of public governance best practices are of limited use when the services considered are more complex, professional ones like policy or management consulting. It is also interesting to note that the larger the percentage of a budget that is directly supervised by one of the policy managers, the more likely these actors are to seek the type of qualitative improvements (sharing of information, attention to pre-existing skills within the public administration and so forth) that are instead less of a priority among managers who directly supervise smaller percentages of the consultancy budget.

Overall, this means the approach to evaluating consulting activity found in most current government reports is the result of a specific framing of governmental approaches to the question of consulting. This ‘auditing’ approach involves an overly simple assumption that in order to maximize the results of contracting out, financial waste and nepotistic and other kinds of poor contracting practices much be avoided (Brown, Potoski and van Slyke 2006). This focus may be efficient (although not always as we saw in this survey) in terms of addressing accountability issues, but it leaves little space for the development of a model of resource management and knowledge creation that a bureaucracy heavily reliant upon consulting will need.

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1. Brint’s (1990) for example has noted that the literature on professional consultants in general has argued for at least one of four ‘principle positions’ that experts can have in public policy processes, based on the experts’ capacity to dominate the policy-making process:

   * *Technocracy* - experts possess increasing influence on policy-making as the subjects of government action become more technical and complex.
   * *Servants of Power* – experts are merely ‘servants’ of the powerful. They provide ‘window dressing’ or a legitimate gloss on decisions taken for non-technical reasons.
   * *Limited Mandates* – in this intermediate position experts can be expected to overrule or dominate policy-making only in those areas that require technical knowledge.
   * *Extensive Mandates* - another intermediate position but closer to the technocracy one. Here professional non-governmental bodies have a large impact on more than their areas of expertise, but not on all areas as suggested by the technocracy thesis.

   Policy scholars remain divided about over the impact that policy consultants have on the policy process. Their estimated vary from a ‘strong’ influence on policy-makers to suggestions that this influence is at best diffuse and weak (Bloomfield and Best 1992). Consultants are seen as either independent ‘agents of change’ (Lapsley and Oldfield 2001; Tisdall 1982) or as weak, ‘liminal’ subjects dependent for any potential influence on allowances made for this by their employers (Czarniawska and Mazza. 2003; Garsten 1999; Bloomfield and Danieli 1995). [↑](#endnote-ref-1)
2. In terms of explaining the surge in the use of consulting services Ernst and Kieser (2002) argue that there are three broad areas for which consulting is used: supplying needed technical skills, symbolic impression management, and legitimization and change management. The first option hinges on a technocratic explanation, which is the most benign way of addressing the issue: governments hire consultants when they face skill shortages and need a temporary increase in skill sets within their organizational structure. Opinions differ in the literature on whether this has positive or negative effect on the whole upon organizations but recent research has pointed out that if external expertise is sought on a continuous basis, departmental competencies begin to shift (Page 2010) and in the case of policy a ‘brain brain’ may occur (Radcliffe 2010). Page (2010) distinguished between four types of expertise relevant in government: Scientific, Policy, Process, and Instrument expertise. Of late internal government experts have tended to focus on process expertise (Page and Jenkins 2005; Page 2010), creating the opportunity for external experts to become influent in the other areas of expertise within government (Page 2010).

   Symbolic impression management explanations instead tend to downplay the expertise approach and see consultants as less benign actors. Here we see them depicted more squarely as tools in bureaucratic conflict, where their expertise is utilized to support a specific policy choice (Clark 1995; Clark and Salaman 1996). Ultimately, this leads to ‘duels’ among consultants hired by different factions within the bureaucracy (van Houten and Goldman 1981) rather than developing efficiency and cost-savings.

   Finally some scholars focus on the use of consultants not on an optional basis, as was the case for the two previous situations, but as a necessary tool in evaluating ongoing programs. This is a common approach, which is perceived to inject ‘neutrality’ and ‘objectivity’ into the process of evaluation and that frequently uses consultants for this task (Speers 2007). [↑](#endnote-ref-2)