

# Excellence in Public Service Delivery: Agencies' Role in Shaping the Future



Does 'insiderness' matter in  
chief executive succession?



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# Research context

- Succession matters!
- Leader background, ie insider or outsider, can itself moderate the effect of succession
- Insiders & outsiders
- Public management trend over 2-3 decades to increase the no. of outsiders in government ([James 2003](#); [Pollitt & Bouckaert 2004](#); [Hood & Lodge 2006](#))
- However no solid evidence base to support the argument that outsiders improve the performance of government agencies
- Our research examines the effect of insider/ outsider succession on executive agency performance

# Succession effects & leader origin

- Adaptive model of succession (Guest 1962, Jackson & Parry 2001)
- Disruptive model of succession (Grusky 1960, 1963)
- Succession can be disruptive in some contexts, beneficial in others
- Effects of succession partly depend on origin of the successor – esp insider or outsider to the organisation (Carson, Tesluk, & Marrone 2007; Zhang & Rajagopalan 2004)

# Why should 'insiderness' make a difference to performance?

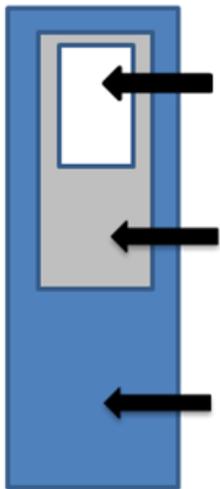
- Succession likely to be less disruptive when an insider from the agency is appointed
- They have knowledge of the personnel, operating systems, processes & culture of the agency
- They can draw on prior relationships with colleagues & stakeholders to get things done (Zajac 1990)
- They have knowledge & sometimes relationships with the agency's political principals (Lewis 2007)

# Why should 'outsiderness' be beneficial?

- Outsider leaders tend to make greater organisational changes (Carlson 1961; Helmich and Brown 1972; Westphal and Frederickson 2001; Wiersema 1992)
- Outsiders may be appropriate in contexts where agency is performing poorly or at critical points in an agency's development
- NPM theory: bringing in managers from the private sector would improve the '3 E's' of govt due to their experience having to operate in a competitive environment

# Defining insidersness

The head/chief executive of an agency can be:



Promoted from within the agency in question

Hired from a previous managerial post that operates under the same rules as the agency in question

Hired from a previous managerial post within the greater public sector

Hired from a previous managerial post outside the public sector

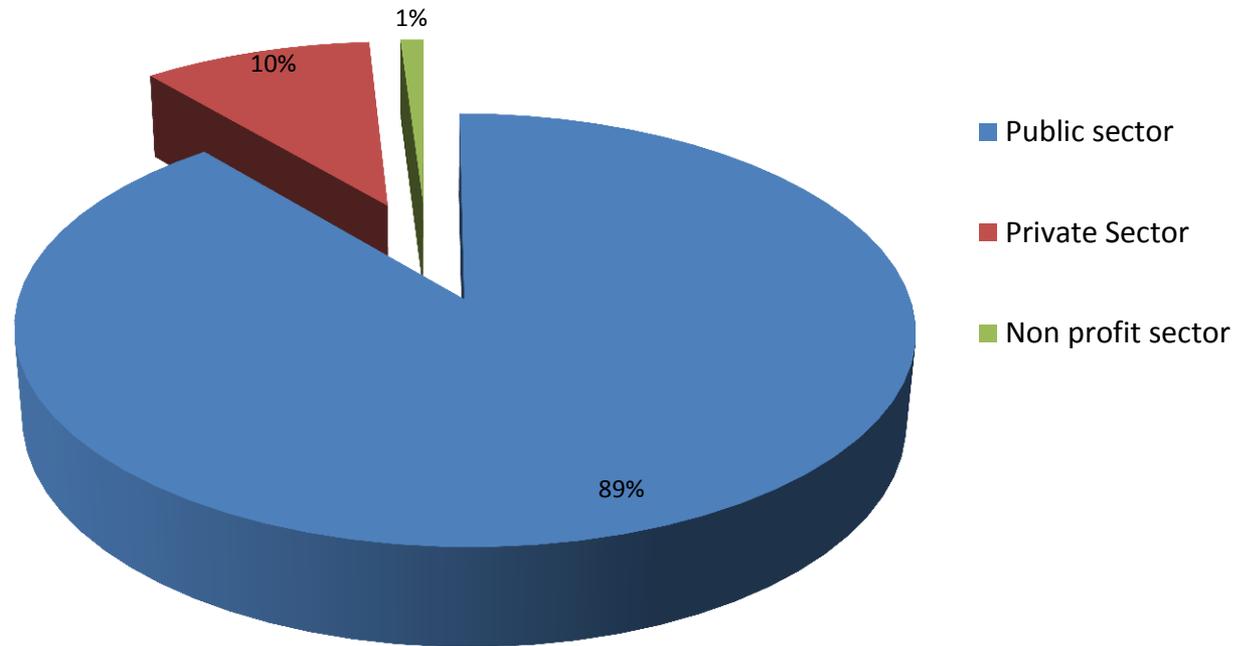
# Succession & CEO data

- **246** Executive Agencies between 1988 & 2012
- **628** chief executives (we currently have career data on 606 of these)
- **408** successions
- Mean of **3** chief executives per agency
- **5 years 7 months** in post on average (excl. those still in post)
- **31%** female
- Mean age of **50** with a career length of **26 yrs**
- **21%** of overall sample Oxbridge graduates

# Where do chief executives come from?

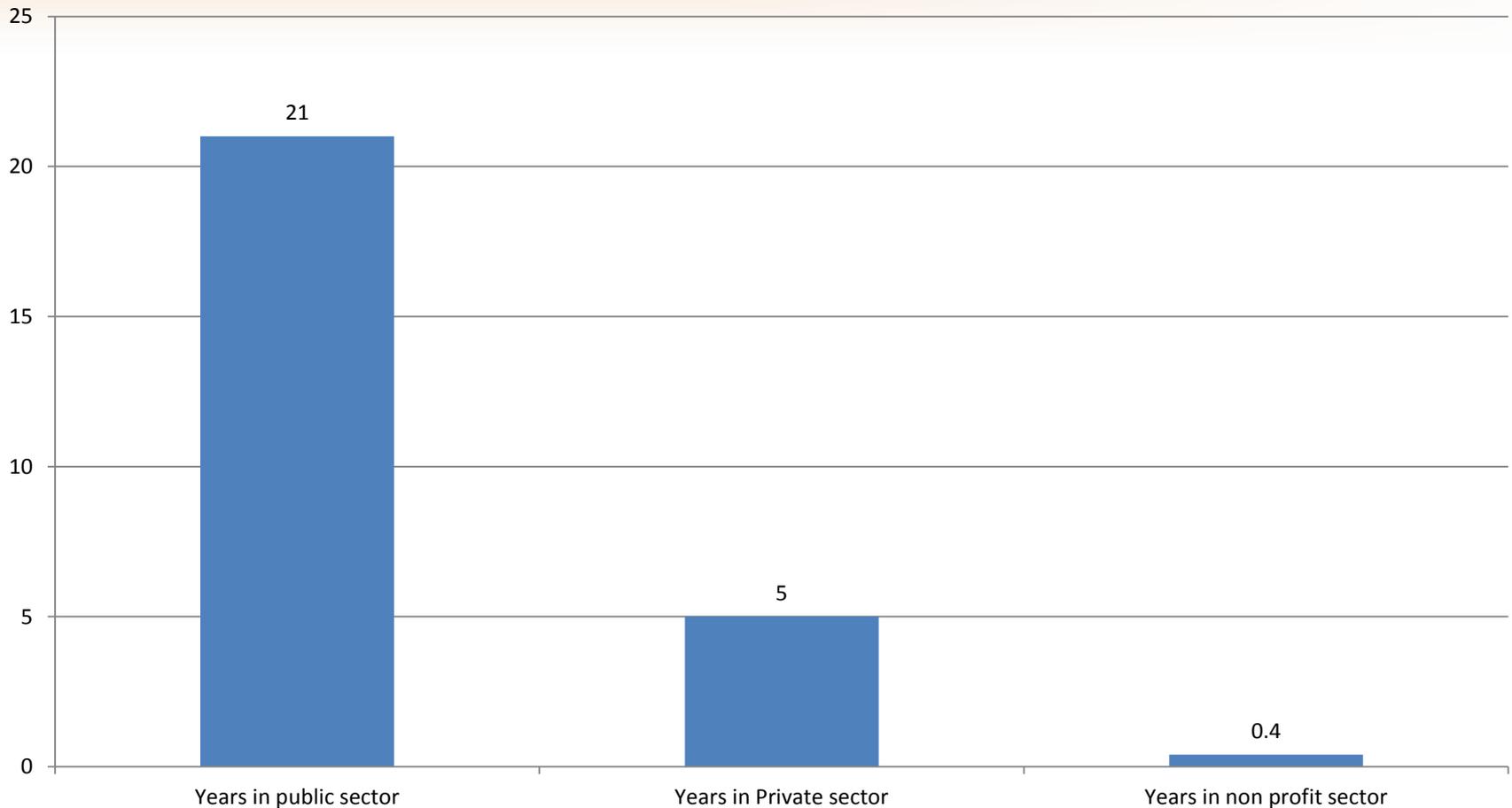
New chief executives prior jobs (N=606)

For whole period: 1989-2012

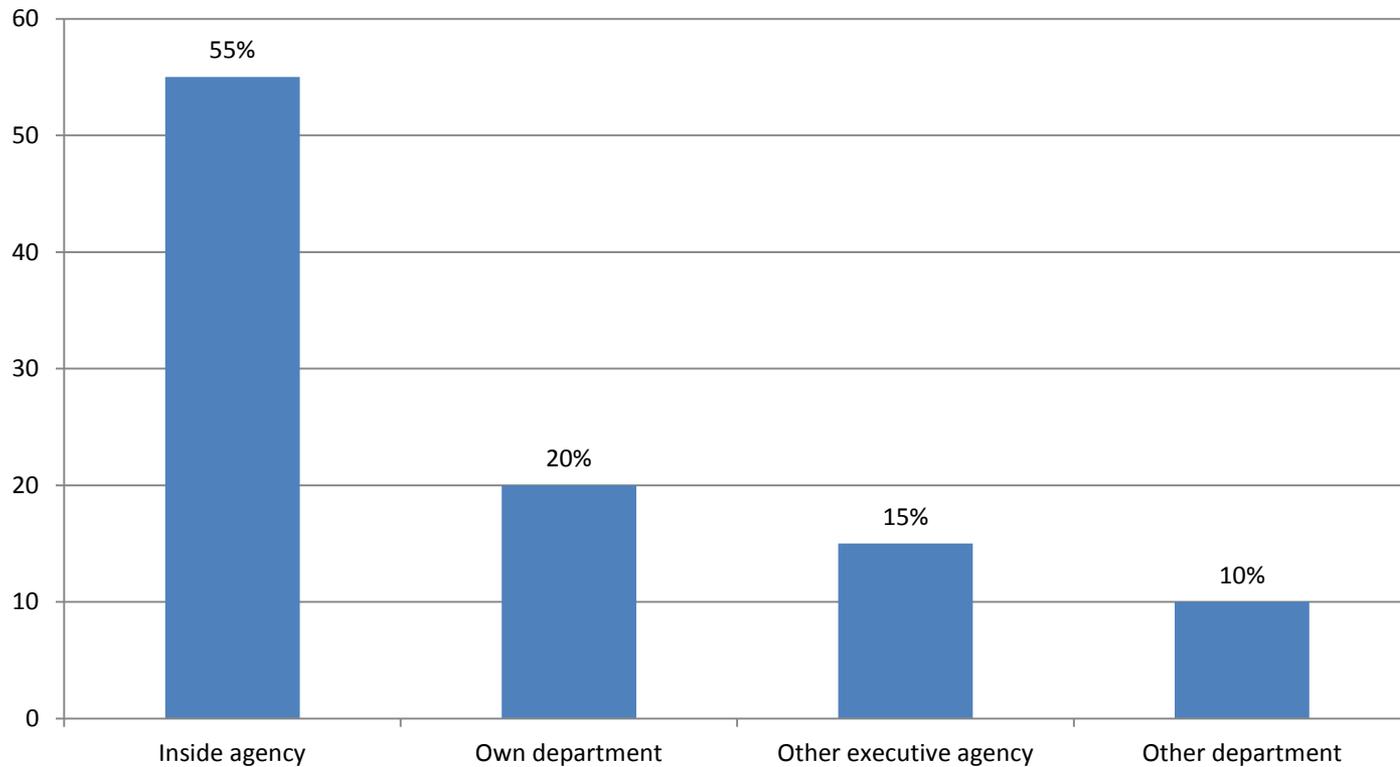


# Chief executives' career history

Mean career years in different sectors (N=513)

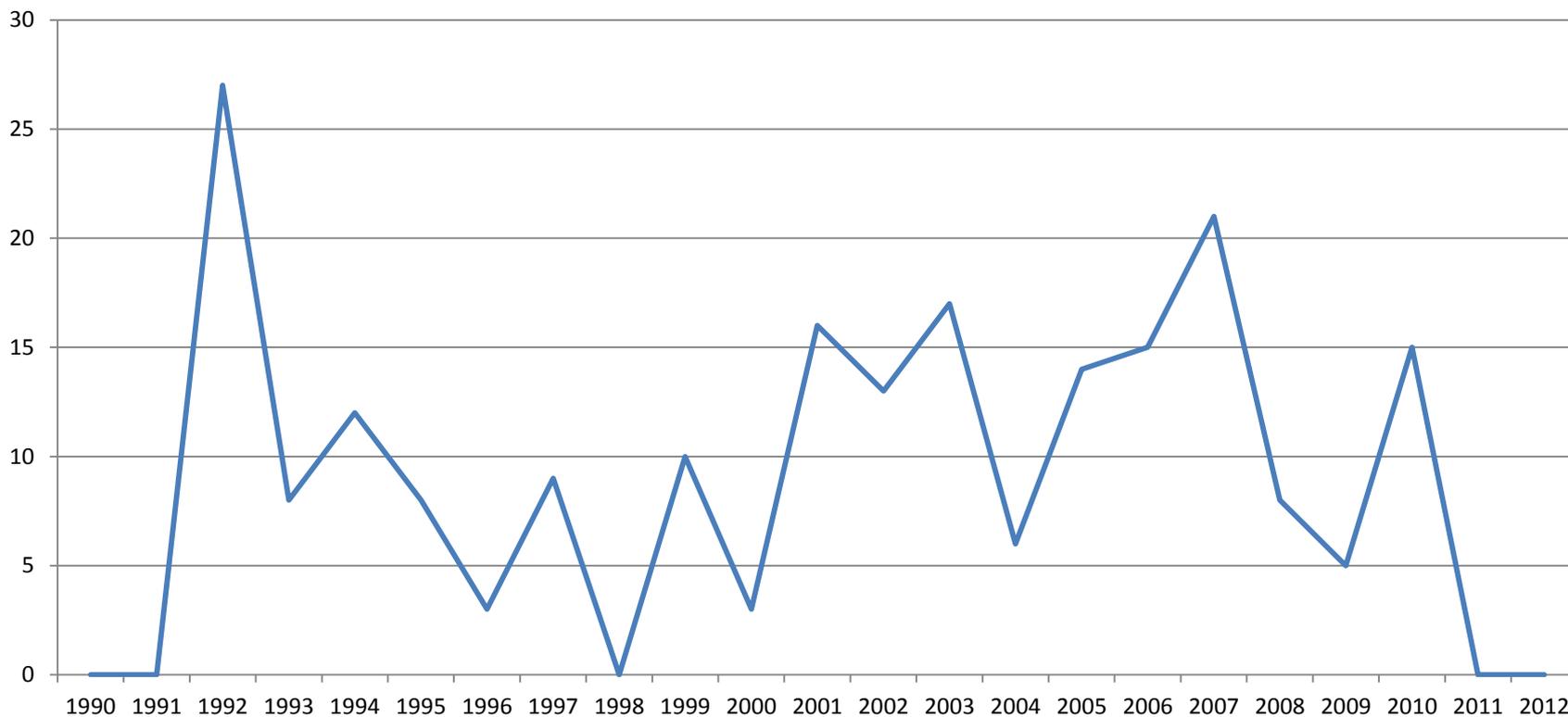


# Profile of civil service insiders (N=413/606)



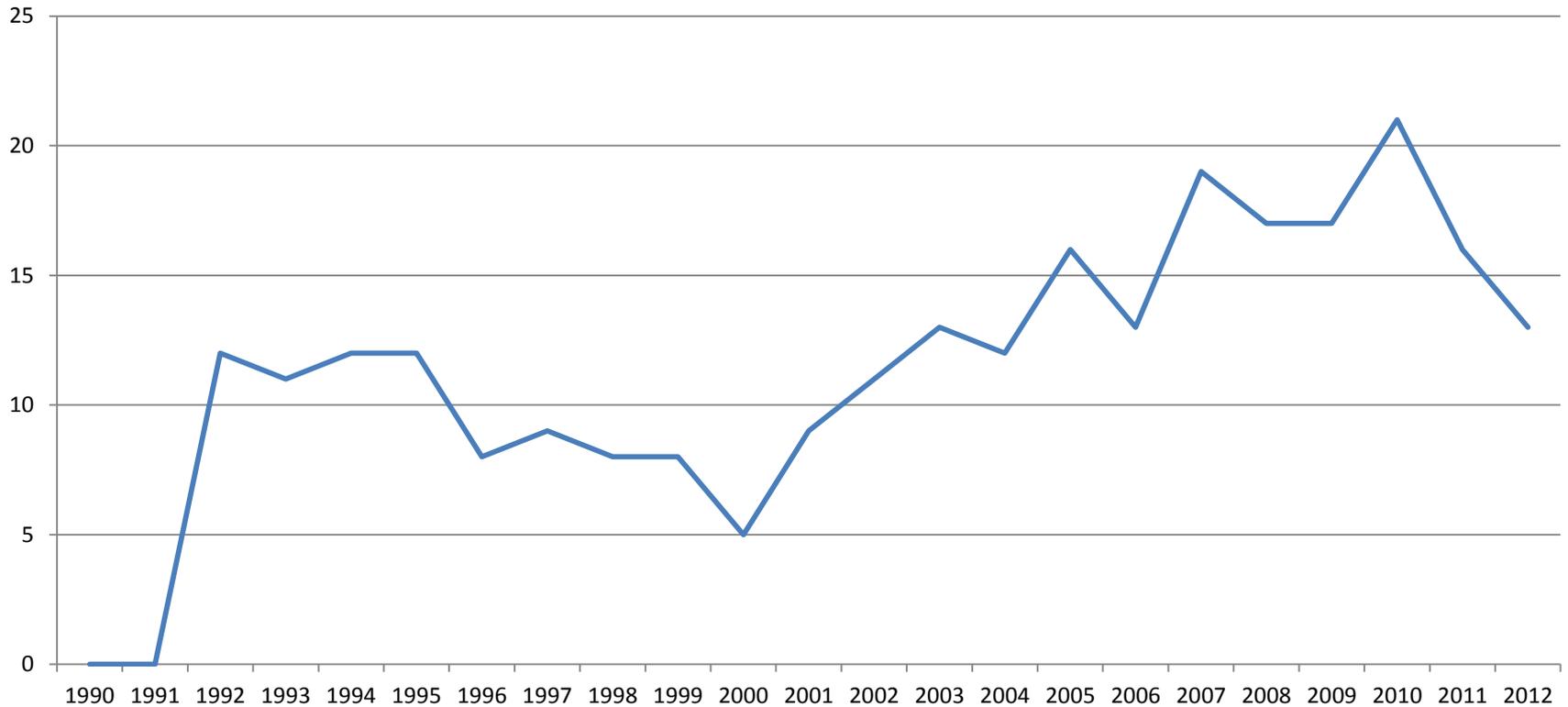
# 'Flow' of outsider civil servants

**Proportion of new chief executives appointed to lead executive agencies each year who were from private sector**



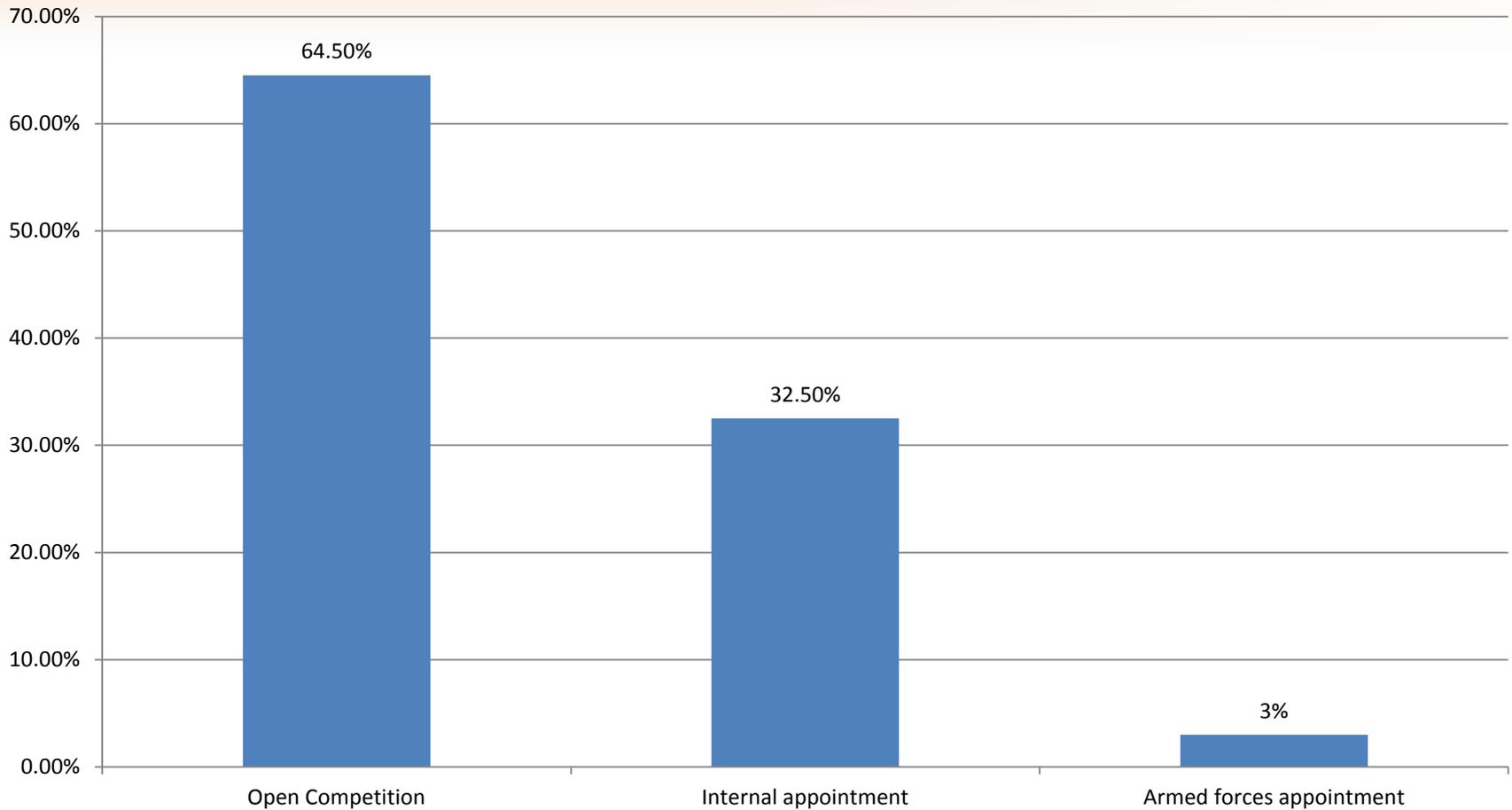
# 'Stock' of outsider civil servants

Proportion of chief executives in post each year whose previous job was in the private sector



# Proportion of chief executives recruited in open competitions

(N=525, excludes 103 interim CEOs)



# To which agencies are outsiders appointed?

- Do private sector outsiders tend to go to 'citizen facing' agencies that deliver external services?
- Do they tend to work in trading agencies?

Agency type	% all agencies	% private sector CEOs
Delivers external services	44%	53%
Delivers internal services	36%	34%
Research agency	7%	5%
Regulatory agency	14%	9%
Trading funds	14%	36%

# Preliminary data on the effect of sectoral origin

So far, based on an a preliminary analysis, there is not clear evidence that private sector origin makes a major difference to organizational outcomes

- Chief executives who previously worked in the private sector perform *slightly* better than agency insiders (3 percentage points , OLS regression model) – weak finding
- However our Arellano-Bond model does not show any such effect – null finding
- Needs further exploration on the full dataset

# Conclusion

- The majority of chief executives appointed through the 90 and 00s were insiders to the public sector
- Less than a third from outside the civil service
- Only 10% from private sector – these disproportionately found in trading funds & externally facing agencies
- As a test of the new public management, our data suggest that there has been limited inflow from other sectors
- Even with a greater use of open competitions, internal civil service candidates are more successful than outsiders
- No clear evidence that outsiders perform differently to insiders

# Thanks!

