

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?

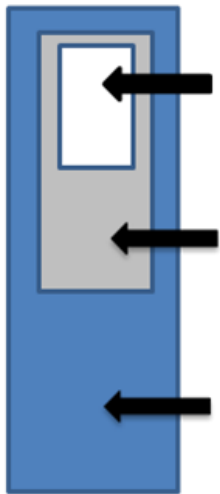
- Succession likely to be less disruptive when an insider from the agency is appointed
- They have knowledge of the personnel, operating systems, processes & culture of the agency
- They can draw on prior relationships with colleagues & stakeholders to get things done (Zajac 1990)
- They have knowledge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

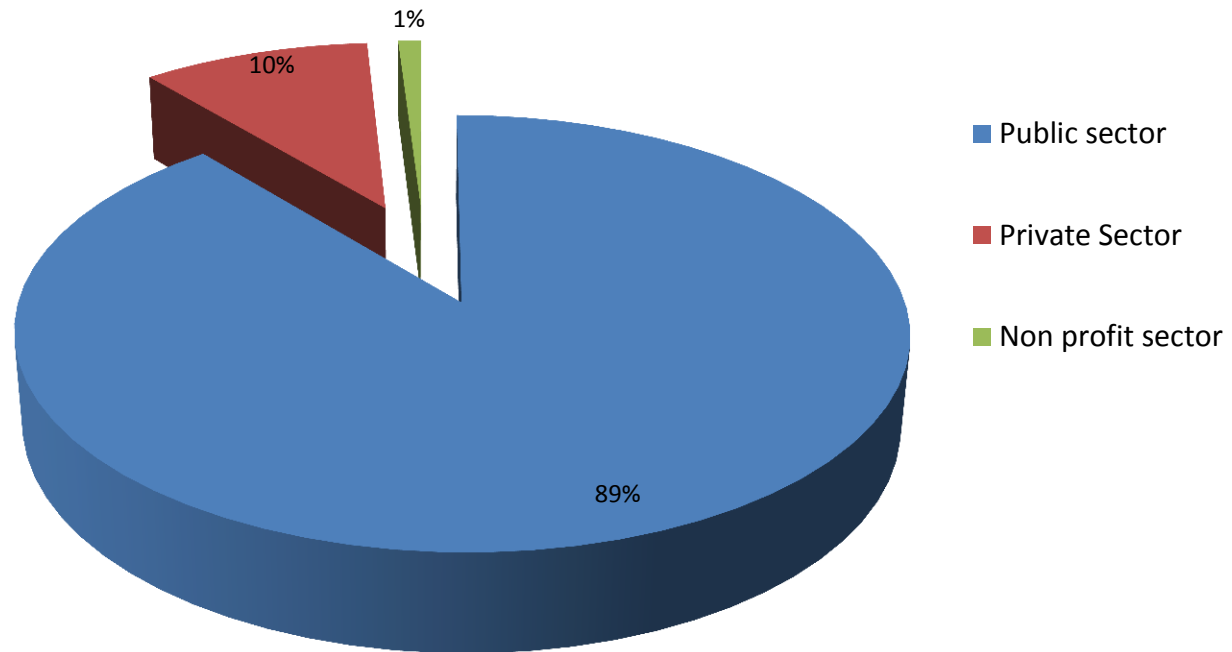
Succession & CEO data

- **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?

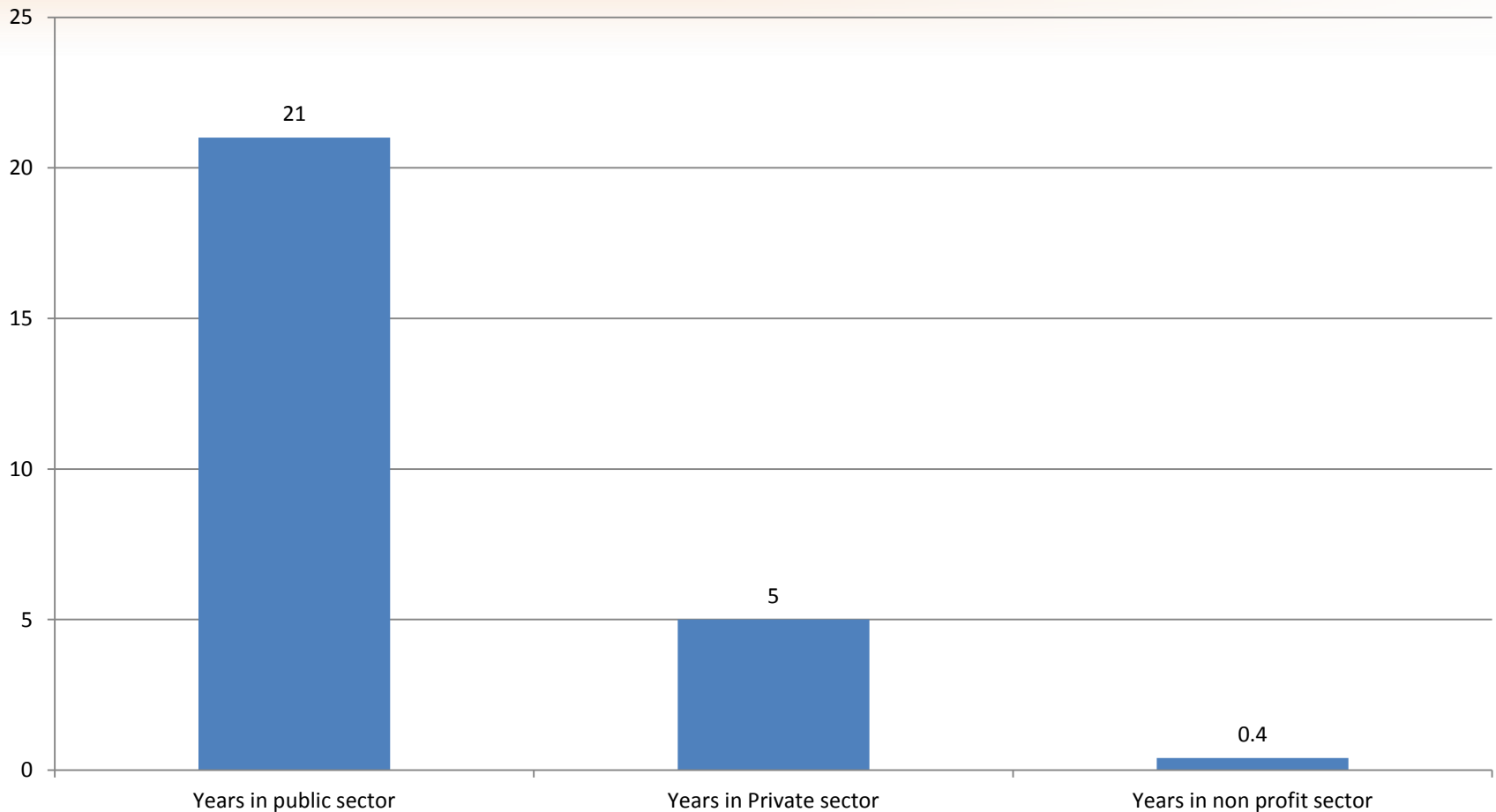
New chief executives prior jobs (N=606)

For whole period: 1989-2012

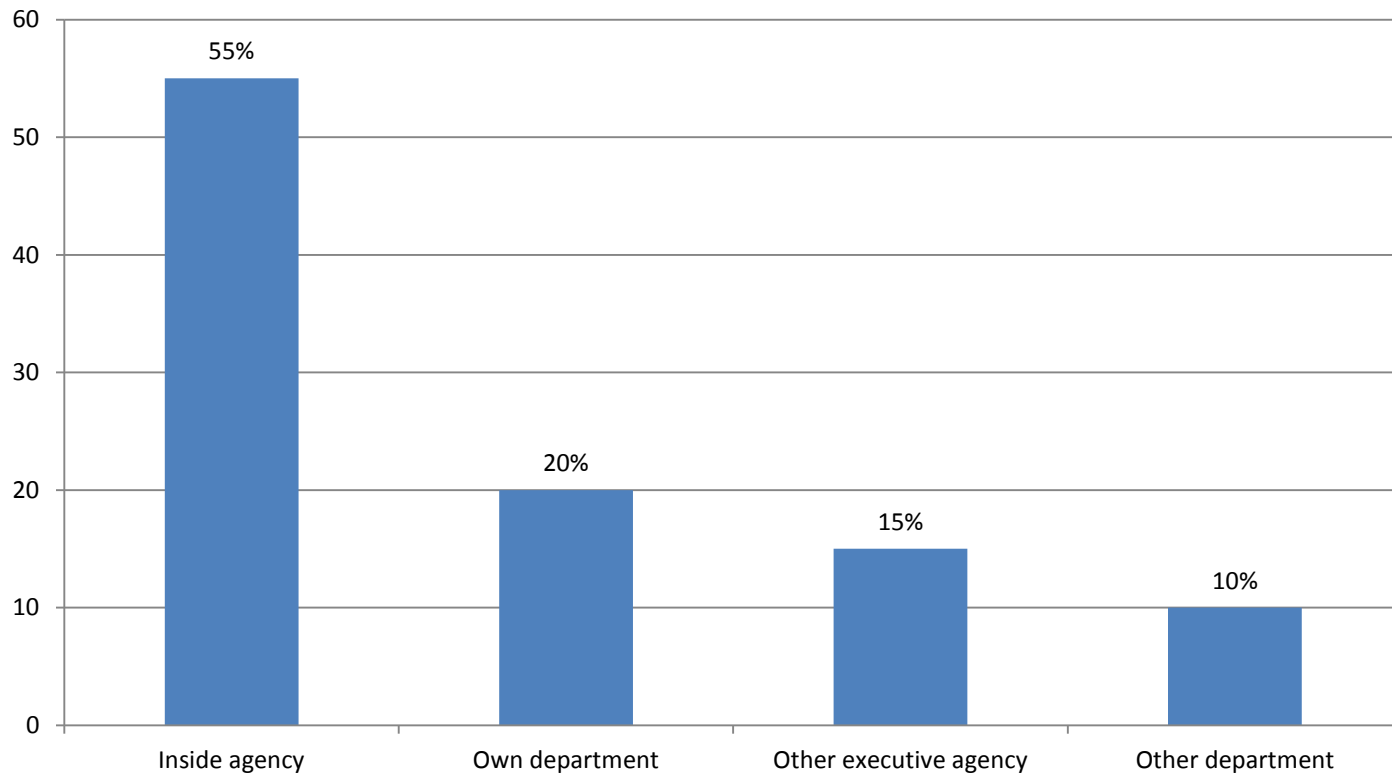


Chief executives' career history

Mean career years in different sectors (N=513)

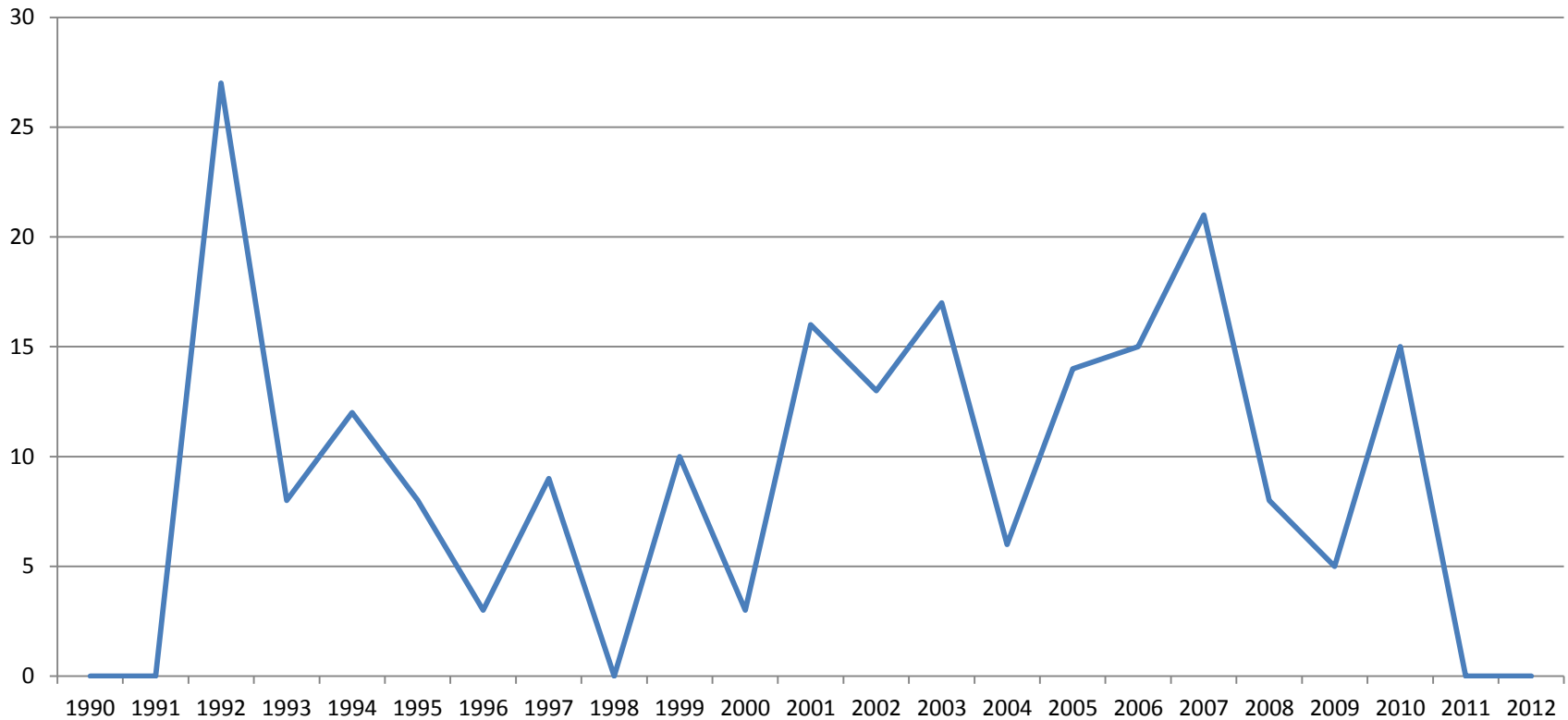


Profile of civil service insiders (N=413/606)



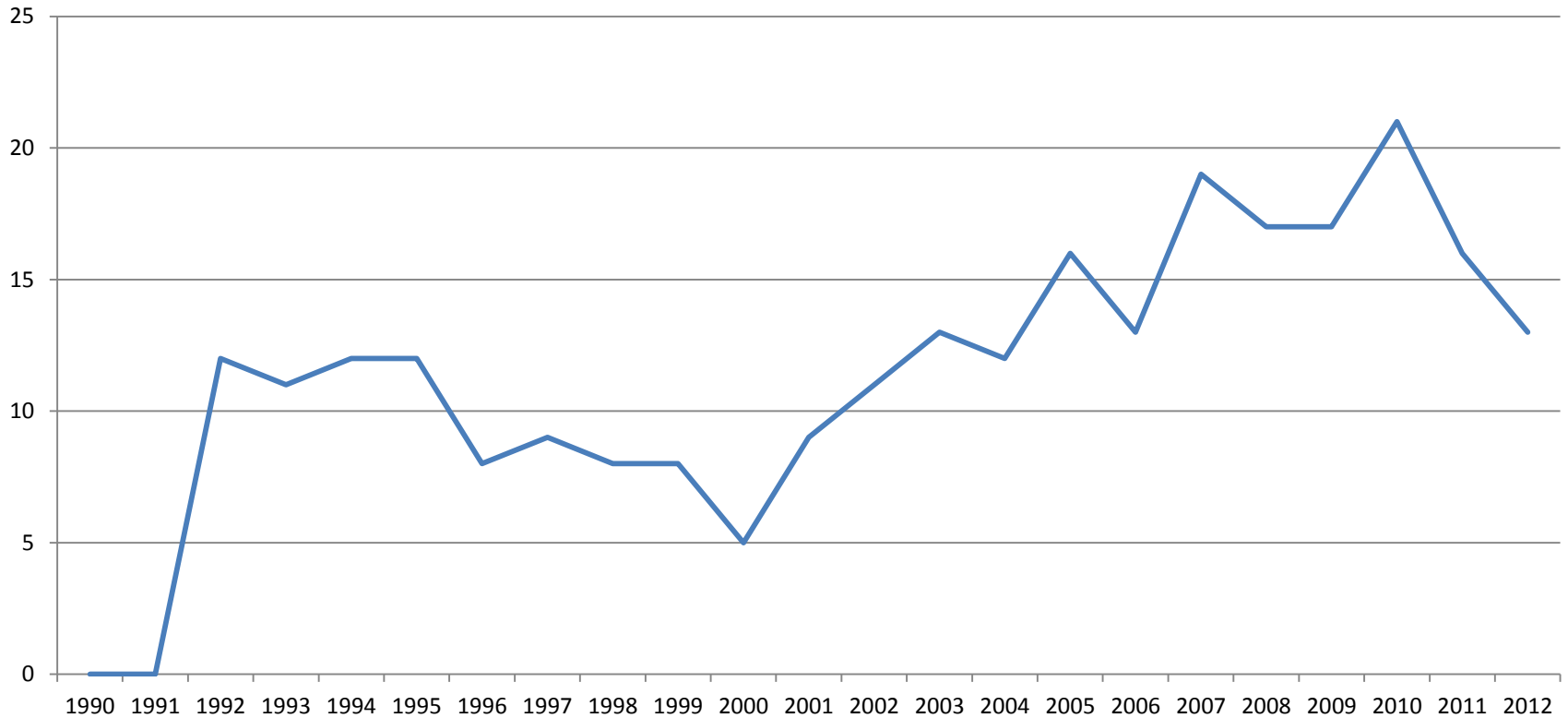
'Flow' of outsider civil servants

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



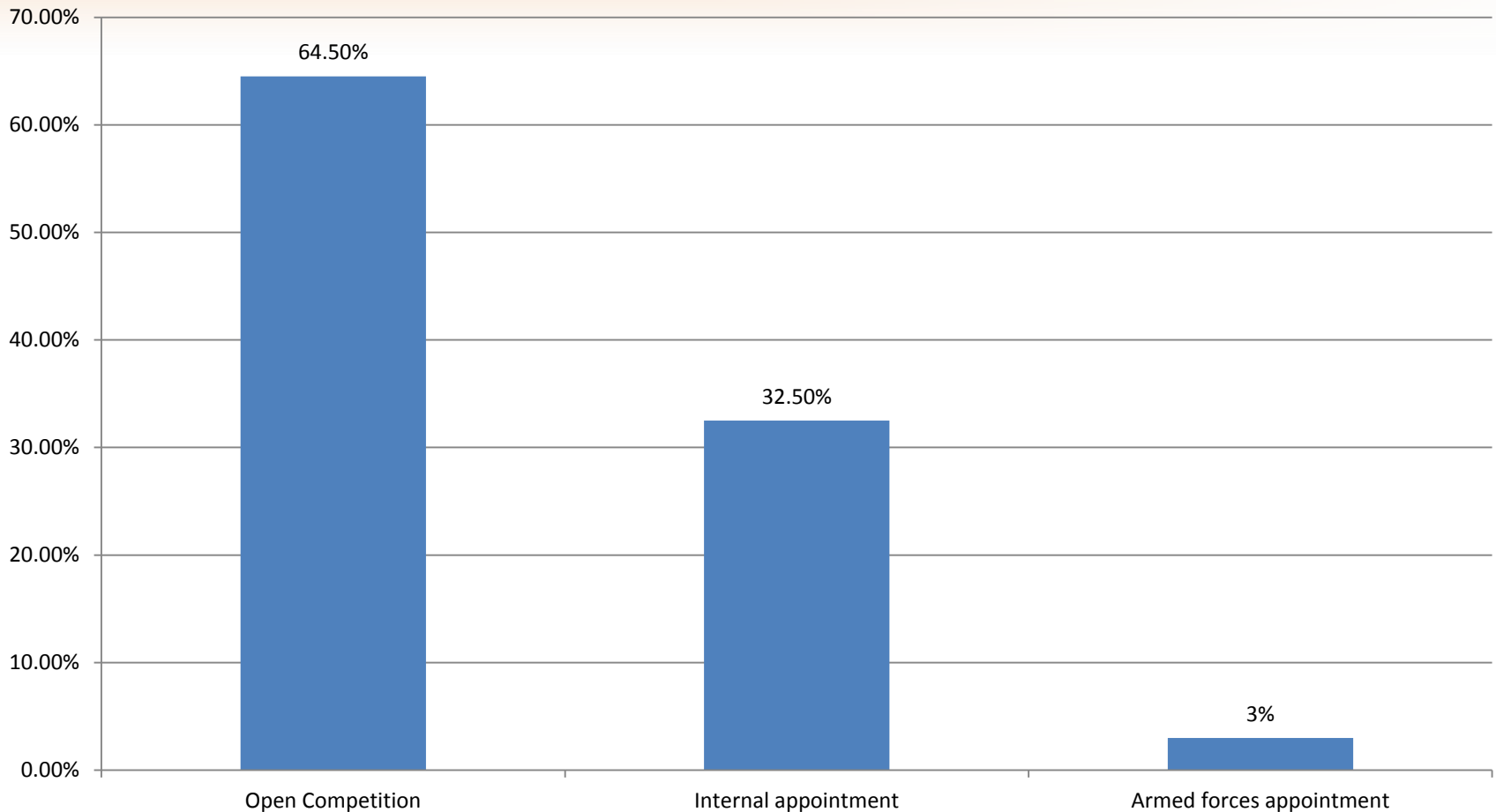
'Stock' of outsider civil servants

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!

