



Digitally enabled service transformation in UK public sector: A case analysis of universal credit



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ARTICLE INFO

Keywords:

Digitally enabled transformation
Public sector case
Institutional theory
Structuration theory

ABSTRACT

The race against 'Digital Darwinism' in public sector had caused failures of several high profile large-scale Digitally Enabled Service Transformation (DEST) projects. While technical and managerial issues are often emphasised as the factors underpinning such failures, the vital role of key actors and the interplay between these actors and structures is underplayed when examining the causes of DEST failure. To enable a richer understanding of DEST, this paper proposes an analytical lens combining Institutional Theory (IT) and Structuration Theory (ST) to explore the case of 'Universal Credit', a very large and ambitious DEST project in the UK. Analysis reveals that the institutional actors and structures played significant roles in the transformation process. Albeit governing the actors' actions, institutional structures are shaped through actions that are influenced by knowledge, power and norms. Hence, recognising and addressing these subliminal factors are critical to promote actions that can facilitate DEST success. The contributions of this case study are two-folds. Theoretically, it provides a distinctive conceptual approach to study DEST; and practically, the lessons help in signposting better managerial practices.

1. Introduction

Digital Darwinism is an era demanding organisations to compete for an unforeseeable future, due to the fast pace of technological change and social evolution. This evolution has changed people's behaviour and expectations (Solis, 2016a, 2016b). In adapting to such changes, many organisations, including in the public sector have opted for digital transformation to fundamentally change the way they interact with citizens. Besides automating routine transactional processes through digital government, attempts have been made to transform complex public services such as the National Health Services and Social Services through digital technologies. With a proud history in digital innovation, successive UK governments have ensured that the country continues to lead in adopting and implementing DEST across its public sector. To reflect a firm commitment towards DEST, the UK government formally outlined its first digital strategy in the mid-1990s with the advent of electronic government, followed by more recent efforts to redefine the digital government plans in 2012. Early efforts of large scale DEST include the National Program for Information Technology (NPfIT), which was focused on digitising patient records and integrating services across the UK National Health Service (NHS). The NPfIT was not only the largest non-military digital transformation project of the 20th

century, but also one of the biggest DEST fiascos in the world after it was officially dismantled in 2013 (ParliamentUK, 2013). In fact, NPfIT is not the only DEST derailment case in the UK public sector. Statistics have shown that many other projects of the same scale have failed to realise their initial objectives, thus requiring further revisions or being terminated. These include the Digital Media Initiative by British Broadcasting Corporation (BBC), Common Agricultural Policy Delivery Programme (CAPD), and Universal Credit Programme (UC).

Despite facing ever-changing technology and social evolution, internal and external forces have also played a role in hindering the public sector's ability to adapt (Sivarajah, Irani, & Weerakkody, 2015). For instance, digital skills, management capability, resources availability, overarching demand of the citizens and strategy mismatch often impose constraints on public sector's efforts in implementing change (Waller & Weerakkody, 2016). In a classic case, DEST implementation can be potentially obstructed by conflicting mission of the institutional actors, as well as the existing organisational processes or supporting systems, and accepted norms (Deloitte, 2015). Against this backdrop, although DEST is a technical-dominated initiative, the implementation of projects/programmes should be viewed as a subtle and intertwined process that is inseparable from social concepts, i.e. actions and reactions of the social actors, and the underpinning conventions.

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Although most studies make sensible recommendations, they leave the main challenges of DEST largely unexplored (see Janowski, 2015; Majchrzak, Markus & Wareham, 2016; Omar & Elhaddadeh, 2016; Omar, El-Haddadeh, & Weerakkody, 2016; Omar & Osmani, 2015). Therefore, there is a need to uncover useful insights to enable better future practices and interventions in DEST implementation – beyond the existing paradox. As posited earlier, DEST is a socially-constructed process – the fact that was also supported by previous studies (Veenstra, Janssen, & Tan, 2010; Veenstra, Melin, & Axelsson, 2014; Walsham, 2002). Hence to facilitate better understanding and rigorously frame the DEST context, attempts should be made to explore the role of institutional actors and structures towards DEST implementation. To provide some insights and reflections to both practitioners and researchers, this study utilises a combination of Institutional and Structuration theories' concepts to explore the case of Universal Credit (UC) UK, arguably the largest social benefit system reform project in the world (Channel4, 2011) – as a contemporary case of DEST. The idea of welfare reform was muted in 2002, but only came into realisation in early 2011 after the publication of the Welfare Reform Bill, introducing the Universal Credit programme as a vehicle to simplify the social benefits system in the UK. The central aim was to make 'work pay' and assists millions of beneficiaries to become 'welfare independent', by introducing a single, secure system that replaces seven existing systems of benefits payment and tax credits (Gov.UK, 2010). As such, UC is a highly ambitious, large scale programme requiring substantially complex transformation of work processes, practices and norms in both – central and local government. Therefore, by examining the case of UC, we expect to draw evidence of how the actors and structures roles influenced the DEST institutionalisation process.

This research is significant as UC is still an ongoing project, but many had doubted its outcomes and target achievement, despite of a few times adjusted timeline (see JRF, 2015; NAO, 2016). Additionally, the case analysis conducted in this paper is timely as the findings will offer both conceptual and practical implications at a time where public confidence towards the government's competency in programme managing DEST is deteriorating due to the constant failure of many large-scale projects.

2. Case analysis

This case study was performed against the background of the public sector, aiming to elicit better understanding on the roles of institutional actors and structures in the DEST institutionalisation process. Such understanding is not just critical in enabling the framing of the DEST implementation by both researchers and practitioners, but to extract insights, forming lessons to be learned from a selected case of DEST (i.e. Universal Credit, UC). As such, an interpretive paradigm was utilised as the underpinning research philosophy. In revealing the 'truth' about the real world through subjective experience of individuals, this paradigm suggests the 'meaning versus measurement' approach to be used as the data collection strategy (Collis & Hussey, 2013). Hence, focus group and interviews were used in gathering the evidence for this study, besides reviewing of the existing reports or government publications that are related to the case. As the selected paradigm relies on a subjective relationship between the researcher and the subject under study – i.e. the researchers' values are inherently embedded throughout the research process, the truth was discovered through series of negotiation dialogues between the researchers and the research participants. Besides generating knowledge or findings as the exploration continues, such practice also informs better and sophisticated understanding of the social world, where subjective elements and meaning are shared. This facilitates understanding towards the social phenomena within their natural setting, and helps acknowledge how they are recursively related in shaping their social setting (Oates, 2006).

As each case potentially lure the specific purpose of inquiry and the approach of linking many cases to one potentially represent 'replication

of logic' (Yin, 1994), UC was selected as a single case study for this research. It was believed that UC is a unique and prototypical case of DEST, which would be revelatory to the understanding of the institutionalisation (and structuration) phenomenon of transformation. Hence, a descriptive method is used to highlight the structuration process within the UC institutionalisation process.

The process of data mining started with the review on government reports or publications linked to the case (e.g. government policies and credential audit findings), as well as news portals and blogs' such as "Digital by Default News", "Institute for Government", "The Money Advice Service", and "Citizens Advice" – within a time bracket of approximately six years (2010–present). The process then evolves with three focus group sessions, involving 30 UC key stakeholders from various levels and stakeholder organisations of both public and private sectors i.e. policy makers, senior staffs, front-liners, local government staff, IT Team, Program Directors, and IT/Transformation Consultants. Finally, a series of interviews were conducted with ten selected key stakeholders (i.e. Policy makers, IT Consultants, Program Directors, IT Teams, and Front-liners) to conduct deeper investigations and verify critical issues. Besides providing rich information, the combination of these strategies was important to ensure reasonable data triangulations, which is pivotal to provide a rigour and unbiased findings.

3. Universal Credit: welfare that works

Universal Credit was launched to transform the benefit system in the UK, by making the 'work pay' for some of the poorest people in Britain. It was also targeted to remove the complexities of the current benefit system which trapped the claimants from working, and simplified the six payments into a single payment based on real-time earnings information. Through UC, social benefit support is withdrawn slowly as people return to work or increase their working hours; the ambition is to remove over 800,000 people out of poverty. Universal credit payments are based on real-time earnings information, and thus supposed to be responsive to the fluid realities of people's lives.

3.1. "Easterhouse Epiphany" and fixing the broken Britain

The idea of transforming the UK Welfare system is rooted back in 2002, from Ian Duncan Smith (IDS) – Conservative Party Leader at that time, visiting the Easterhouse housing estate in Glasgow (Timmins, 2016). The visit was later mocked as "Easterhouse Epiphany", when it triggered IDS an idea of improving less-fortunate peoples' lives, leading to the establishment of the Centre for Social Justice – a think tank that is responsible to enlightening social justice in British politics ("www.centreforjustice.org," 2017). In 2007, the Centre published the "Breakthrough Britain" report concluding that the welfare system is trapping the benefit receivers from achieving their potential and getting sensible pay, thus needing to be transformed. Backed by the economic impact projections of unemployment and poverty, the essence of this report was echoed through the Conservative Party's General Election Manifesto in 2010 – "Fixing Broken Britain" (Conservative Party, 2010). Upon forming the coalition government in May 2010, IDS was appointed as the Work and Pensions Secretary to spearhead the implementation of the dynamic benefit reform project, UC.

3.2. Getting the white paper for UC endorsed

Although the idea of having UC to replace the existing benefit systems was faced with objections in parliament, the UC plan was endorsed by the Cabinet Committee through an intervention by the Prime Minister, and support from the Chancellor's chief economic adviser, the Minister for Government Policy in the Cabinet Office, the Chief Secretary to the Treasury and the Deputy Prime Minister. Following the endorsement, a white paper entitled "Universal Credit: Welfare That Works" was published in 2010, outlining the merger of six

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