

# Editorial

CARR Director **Mike Power** comments on the report from the independent inquiry into Mid Staffordshire NHS Foundation Trust.

In January 2013 a report on the Mid Staffordshire NHS Foundation Trust in the United Kingdom was published following a public inquiry. The main report makes for shocking reading, even for the many risk and regulation scholars who are readily accustomed to the analysis of 'normalised deviance' and early warning failure in organisations. Running over 450 pages it provides detailed evidence of a catalogue of organisational pathologies, including the discrediting of whistleblowers, a generalised climate of fear at the operational level and a gross failure of oversight.

The details of this report will be read and analysed for years to come. Already the case and its lessons are travelling and being used to think about organisational failure in other settings. The culture at the Mid Staffordshire Trust was said to be "*characterised by introspection, lack of insight or sufficient self-criticism, rejection of external criticism, reliance on external praise and, above all, fear*"<sup>1</sup> – a diagnosis which might easily be applied to a number of banks in 2007. Yet, amidst the wide ranging critique of leadership, culture and individual behaviour one particular theme is worthy of note, namely the role of targets and performance indicators. The report suggests that targets and financial performance became prioritised as measures of organisational success decoupled from any outcomes or risk-based performance.

No academic observer of transformations in public management over the last quarter of a century will be at all surprised by this observation. Numerous studies exist which show that a proliferation of performance targets tends to 'crowd out' other, perhaps more embedded, understandings of good performance. This has been demonstrated not only in the field of medicine, but also in teaching, policing and many other services areas. We know that organisational agents initially work hard to run two systems – the target serving system and the local conception of service. But this 'decoupling' as it is called is hard to sustain over time. Targets eventually attract attention, staff time and resources, and thereby become validated. Activities which fall outside the scope of targets become quite literally invisible and illegitimate. The Mid Staffordshire case is manifestly an extreme example of target pathology and a salient reminder of what many scholars have observed to a lesser degree.

Yet we should be careful to lay the blame entirely at the door of targets per se. Organisations necessarily operate in a delicate and often unstable equilibrium between formal performance metrics and more qualitative, local forms of evaluation. Indeed, many senior executives of large private corporations are rewarded based on a mix of quantitative and qualitative criteria because there is a growing understanding that it is important to reward the drivers of long term organisational outcomes rather than only the short term financial performance.



Maintaining such an equilibrium between formal and informal, quantitative and qualitative, requires a system of checks and balances in thinking about performance – literally a 'balanced scorecard' which would keep targets and metrics in their proper place and would not allow them to drive the wrong behaviour. Metrics would be a valuable resource for *performance conversations* rather than simplistic organisational imperatives. To realise the dream of such a balanced performance culture requires special leadership of precisely the kind that seems to have been absent in the Mid Staffordshire case. Society does not always get the leaders and the performance evaluation systems it needs. Indeed, we may need an early warning system to tell us when such systems are part of the problem rather than the solution. If so, there is over 20 years of research on the 'performance of performance measurement systems' to inform such a design.

Welcome to the first 2013 edition of *Risk & Regulation* under the guidance of our new editor – Martha Poon. We try hard to be responsive to the issues of the day and the pages that follow contain excellent discussions of the gun control debate, public trust in food, product labelling, and gender violence in conflict zones and the role of aid agencies – all topics which have been in the international news lately. We also have four further essays on CARR's core area of interest, namely regulatory design. The first is a reflection on the whole 'responsive regulation' movement, adding our congratulations and reflections on the 20th anniversary of the book by Ian Ayres and John Braithwaite with that title. The second reports on the initial findings of a project to compare risk-based governance in different national cultures. The third addresses the role of parliaments in controlling regulators. Finally, the 'conflict of laws' approach is proposed as a solution to regulatory arbitrage in global financial markets. I very much hope that you enjoy these contributions and continue to take an interest in the work of CARR.

**Mike Power**  
CARR Director

<sup>1</sup> Francis Report on Mid Staffordshire NHS Trust, January 2013, page 184