ADMINISTRATIVE INVENTORIES:
WHAT HAVE THEY COVERED?

JUNE 27, 1997

PREPARED FOR:
ROYAL COMMISSION ON WORKERS’ COMPENSATION
IN BRITISH COLUMBIA
VANCOUVER, BC
# TABLE OF CONTENTS

EXECUTIVE SUMMARY........................................................................................................................................... i

CHAPTER ONE: INTRODUCTION..................................................................................................................................... 1

1.1 THE ROYAL COMMISSION NEEDS TO KNOW WHAT PARTS OF THE SYSTEM HAVE ALREADY BEEN EXAMINED BY OTHERS......................................................................................................................... 1
1.2 WHAT IS AN ADMINISTRATIVE INVENTORY?.................................................................................................................. 1
1.3 OUR REPORT MAPS OUT WHAT THE INVENTORIES HAVE (AND HAVE NOT) COVERED IN BRITISH COLUMBIA........................................................................................................................................................................ 2

CHAPTER TWO: WHAT DID THE INVENTORIES DESCRIBE? .......................................................................................... 5

2.1 THE INVENTORIES PROVIDE A USEFUL DESCRIPTION OF THE OVERALL SYSTEM AND ITS INDIVIDUAL COMPONENTS................................................................................................................................................. 5
2.2 THERE ARE SOME NOTEWORTHY GAPS IN THE DESCRIPTION...................................................................................... 6

CHAPTER THREE: WHAT PERFORMANCE ISSUES WERE COVERED? .............................................................................. 12

3.1 THE COVERAGE SUFFERS FROM UNCLEAR DEFINITIONS OF “PERFORMANCE” ...................................................... 12
3.2 WE HAVE IMPOSED A GENERALLY-ACCEPTED DEFINITION OF “PERFORMANCE” ................................................... 12
3.3 SOME PERFORMANCE ISSUES WERE ADDRESSED, OTHERS WERE NOT....................................................................... 12

APPENDIX A: THE “EFFECTIVENESS MODEL” FOR DEFINING PERFORMANCE.................................................... A-1
EXECUTIVE SUMMARY

A. THE ROYAL COMMISSION NEEDS TO KNOW WHAT THE INVENTORIES HAVE COVERED

In the past six years, the WCB has used a range of techniques to describe, assess, and evaluate its activities. These techniques range from benchmarking to accreditation. Another technique used at WCB, but not documented in management literature, is the Administrative Inventory model. This model was developed in 1987 by the not-for-profit Workers Compensation Research Institute (WCRI) of Cambridge, Massachusetts and by 1991 had been applied by them in five different American states.

In 1991 the new Chair of the WCB’s Board of Governors launched a series of seven Administrative Inventories to:

- Create a **baseline** against which the future **performance** of the Governors and the new legislative structure can be assessed; and,
- Have an expert view of the Board based on credible and sound information … (to) identify what are real **issues** requiring attention within the system and to assist in setting **priorities**.

The Royal Commission is naturally interested in knowing what other potentially-credible sources, such as the Administrative Inventories, have said about the workers’ compensation system in BC. In this particular report we define what features, functions, and performance issues have been covered by the Inventories. Our other reports address the Inventories’ methodology, summarize the Inventories’ credible and supportable findings, track the WCB’s response to the Inventories, and assess the future appropriateness of the model as an accountability mechanism for the system.

B. THE INVENTORIES PROVIDE USEFUL DESCRIPTIONS, BUT WITH SOME GAPS

The series of seven Inventories have described the overall system and its core functions, including the way in which the system:

- Prevents accidents.
- Assesses employers.
- Administers claims.
- Rehabilitates injured workers.
- Resolves disputes.

Each such function is usually described in terms of its purpose, clients, design, activity levels, inputs, organizational structure, delivery mechanisms and linkages. The Inventories also provide useful descriptions of the differing roles of the key players in the system, ranging from the WCB itself to the Workers’ Advisers.
However, primarily because of the contractual scope of the Inventories, there are some gaps in the description of the total system. For example, there are no or little descriptions of:

- The way in which the WCB manages its $6 billion investment fund.
- The WCB’s support (versus line) functions.
- The unofficial complaint and appeal channel through the offices of BC’s MLA’s.
- The planning process.
- The new world of work in BC.
- The bureaucratic “maze” faced by an injured worker or a new employer.
- Actuarial policies.

C. SOME PERFORMANCE ISSUES WERE COVERED, SOME WERE NOT

The Chair of the WCB commissioned the series of Inventories in order to assess and track the WCB’s performance. However, the dimensions and attributes of “performance” were not defined. As a result, it was left up to the individual review teams to define what is meant by “performance” and how it could be measured.

In order to impose some consistency across the various Inventories, we have defined “performance” along 12 different dimensions, using a generally-accepted “effectiveness model” now being championed by several professional associations, and by central agencies in the BC and federal governments. Using that model, we observed that for most of the core functions, the Inventories provide information (not necessarily credible nor supportable) on the following performance issues:

- the appropriateness of the function’s policies, strategies, activities, resources, skills and support mechanisms;
- the quality of the working environment for WCB staff;
- the achievement of intended results; and,
- the level of client satisfaction (usually from the employers’ perspective).

We also observed that the Inventories do not usually address these performance issues:

- the relevance of the function’s goals and objectives to the needs of the system’s clients;
- the level of client satisfaction from the perspective of the injured workers;
- whether or not the function is having any negative, unintended impacts; and,
- the adequacy of the function’s efforts to protect its critical assets.
Another feature of the Inventories’ coverage of the system’s performance is the lack of comparisons to other jurisdictions. For example, WCB’s unit costs, paylags, and caseloads are often described and traced over time, but there are no comparisons to other jurisdictions to see how BC’s performance stacks up to others.
CHAPTER ONE
INTRODUCTION

1.1 THE ROYAL COMMISSION NEEDS TO KNOW WHAT PARTS OF THE SYSTEM HAVE ALREADY BEEN EXAMINED BY OTHERS

The Royal Commission on Workers’ Compensation in BC has been asked to examine a diverse array of complex, high profile, emotionally-charged issues over a short period of time. To complement and support their own research and fact-gathering activities, they are naturally interested in knowing how other credible sources have described the workers’ compensation system, what they have concluded about the system’s performance, and what recommendations have been made to improve that performance.

In the past six years, the WCB has used a range of techniques to describe, assess, and evaluate its activities. These techniques include:

- Benchmarking (e.g., of its legal services and its information systems).
- Accreditation (e.g., of certain programs delivered by the WCB’s Rehabilitation Centre).
- Program evaluation (e.g., of certain rehabilitation programs and of its ERA program).
- Management consulting studies (e.g., reviews of its assessment and adjudication functions).
- Administrative Inventories (the focus of this report).

1.2 WHAT IS AN ADMINISTRATIVE INVENTORY?

In 1991 the Chair of the newly-instituted Board of Governors for the WCB wished to have a thorough description of the organization which he and his Board colleagues were expected to govern. Even more importantly, and in his words, he also wanted a means of reviewing the Board’s performance which would:

- create a baseline against which the future performance of the Governors and the new legislative structure can be assessed; and,
- have an expert view of the Board based on credible and sound information … [to] identify what are real issues requiring attention within the system and to assist in setting priorities.¹

The Chair was informed about a “tool”, called an Administrative Inventory, which had been developed by the not-for-profit Workers Compensation Research Institute (WCRI) of Cambridge, Massachusetts. At that time, WCRI had conducted Administrative Inventories in five different American states to answer the same set of core questions about each jurisdiction’s workers’ compensation system:

- How is the system administered?

¹ These two goals are taken from the Chair’s Preface to the first Administrative Inventory which was published in 1991. That first Inventory was meant to be the “model” for all subsequent Inventories of the WCB.
• How do claims flow through the system?
• What dispute resolution procedures are used, and to what effect?
• What benefits are paid?
• How are vocational rehabilitation services utilized?
• How is the system financed?
• What are the actual costs of administration, benefits, claims processing and appeal?
• What aspects of the system deserve further attention?

According to WCRI, the purpose of such a series of reports is to provide a thorough description (not evaluation nor prescription) of the workers’ compensation system in a particular jurisdiction so that all participants and stakeholders (employers, injured workers, agency managers, legislators, etc.):

• Have a better understanding of the key features of their own system.
• Can make informed comparisons between their system and others.
• Can undertake informed policy discussions.

(Note: A separate report from us focuses on the methodologies used in the Administrative Inventories. That report summarizes the distinguishing features of the Administrative Inventory model and provides an overview of other tools that have been used in the public sector to measure and report on performance. These other tools range from accreditation to program evaluation.)

In 1991, the WCB Chair decided to apply the Administrative Inventory model to the WCB. His intention was to have the same reviewers return four years later to conduct a follow-up study to assess the performance of the Governors and of the new legislative structure.

With that objective in mind, the Chair commissioned a series of Administrative Inventories at a total cost of more than $500,000. Exhibit 1.1 identifies the seven different Inventories that were completed for the WCB.

1.3 OUR REPORT MAPS OUT WHAT THE INVENTORIES HAVE (AND HAVE NOT) COVERED IN BRITISH COLUMBIA

This report outlines what aspects of the workers’ compensation system in BC have been addressed by the series of Inventories. The next Chapter maps out what parts of the system have been described. Chapter Three identifies what aspects of the system’s performance have been examined by the Inventories. In both chapters, we also point out the gaps in the Inventories’ coverage: what features and performance issues have not been addressed.

Appendix A describes the “effectiveness model” that we have used to define what is meant by “performance” and also outlines 11 other “candidate” models for defining “performance” or “effectiveness”.

Semmens & Adams 2
Separate reports from us answer four related questions about the Administrative Inventory model and its application to date in BC:

- **Is the Methodology Sound?** To what extent can the Royal Commission have confidence in the Inventories’ descriptions, observations, attention points, and recommendations concerning the system’s performance and its key, possibly-contentious policy issues?

- **What did the Inventories Say?** What credible and supportable observations, conclusions and recommendations from the Inventories should be considered by the Royal Commission?

- **How did the WCB Respond?** What mechanisms were put in place by the WCB to respond to the Inventories’ findings and recommendations? What happened as a result?

- **Is the Model Appropriate?** To what extent does the Administrative Inventory model represent a credible and useful tool for not only measuring performance within the workers’ compensation system, but also for inducing organizational change that leads to improved performance?
**EXHIBIT 1.1
AN OVERVIEW OF THE WCB’S ADMINISTRATIVE INVENTORIES**

<table>
<thead>
<tr>
<th>INVENTORY</th>
<th>AUTHORS</th>
<th>DATE OF PUBLICATION</th>
<th>WHICH CORE FUNCTIONS WERE REVIEWED?</th>
<th>COST TO WCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Workers’ Compensation in British Columbia: An Administrative Inventory at a time of Transition</td>
<td>Drs. H. Allan Hunt, Peter S. Barth, Michael J. Leahy</td>
<td>November 1991</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>$62,575 (US) plus expenses</td>
</tr>
<tr>
<td>2) Occupational Safety and Health in British Columbia: An Administrative Inventory</td>
<td>Drs. Kathleen M. Rest and Nicholas A. Ashford</td>
<td>October 1992</td>
<td>✓</td>
<td>$77,000 (US) plus expenses</td>
</tr>
<tr>
<td>3) Workers’ Compensation Board of British Columbia: Assessment Department Administrative Inventory</td>
<td>Dr. H. Allan Hunt</td>
<td>November 1992</td>
<td>✓</td>
<td>Unknown</td>
</tr>
<tr>
<td>4) Medical Review Panel Report and Highlights of the Medical Review Panel Report</td>
<td>Dr. Leonard Jenkins</td>
<td>August 1992</td>
<td>✓</td>
<td>Unknown</td>
</tr>
<tr>
<td>5) Medical and Rehabilitation Programs in Workers’ Compensation: An Administrative Inventory in British Columbia</td>
<td>Drs. Jane Fulton and John Atkinson</td>
<td>May 1993</td>
<td>✓</td>
<td>$129,800 plus expenses</td>
</tr>
<tr>
<td>7) Occupational Health and Safety in British Columbia: An Administrative Inventory of the Prevention Activities of the Workers’ Compensation Board</td>
<td>Drs. Kathleen M. Rest and Nicholas A. Ashford</td>
<td>February 1997</td>
<td>✓</td>
<td>$120,000 (US) plus expenses</td>
</tr>
</tbody>
</table>
CHAPTER TWO
WHAT DID THE INVENTORIES DESCRIBE?

2.1 THE INVENTORIES PROVIDE A USEFUL DESCRIPTION OF THE OVERALL SYSTEM AND ITS INDIVIDUAL COMPONENTS

As was seen in Chapter One, a key purpose of the Inventories was to describe the workers’ compensation system in BC. As seen in Exhibit 2.1, the series of seven different Inventories have described (but with some noted exceptions) the overall system and the core functions of that system. The individual core functions which were described include:

- Prevent accidents
- Assess employers
- Administer claims
- Rehabilitate injured workers
- Resolve disputes (both medical and non-medical)

The Inventories usually provide a useful description (not necessarily an evaluation) of each function’s:

- Mandate and legislative authority
- Objectives and goals
- Clients
- Design
- Activity levels
- Decision making process
- Delivery mechanisms
- Resources
- Organizational structure
- External environment
- Linkages to other functions
- Recent, current and planned initiatives

The Inventories also describe the role of each official player in the system, including:
• The WCB itself (which is the major focus of the Inventories), including the Appeal Division and the Medical Review Panels.

• The Workers’ Compensation Review Board.

• The Workers’ Advisers and Employers’ Advisers.

• The Ombudsman.

• The Ministry of Labour and the Minister.

2.2 THERE ARE SOME NOTEWORTHY GAPS IN THE DESCRIPTION

We noted that the descriptions offered by the seven Inventories have some important “gaps” that the Royal Commission might consider filling. (It should be noted that the presence of such gaps is not a criticism of the Inventories; in most cases, the Inventories were not expected nor asked to provide such descriptions):

• Missing Description of the Critical Investment Function: There is virtually no description of how the WCB manages its $6 billion investment fund and how the WCB protects this key asset. (This function was not included in the Inventories’ Terms of Reference).

• Incomplete Description of the WCB’s Support Functions: The Inventories were intended to review only the WCB’s line functions. As a result, the various support functions (e.g., human resources, systems, legal services, accounting, etc.) were not fully described.

• Missing Description of the Unofficial Complaint and Appeal Channels: The Inventories describe the role of the Ombudsman as an official element in the dispute resolution mechanism. However, the role of MLA’s is not addressed. These MLA’s are significant, but unofficial players in the system’s complaint and dispute resolution process. Indeed, the fact that so many MLA’s are supposedly swamped with complaints from injured workers is apparently one of the sparks for the Royal Commission. This unofficial mechanism, as well as the scope, nature and level of its activity, are not described in the Inventories.

• Incomplete Description of the Planning Process: Most of the Inventories do not describe the process used by the WCB to plan its future activities and strategies. (This is probably due to the fact that the authors observed little or no planning.)

• Incomplete Description of the New World of Work: The Inventories describe the changing economic climate within which the WCB has operated over the past 15 years. However, there is no description of recent and emerging trends in the BC workplace and their likely impact on WCB operations and costs. This includes:

⇒ the shift in employment from the resource sector (with its distinctive profile of injuries and occupational diseases) to the service or knowledge-based sector (with a different set of accident and disease issues);

⇒ the shift from full-time employment to self-employed, contractual work; and,

⇒ the changing technologies in all sectors, with their resulting impact on accident rates, duration of disability, new industrial diseases, etc.
• **Missing Description from the Clients’ Perspective:** There is no clear description of the step-by-step process which injured workers must follow as they proceed through the system. It is therefore difficult to understand how the system works, and what bureaucratic maze must be navigated, from the workers’ perspective. Similarly, there is no flow chart to show the steps that employers must complete when they deal with the WCB.

• **Missing Description of the System for “Other” Workers:** Since the Inventories focussed solely on the WCB, they naturally did not describe how those workers not covered by the WCB (e.g., self-employed professionals) are protected and insured.

• **No “80/20” Analysis:** It is especially difficult to determine from the Inventories’ descriptions which industries, accident types, industrial diseases, worker categories, types of complaints and disputes, etc. account for the major portion of the WCB’s claims and appeals.

• **Incomplete Description of Progress:** Two Inventories followed-up on Inventories that had been conducted four or five years earlier. Although the Chair had wanted the series of Inventories to provide a yardstick for measuring progress, the 1996 follow-up Inventory said “We have specifically not made a special attempt to … document all the progress, or lack thereof, since 1991. We prefer to think of this as a fresh look at the WCB, informed by the perspectives of the past.”

• **Actuarial Policies Not Covered:** The Inventories purposely did not review the actuarial policies and assumptions used by the WCB. Instead, there are a series of Annual Reports from the WCB’s Actuary (Eckler Partners Ltd.) which address this key policy issue.

• **Possibly Out-of-Date:** The most recent descriptions of the dispute resolution function, the claims administration function, the assessment function, and the vocational rehabilitation function are based on data that are three years old.
## EXHIBIT 2.1
**WHAT HAVE THE INVENTORIES DESCRIBED?**

<table>
<thead>
<tr>
<th>KEY FEATURES</th>
<th>CORE FUNCTIONS OF THE WORKERS’ COMPENSATION SYSTEM</th>
<th>THE OVERALL SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PREVENT ACCIDENTS</td>
<td>ASSESS EMPLOYERS</td>
</tr>
<tr>
<td></td>
<td>CENTRE</td>
<td>PROGRAMS</td>
</tr>
<tr>
<td>1. <strong>Mandate:</strong> The function’s current mandate, the source of its authority, and its rationale.</td>
<td>![bullet] (2 &amp; 7)</td>
<td>![bullet] (3 and 6)</td>
</tr>
<tr>
<td>2. <strong>Objectives and Goals:</strong> The function’s stated purpose and its intended results.</td>
<td>![bullet] (2 &amp; 7)</td>
<td>![bullet] (3 and 6)</td>
</tr>
<tr>
<td>3. <strong>Intended Clients:</strong> The pertinent characteristics of the function’s clients.</td>
<td>![bullet] (2 &amp; 7)</td>
<td>![bullet] (3 and 6)</td>
</tr>
<tr>
<td>4. <strong>Design:</strong> The function’s key activities and tasks, including their inter-relationships.</td>
<td>![bullet] (2 &amp; 7)</td>
<td>![bullet] (3 and 6)</td>
</tr>
<tr>
<td>5. <strong>Activity Levels:</strong> The number of services provided, the number of outputs produced, the number of clients served, etc.</td>
<td>![bullet] (2 &amp; 7)</td>
<td>![bullet] (3 and 6)</td>
</tr>
<tr>
<td>6. <strong>Decision Making:</strong> The process for making and appealing decisions.</td>
<td>![bullet] (2 &amp; 7)</td>
<td>![bullet] (3 and 6)</td>
</tr>
<tr>
<td>7. <strong>Delivery:</strong> The way in which the function is delivered, especially from the perspective of those affected by the function.</td>
<td>![bullet] (2 &amp; 7)</td>
<td>![bullet] (3 and 6)</td>
</tr>
<tr>
<td>8. <strong>Resources:</strong> The physical, financial and human resources allocated to the function.</td>
<td>![bullet] (2 &amp; 7)</td>
<td>![bullet] (3 and 6)</td>
</tr>
<tr>
<td>9. <strong>Organization:</strong> The structure used to carry out activities and organize resources.</td>
<td>![bullet] (2 &amp; 7)</td>
<td>![bullet] (3 and 6)</td>
</tr>
<tr>
<td>10. <strong>External Environment:</strong> The changes and trends in the function’s external environment which could impact the function’s future design and performance.</td>
<td>![bullet] (2 &amp; 7)</td>
<td>![bullet] (3 and 6)</td>
</tr>
<tr>
<td>KEY FEATURES</td>
<td>CORE FUNCTIONS OF THE WORKERS’ COMPENSATION SYSTEM</td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>--------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PREVENT ACCIDENTS</td>
<td>ASSESS EMPLOYERS</td>
</tr>
<tr>
<td>11. Planning Process: The process used to ensure that the function is prepared for the future and responds to changes in its external environment.</td>
<td>(2 &amp; 7)</td>
<td>(3 and 6)</td>
</tr>
<tr>
<td>12. Initiatives: The major initiatives undertaken to ensure that the function performs well and is responsive to changes in its external environment.</td>
<td>(2 &amp; 7)</td>
<td>(3 and 6)</td>
</tr>
<tr>
<td>13. Review Process: The process used to monitor and report on performance.</td>
<td>(2 &amp; 7)</td>
<td>(3 and 6)</td>
</tr>
<tr>
<td>14. Linkages: The mechanisms in place, if any, to ensure that each function does not operate in isolation.</td>
<td>(2 &amp; 7)</td>
<td>(3 and 6)</td>
</tr>
</tbody>
</table>

**Code:**
- Denotes that this feature was not described
- Denotes that this feature was described but there are some gaps
- Denotes that this feature was described

**Code for Inventories:**
CHAPTER THREE
WHAT PERFORMANCE ISSUES WERE COVERED?

3.1 THE COVERAGE SUFFERS FROM UNCLEAR DEFINITIONS OF “PERFORMANCE”

Chapter Once pointed out that the WCB commissioned the series of Inventories in order to assess and track the WCB’s performance. However, the dimensions or attributes of performance that were to be assessed were not identified. As a result, it was left up to the individual review teams to define what is meant by “performance” and how it could be measured.

For example, the 1992 Inventory on the OSH Program focused on such performance issues as the relevance of the Program’s objectives, the appropriateness of the Program’s regulations and strategies, and the quality of the working environment for Program staff; it had virtually no information on the Program’s performance in achieving its intended results. In contrast, other Inventories concentrated on a function’s performance in terms of its organizational structure and the level of resources allocated to that function, but had no comments or observations on the function’s productivity or the quality of its working environment.

3.2 WE HAVE IMPOSED A GENERALLY-ACCEPTED DEFINITION OF “PERFORMANCE”

In the absence of a clear statement in the Inventories as to what constitutes “performance”, we have applied a definition or model that is being championed by several professional groups and by central agencies in the federal and provincial governments. (Appendix A describes this “Effectiveness Model,” and its rationale, in greater detail.) That model proposes that “performance” (or effectiveness) should be examined from 12 different perspectives. Under that model, an organization, program or function is well-performing or “effective” if it has “12 attributes of effectiveness.” These include:

- Having a clear direction and sense of purpose, with understood goals and objectives that are relevant to the needs of those whom it is expected to serve.
- Having a design which is logical and appropriate in light of those objectives.
- Achieving intended results.
- Having satisfied clients and reasonable costs.
- Providing a positive working environment for staff.
- Protecting its key assets.

3.3 SOME PERFORMANCE ISSUES WERE ADDRESSED, OTHERS WERE NOT

Exhibit 3.1 is a “map” which identifies the extent to which the various Inventories have addressed these 12 different performance issues (or attributes of effectiveness). For most of the core functions, the Inventories provide information (not necessarily credible nor supportable) on the following attributes:
• the appropriateness of the function’s policies, strategies, activities, resources, skills and support mechanisms;

• the working environment;

• the achievement of intended results;

• the level of client satisfaction (usually from the employers’ perspective); and,

• the reasonableness of costs and productivity.

Exhibit 3.1 reveals that, in general, the Inventories do not usually address these attributes of performance:

• the relevance of the function’s goals and objectives to the needs of the system’s clients;

• the level of client satisfaction from the perspective of the injured workers;

• whether or not the function is having any negative, unintended impacts; and,

• the adequacy of the function’s efforts to protect its critical assets.

Another feature of the Inventories’ coverage of the system’s performance is the lack of comparisons to other jurisdictions. For example, WCB’s unit costs, paylags, and caseloads are often described, but there are no comparisons to other jurisdictions to see how BC’s performance stacks up to others.
## EXHIBIT 3.1
WHAT PERFORMANCE ISSUES HAVE THE INVENTORIES ADDRESSED?

<table>
<thead>
<tr>
<th>PERFORMANCE ISSUES</th>
<th>CORE FUNCTIONS OF THE WORKERS’ COMPENSATION SYSTEM</th>
<th>THE OVERALL SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PREVENT ACCIDENTS</td>
<td>ASSESS EMPLOYERS</td>
</tr>
<tr>
<td></td>
<td>CENTRE</td>
<td>PROGRAMS</td>
</tr>
<tr>
<td>1. Clear Direction?</td>
<td>(2)</td>
<td>(3 and 6)</td>
</tr>
<tr>
<td>Does the function have clear and understood goals and objectives?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Relevant Objectives?</td>
<td>(2)</td>
<td>(5)</td>
</tr>
<tr>
<td>Are those objectives relevant to the needs of the clients served by that function?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Appropriate Design?</td>
<td>(2 and 7)</td>
<td>(3 and 6)</td>
</tr>
<tr>
<td>Has the function been designed to achieve its objectives? That is, does it have appropriate:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Legislation, policies and regulations?</td>
<td>(2 and 7)</td>
<td>(3 and 6)</td>
</tr>
<tr>
<td>• Strategies?</td>
<td>(2 and 7)</td>
<td>(3)</td>
</tr>
<tr>
<td>• Activities and service delivery models?</td>
<td>(2 and 7)</td>
<td>(3)</td>
</tr>
<tr>
<td>• Organizational and governance structures?</td>
<td>(2 and 7)</td>
<td>(3)</td>
</tr>
<tr>
<td>• Resources?</td>
<td>(2 and 7)</td>
<td>(3)</td>
</tr>
<tr>
<td>• Skill sets?</td>
<td>(2 and 7)</td>
<td>(3)</td>
</tr>
<tr>
<td>• Tools, facilities and support mechanisms?</td>
<td>(2)</td>
<td>(3 and 6)</td>
</tr>
<tr>
<td>• Set of external and internal linkages?</td>
<td>(2 and 7)</td>
<td>(3)</td>
</tr>
<tr>
<td>PERFORMANCE ISSUES</td>
<td>CORE FUNCTIONS OF THE WORKERS' COMPENSATION SYSTEM</td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>4. Achieving Intended Results?</td>
<td>Is the function actually achieving its goals and objectives?</td>
<td></td>
</tr>
<tr>
<td>5. Satisfied Clients?</td>
<td>Do the clients of that function judge it to be satisfactory?</td>
<td></td>
</tr>
<tr>
<td>6. Reasonable Costs and Productivity?</td>
<td>Are the costs and productivity of that function reasonable and under control?</td>
<td></td>
</tr>
<tr>
<td>7. Responsive?</td>
<td>Is the function able to adapt to changes in its external environment?</td>
<td></td>
</tr>
<tr>
<td>8. Positive Working Environment?</td>
<td>Does the function provide a positive working atmosphere for its staff, offer appropriate opportunities for development and achievement, and promote commitment, initiative and safety?</td>
<td></td>
</tr>
<tr>
<td>9. Protecting Critical Assets?</td>
<td>Does the function safeguard its important assets so that the organization is protected from the danger of losses that could threaten its success, credibility and continuity?</td>
<td></td>
</tr>
<tr>
<td>10. Financial Results?</td>
<td>Does the system generate sufficient revenues to cover its costs?</td>
<td></td>
</tr>
<tr>
<td>11. Unintended Impacts?</td>
<td>Does the function have any negative, unintended impacts?</td>
<td></td>
</tr>
<tr>
<td>12. Regular Monitoring and Reporting?</td>
<td>Is the performance of the function reported and carefully monitored on an ongoing basis?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>PREVENT ACCIDENTS</th>
<th>ASSESS EMPLOYERS</th>
<th>MANAGE INVESTMENTS</th>
<th>ADMINISTER CLAIMS</th>
<th>REHABILITATE INJURED WORKERS</th>
<th>RESOLVE DISPUTES</th>
<th>SUPPORT LINE OPERATIONS</th>
<th>THE OVERALL SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CENTRE</td>
<td>Programs</td>
<td>Medical</td>
<td>Non-Medical</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Achieving Intended Results?</td>
<td>(3 and 6)</td>
<td>(1 and 6)</td>
<td>(6)</td>
<td>(6)</td>
<td>(6)</td>
<td>(1 and 6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Satisfied Clients?</td>
<td>(2 and 7)</td>
<td>(3 and 6)</td>
<td>(5)</td>
<td>(6)</td>
<td>(6)</td>
<td>(1 and 6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Reasonable Costs and Productivity?</td>
<td>(3)</td>
<td>(1 and 6)</td>
<td>(5)</td>
<td>(6)</td>
<td>(6)</td>
<td>(1 and 6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Responsive?</td>
<td>(2 and 7)</td>
<td>(3)</td>
<td>(6)</td>
<td>(5)</td>
<td>(6)</td>
<td>(6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Positive Working Environment?</td>
<td>(2 and 7)</td>
<td>(3 and 6)</td>
<td>(1)</td>
<td>(5)</td>
<td>(1 and 6)</td>
<td>(6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Financial Results?</td>
<td>(2 and 7)</td>
<td>(3 and 6)</td>
<td>(1 and 6)</td>
<td>(5)</td>
<td>(1 and 6)</td>
<td>(4)</td>
<td>(1 and 6)</td>
<td></td>
</tr>
</tbody>
</table>
Code for Inventories:

APPENDIX A

THE “EFFECTIVENESS MODEL” FOR DEFINING PERFORMANCE
APPENDIX A
THE “EFFECTIVENESS MODEL” FOR DEFINING PERFORMANCE

The series of seven Administrative Inventories were commissioned to measure and track the performance of the WCB. However, as we observed in Chapter Three, neither the Inventories nor the WCB defined what they meant by “performance.” In order for us to have some useful tool to map out what the various Inventories have said about WCB performance, we turned to research work that has already been done by others.

In particular, we noted that since 1985 the Canadian Comprehensive Auditing Foundation (CCAF) and the federal Office of the Auditor General (OAG) have grappled with the need to clearly define what is meant by a “well-performing” or “effective” program or organization. Both groups noted that there is no single, high level, generally agreed-upon definition of effectiveness; the literature of public administration had not found a concise definition for the word “effectiveness” that was evocative of the entire range of meanings attributed to it, even though the concept of goal attainment was generally accepted as central to the notion.

Faced with this dilemma, the CCAF felt compelled to address the issue of reporting on effectiveness in public sector organizations. The board of governors of the CCAF appointed the Independent Panel on Effectiveness Reporting and Auditing to undertake such a project. The panel comprised a number of people holding senior positions in the public and private sectors with extensive knowledge and experience in public sector management, governance, and auditing. The panel consulted with elected representatives, senior officials in public sector management, as well as with eminent practitioners in auditing and other disciplines. More precisely, those consulted included:

- members of Parliament from all political parties;
- deputy ministers and chief executive officers of Crown corporations;
- leading program evaluators and other professionals engaged in the fields of performance and organizational measurement;
- representatives of provincial legislative audit offices across Canada and the Office of the Auditor General of Canada; and,
- partners of prominent firms of chartered accountants and management consultants.

The consultations were supported by three major research projects: a review and synthesis of the literature on accountability and effectiveness; a review of how effectiveness is perceived by experts on organizational matters (see Exhibit A-1 for a partial list of other models for defining “performance”); and a review of what public sector managers have actually said about assessment of effectiveness in published documents. The results of these studies were published in 1987 by the CCAF in a single volume entitled “Effectiveness Reporting and Auditing in the Public Sector: Supporting Research Studies”.

The panel arrived at a number of conclusions with respect to the reporting of performance:

- First, “effectiveness” is a variable concept, as evidenced in the literature and in practice. On balance, effectiveness is best conceived as a multidimensional concept

---

2 Note: This summary of the panel’s findings is taken directly from the publication “Accountability, Performance Reporting, Comprehensive Audit: An Integrated Perspective”, published by CCAF in 1996.
incorporating and linking several facets of performance that key stakeholder groups – taken as a whole – would judge as generally responsive to their interests.

- Second, those who govern our public sector institutions are faced with formidable challenges, choices, and decisions. They also have a fundamental responsibility to know what is being done and accomplished by those to whom they have delegated authority and resources. To know this, these governing bodies need information that is organized and presented in a way that responds to their strategic interests. They need to be able to deal with this information in a practical sense, and to have confidence in its being reasonable to the circumstances.

- Third, management – as the party to whom authority and resources are delegated by their governing body – is in the best position to report on the effectiveness of their organization and major lines of business (that is, make management representations or explicit evidence-based statements about effectiveness). As the party receiving this delegation, it logically and first falls to management to demonstrate their accountability – through reporting. The panel judged that – after many years of investment and learning on management’s part in relation to the theory and technology of measuring and reporting on performance – now was the time to expect management to play this role.

- Fourth, to expect management to play this role – and others to play their part, as well – a reasonable starting point needs to be established from which appropriate actions can be discussed, agreed to, and then taken. To this end, the panel proposed a framework of twelve attributes of effectiveness that, collectively, cover all the important aspects of a public organization’s performance. By reporting on how well it is doing in respect to each of these attributes, an organization is answering all the significant questions that its governing body and other stakeholders are likely to ask. People can then make informed decisions about the organization and its management.

- Fifth, certain of the attributes will be more significant to some organizations than to others. Some may not apply at all. Time and circumstances may affect the significance of some attributes. Common sense is to be used in the application of the framework.

Exhibit A-2 summarizes the 12 “attributes of effectiveness” proposed by the panel. This approach to measuring and reporting on performance has since been adopted by the federal and BC offices of the Auditor General. These agencies, along with the BC Treasury Board, are actively urging public sector bodies to use this effectiveness model in measuring and reporting their performance.

We have therefore used this effectiveness model and its 12 attributes of effectiveness in mapping out what areas of performance have been addressed by the Inventories. In a separate report, we again use this model to report to the Commission what the Inventories have credibly observed and recommended concerning the performance of the WCB and of its individual components.
1. **The “Achievement of Goals” Model:** Of all the meanings attached to the word “effectiveness”, probably the most common is related to the achievement of goals. Different authors, with different value system have their own conceptions of effectiveness, but what brings them near one another is goal accomplishment or performance in meeting objectives.

2. **The “Three-Part” Effectiveness Model:** In practice, when discussing organisations, the word “effectiveness” is typically modified by one of three terms:
   - **Program** effectiveness relates to the continuing relevance of a program, the attainment of its intended objectives, its impact, and its cost-effectiveness;
   - **Operational** effectiveness relates to the achievement of output targets, to the delivery systems for the goods and services produced, and to the cost-effectiveness of these systems.
   - **Organizational** effectiveness relates to the overall capability of the organization and the interactions among strategic planning, management structures and processes, and human and financial resources – all in relation to the mission and goals of the organization and the external environment.

3. **The “Value for Money” (or 3E) Model:** This approach was given shape by the Auditor General of Canada Act in 1977 and was re-enforced by the Royal Commission on Financial Management and Accountability report in 1979. In contemporary usage, “value for money” summarises three separate but interrelated values: economy, efficiency and effectiveness, often referred to as the 3E’s. (There is no universally agreed-upon definition of these three terms.)

4. **The “Four Perspectives” Model:** By the mid-1980’s, the literature had not yet produced a convenient and comprehensive framework that would lead to an overall judgement on the success or effectiveness of a program or public policy. But it had succeeded in identifying a hierarchy of so-called effectiveness constructs that summarised a variety of notions, attributes, and models. One grouping provides four perspectives on effectiveness:
   - **constituency/political perspectives:** recognizing that many organizations and individuals have competing interests;
   - **goal-achievement perspectives:** recognizing multiple stated or unstated goals;
   - **structure/system perspectives:** recognizing that effectiveness is a function of internal structures, systems, and attitudes;
   - **resource acquisition/survival perspectives:** recognizing that such attributes as resources attraction, environmental adaptation, and longevity may be ultimate indicators of effectiveness.

5. **Campbell’s “Thirty Criteria” Model:** J.P. Campbell’s list of attributes of organizational effectiveness is frequently cited in the literature. This list contains thirty effectiveness criteria and was intended to account for “all variables that have been proposed seriously as indices of organizational effectiveness.” Subsequent authors have observed that Campbell’s list is not exhaustive, is not relevant for all types of organisations, and consists of a mix of causes and effects.

6. **The Quinn and Rohrbaugh “Seventeen Criteria” Model:** Robert Quinn and John Rohrbaugh reduced Campbell’s thirty criteria to seventeen, presumably in the belief that some criteria were
subsumed by others, as their list looks similar to the one they had reduced. These two sets of criteria to assess effectiveness nevertheless constitute useful frameworks for attributes.

7. **The “McKinsey 7-S” Model**: Another branch of the literature on effectiveness has to do with attributes of management effectiveness. It looks so much like organisational effectiveness that, to many, management effectiveness is a stylistic variation of organisational effectiveness. While it is largely centred on the work force (organizational effectiveness), it concentrates on the behaviour and style of the senior cadre of management, hence the appellation. To use one example, in the early 1980s, to develop the thesis of their best-seller *In Search of Excellence* Thomas Peters and Robert Waterman started by applying what was known at the time as the McKinsey 7-S framework, which they had developed earlier and which identified the following:

- **strategy**
- **structure**
- **systems**
- **style**
- **staff**
- **skills**
- **shared values**

These were all interconnected graphically in a web resembling the structure of an atom.

8. **The “In Search of Excellence” Model**: Peters and Waterman were not entirely happy with the 7-S structure, as it could not distinguish a good organization that has a certain element of inertia from an innovative one with a great capacity to adapt to rapid changes in the world and in the marketplace. They needed some distinctive marks to tell them which among all the good companies they were looking at were excellent. They decided that, generally speaking, only innovative organisations deserved to be called excellent. More precisely, continuous innovation was defined as the mark of excellent companies. Their study of dozens of highly reputed companies led them to conclude that a set of eight behavioural attributes or tendencies was present in what they regard as excellent innovative companies:

- a bias for action
- close to the customer
- autonomy and entrepreneurship
- productivity through people
- hands-on, value driven
- stick to the knitting
- simple form, lean staff
- simultaneous loose-tight properties

9. **The “Passion for Excellence” Model**: As a sequel to *In Search of Excellence*, Thomas Peters and Nancy Austin produced *A Passion for Excellence*, which reinforced the concentration on people, and management presented in the first book. Passion was defined as comprising the following elements:

- care for customers
- constant innovation
- leadership (MBWA—management by walking about)
- people

10. **The “Baldrige Seven Criteria” Model**: The Baldrige Award was established by the Malcom Baldrige National Quality Improvement Act, signed by President Ronald Reagan in 1987. It was named after the late secretary of commerce. The act called for the creation of a national award to promote quality of goods and services produced in the United States and the development of guidelines and criteria that organisations could use to evaluate their quality-improvement efforts. It was left to the National Bureau of Standards (now called the National Institute of Standards and Technology) to produce a seven-category, 1,000-point scoring system. Those performance indicators constitute a sort of effectiveness framework.

Companies submit applications of up to seventy-five pages (up to fifty pages, in the case of small business) with descriptions of their quality-improvement practices and performance in each of the following seven areas:

- leadership
- quality assurance of products and services
• information and analysis
• strategic quality planning
• human resource utilisation

• quality results
• customer satisfaction

11. The National Quality Institute Excellence Award for Quality: The National Quality Institute has developed a set of total-quality criteria that organisations can use as a basis for self-assessment and that serve as a basis for adjudicating the Excellence Award for Quality. These quality criteria are integrated under a general “framework for effective organisations” that focuses on six broad areas, further broken down into twenty-one sub areas. The six areas are:

• leadership
• customer focus
• planning for improvement

• people focus
• process optimisation
• supplier focus

All the above are seen as linked factors that work together to drive the key outcomes related to customer, employee, investor, and supplier satisfaction.
REFERENCES

Most of the 11 models noted above are described in greater detail in the “General Literature Survey Project” in *Effectiveness Reporting and Auditing in the Public Sector: Supporting Research Studies* (Ottawa: CCAF, 1988).

More detailed descriptions of certain models are found as follows:

- **Campbell’s “Thirty Criteria” Model:** J.P. Campbell, in Paul S. Goodman and Johannes S. Pennings, Eds., *New Perspectives on Organizational Effectiveness* (San Francisco: Josey-Bass Publishers, 1977).


- **The “In Search of Excellence” Model:** IBID., 13-15.


EXHIBIT A-2
THE 12 ATTRIBUTES OF EFFECTIVENESS

1. **Clear Management Direction:** The program or organization, in order to be effective, should have clear and understood objectives which are reflected in its plans, structure, delegations of authority and decision-making processes.

2. **Relevant Objectives:** In order to be effective, the program or organization’s objectives should be relevant to the problems or needs of its clients.

3. **Appropriate Design:** In order to be effective, the program or organization’s policies, activities, level of effort, skill profile, and organizational structure should be logical in light of the specific objectives to be achieved.

4. **Achieving Intended Results:** An effective program or organization should achieve its goals and objectives.

5. **Satisfied Clients:** In an effective program or organization, the clients should judge it to be satisfactory.

6. **Reasonable Costs and Productivity:** To be effective, there should be a reasonable relationship between the program or organization’s costs, inputs and outputs.

7. **Responsive:** An effective program or organization should be able to adapt to changes in such factors as available funding, technology, social trends, and client concerns.

8. **Positive Working Environment:** To be effective, the program or organization should provide a positive working atmosphere for its staff, offer appropriate opportunities for development and achievement, and promote commitment, initiative and safety.

9. **Protecting Assets:** An effective program or organization should safeguard its important assets (key personnel, records, agreements), so that the organization is protected from the danger of losses that could threaten its success, credibility and continuity.

10. **Positive Financial Results:** In an effective program or organization, its financial systems comply with sound policies and its overall financial position is viable.

11. **No Negative, Unintended Impacts:** An effective program or organization should not generate negative, unintended outcomes or impacts.

12. **Regular Monitoring and Reporting:** In an effective program or organization, performance should be targetted, reported and carefully monitored on an ongoing basis.