Managing change processes in local government reform: a qualitative approach

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CERTIFICATION

I, Mahendrapratap S. Sharma declare that this thesis, submitted in partial fulfilment of the requirements for the award of Master of Management - Research, in the School of Management, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

Mahendrapratap S. Sharma
29th March 2011
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ABSTRACT:

The objective of this study is to analyse the ways in which different councils in NSW local government have attempted to improve their strategic and operational capabilities, including restructuring of their organisations in order to facilitate the development of innovative operational methods aimed at more economical and coherent infrastructure management. No unanimity exists in how to reform local government in order to ensure the achievement of these objectives. The legislative frameworks as it exists in NSW has placed greater emphasis on the nature of individual council management itself as a critical aspect of local government reform and attribute substantial weight to the capacity of management at the individual council level to adapt and adjust to changing external expectations. The non-prescriptive approach adopted by NSW state government in this regard has resulted in councils adopting a larger variety of reform routes because of the greater flexibility to experiment with different models. What has been the strategy behind such models? What are the principal factors inspiring different change approaches? What degree of success has been achieved in different cases? Can performance improvement be achieved without radical change or restructuring? If so under what conditions? Taking inspiration from this research theme, this study of reform methodologies attempts to address the following research problem:

“Through what processes have local councils in NSW Australia attempted to manage the transition from traditionally bureaucratic organisations to organisations that efficiently and effectively meet the need of their customers, provide democratic governance and supply competitive and value for money services to their respective communities?”

This study is based on a multiple case study design in which each council is selected in consideration of its dedicated pursuit of a focussed and identified reform route and on the grounds of that council’s ability to adequately represent the phenomenon being investigated. The suitability for selection as a case study council is also based on the features like balance and variety it may bring with the opportunity to learn of primary importance. The data is collected through the triangulated approaches of personal observation, interviews and document analysis. The process of collection, analysis and coding continues till saturation is reached and the information so obtained is categorised under the headings “content”, “context” and the “process” of the reform path at each case study council in their respective chapters. This is followed by a paragraph on 'discussion' which is a narration, largely within case analysis based on seven principal elements pertaining to the reform process considered and analysed in this study. Further discussion of the seven principal elements in the context of local government reforms, along with
a cross case analysis, is done in the last two chapters. The answers to the research problem emerging from this analysis suggest that:

1. An accurate analysis of the prevailing situation at a council and a correct estimation of the gap between the existing and target situations within a specified time frame has played a major role in deciding the approach to be followed at that council. This includes the type of organisational model and the reform path. In addition the General Manager’s personal characteristics especially the ability to walk the talk (resembling a missionary torch bearer) along with his/her senior team also plays a pivotal role in choosing the nature of the reform path and the type of organisational structure. Skilful implementation of this strategy has made the General Manager feel confident about being able to apply the necessary controls when required and be able to fine tune the proceedings as and when required.

2. Combination of factors like convergence of the General Manager’s own career objectives with a council’s organisational objectives and possession of a right mix of personal characteristics and leadership abilities will pretty much furnish the embryo of the change approach to be pursued. Once this has been identified and achieved, it is then up to the elected council, the General Manager and his senior management team to get together and give final shape to the change approach.

3. Viewed from this combined perspective of historical functional expectations and also the new challenges, it can be said that case study councils:1 and 4 (CSC 1 and 4) could achieve their targets of the reform process meritoriously. While the experience at CSC:4 tells us about the visionary intellect and the competent manner of the application of a large scale frame breaking approach; CSC:1 is a case of strong, smooth, streamline, simple yet professionally competent pursuance of the reform path. The ripples of the unsettling impact of the manner in which the reforms were applied at CSC:3, took time to heal; CSC:2 in much the similar fashion could reach its goals albeit at the second attempt. The excellent planning for the reforms and visions of the General Manager could only see the dilution of the targeted goals due to the difference in the capability, consistency and the type of leadership available to the different divisions at Council:5.

4. No particular organisational model emerges as a necessary prescription for the desired degree of success. It is more like a racquet that a tennis player feels comfortable with at the time of playing and it does not substitute the player’s skill or abilities. It is the dynamic leadership at the top and a sense of belonging / pride experienced by others in the organisation which facilitates the accomplishment of goals. The leadership of General Managers at CSC:1 and CSC:4 are examples of this even though both councils had different organisational models and different approaches to the change management process. This also proves the fact that performance improvement can be achieved without radical change
or restructuring if there is a General Manager who in addition to being a dynamic leader has the skills comparable to conducting an orchestra, the timing, rhythm, speed and tuning as well as the precision of a surgeon well informed about the minute details and in complete control while the operation is being carried out.
The objective of this study is to analyse the ways councils in NSW Local Government have attempted to improve their strategic and operational capabilities, including the restructuring of their organisations, in order to facilitate the development of innovative operational methods aimed at more economical and coherent infrastructure management and provision of quality services to the community.

Many thoughts have been expressed by the researchers in the fields of local government management and organisational change describing their versions of quality, efficiency and various yardsticks that can be used to measure organisational performance. Many schools of thought have enjoyed their degree of reverence, or otherwise, by observers and critics at different times and places in the history of local government. Analytical ways put forward by the Public Choice Theory have served as a tool to critically examine the mosaic of prevalent trends including the reasoning and
processes that prevailed during different stages in the evolution of local government. This phenomenon that whatever the logic and methodology behind a local government’s organisational objective, at any given time and place, not much divergence has been observed in the shape of the deliverables desired by many similar organisations in neighbouring locations (region, state or country depending upon the geographical location). Irrespective of the fondness or dislike for certain strategic concepts and their implementation strategy, a much wider convergence has been noticed in the form of ideal outcomes desired by similar organisations at around the same time in their geographical vicinity. The existence of similar organisations wanting same outcomes in the same state refers to the similar framework of constitutional laws under which these local governments can be operating. That being the case, it is interesting to look at the other end of the spectrum where lies the functional starting point for a local government’s agenda, its accepted Mission and Vision. This also leads to a convergence of views on what can be termed as “ideal desirables”. While the theoretical idealism would like to see minimal or no gap between the “desired” and “delivered”, our experience teaches us of an ever existing gap between the two, which is varied in quality and quantity. The journey from the “desired” to “delivered”, not only witnesses where the slippages / dilutions to organisational objectives (mission and vision statements) take place, but is also the route along which organisational operational reforms are introduced. These reforms try to arrest these slippages to realign the resources towards the efficient achievement of deliverables. Viewed from this perspective, organisational reforms introduced at the concept, planning or operational stage should have strong inbuilt mechanisms to serve as ‘steering or concurrent controls’ which keep the deviations during the planned delivery process to a minimum, introducing the corrections almost simultaneously as they are needed. Less the deviations, smoother the path should be for operational
success. Greater the delay in identifying deviations from the planned operational route, the costlier the process of quantifying deviations, identifying their cause, choosing suitable remedial measures and arrange for the resources needed for strategic realignment, planning and rededication on an ideal route. When the organisation’s mission and vision, and the operational processes based upon them are found to be out of touch with the contemporary needs of the community, the organisation is usually in need of business process reengineering aiming at a phoenix like revival.

In Australia, the government is structured in three tiers: the national level, six states and two territories at the intermediate level, and more than 600 local government units, representing a comprehensive, if varied and fragmented, delivery system. Local government is established by state (or territory) legislation and has been described as a “creature of the states”, confined to a relatively narrow range of functions regarded as the weakest range of local government functions of any western country (Aulich 1999a).

Australian Local Government has traditionally been held in check by state government acts, which have long placed strict limitations on the scope of their activities and services. The development of local government has been moulded by individual state political cultures, and the overall result has been a broadly similar approach, with distinct variations in style (Marshall et al 1999). Traditional local government organisational culture developed over many decades in response to prescriptive state acts stressed administrative and compliant behaviour from local councils rather than strategic management proactivity. This culture received considerable criticism because of its bureaucratic and paternalistic nature, and failed both to take sufficient
account of the needs of local residents and to ensure the supply of competitive and value-for-money services to its local communities.

The last decade has seen considerable changes in Australian Local Government as it has become “released from the stranglehold” (Aulich 1999b) imposed by the restrictive statutory prescriptions of state government legislation and regulation. Restrictive statutory prescriptions directed and controlled the industry for many decades. From the early 1990s different states began to introduce legislation aimed at reforming local government. The overall objectives of these legislative changes has been to introduce a reform process that would make local councils more responsive and accountable to their own local communities, be more strategic and forward-thinking in their policy making, more customer-focused, and more business-like and competitive in providing local services.

No unanimity exists in how to reform local government in order to ensure the achievement of the above objectives. Local government reform is occurring in different ways and at different rates throughout Australia. The state of Victoria has been seen as the most prescriptive and proactive (Martin 1999). In 1994 Victoria followed the United Kingdom (UK) lead in introducing legislation, stipulating the introduction of Compulsory Competitive Tendering (CCT). In 1999 Victoria again followed the UK in abandoning CCT and replacing it with a broader system based on best value.

Other states, however, have been less directive with the reform of their local governments. In such states CCT has not been legislatively prescribed, thus leaving local councils more opportunity to explore other reform avenues from an earlier stage.
This has resulted in such councils adopting a larger variety of reform routes, because of their greater flexibility to experiment with different models. To facilitate reform, legislative changes during the 1990s have designated the general manager (and not the Mayor) as CEO, and make a strict separation between the political and managerial sides of the organisation. Elected representatives have been made responsible for strategy and planning, whilst the general manager has been made responsible for the implementation of strategy, staffing matters, and the day-to-day operational affairs of management.

The above mentioned legislative reforms have implicitly placed greater emphasis on the nature of individual council management, itself a critical aspect of local government reform. The reforms attribute substantial weight to the capacity of management at the individual council level, adapting and adjusting to changing external expectations. In particular there is now a greater expectation that the general manager assumes the role of leading the charge in regard to organisational reform. Some research has already indicated the strategic significance of the views and attitudes of the incumbent CEO in influencing the initial reform responses of a number of Victorian Councils (Ernst and Glanville 1995). General Managers are now expected to possess leadership, vision and other change management skills of an order not previously exercised in local government. The emphasis in their role is transformed from administrative compliance to managerial proactivity. It could be argued that the general manager now represents the glue that holds the whole organisation together. He/she occupies a crucial position at the political-managerial interface of the council, and needs to exercise the necessary balance of skills to synergise the situation.
Reforms taking place in the local government sector in Australia during the past couple of decades have largely originated in the UK either in the form of CCT or best value (for more information on the UK best value debate see Martin, 1999; and Martin and Hartley, 2000). Traditionally the British have relied on blanket solutions imposed on similar categories of metropolitan regions. This has not been the case in Australia, with the exception of Victoria where disenchantment with CCT has now led to an experiment with ‘Best Value’. In NSW while CT (Competitive Tendering) has not been made compulsory, councils have attempted to bring about “change” and be more accountable in various ways including CT (gradual change in some cases) and different measures for being competitive. Some councils have attempted to bring about change on a large scale, for example, radical restructuring or business process reengineering, whereas other councils have opted for more eclectic models of change.

A number of questions can be raised. What has been the strategy behind such models? What are the principal factors inspiring different change approaches? What quality of planning has preceded the introduction of reforms? If the planning has been positive, then has the planning process been supported by an equally effective operational plan? What degree of success has been achieved in different cases? Can performance improvement be achieved without radical change or restructuring? If so, under what conditions?

In NSW, although different councils have faced the same legislative prescriptions, they have not adopted the same reform methodologies. Jones and Gross (1996a; 1996b; 1997) introduced into the literature the distinctions between incremental, decentralised and dismantled councils based on different contextual environments, contingency conditions, and leadership styles of the CEO. This approach was based on detailed
qualitative field research aimed at “getting under the skin” of different councils and stressing a grounded, processual and longitudinal research methodology (Jones 2000; Jones 1999a; Jones 1999b; Jones and McLean, 1998). Qualitative research that is both grounded (Glaser and Strauss, 1967; Glaser, 1978; Strauss and Corbin, 1998) and processual (Pettigrew, 1987; Pettigrew, 1997) has enjoyed a long but controversial history, and has only been recently introduced into the analysis of local government reform.

Taking inspiration from previous research, this study of reform methodologies in NSW local government attempts to address the following research question:

**Through what processes have local councils in NSW Australia attempted to manage the transition from traditionally bureaucratic organisations to organisations that efficiently and effectively meet the need of their customers, provide democratic governance, and supply competitive and value-for-money services to their respective communities?**

While this study focuses on the quality of planning that has been put into the reform process followed by the efficiency of the mechanisms deployed in the delivery process, the Local Government Reform Process has in its comprehensive sense encompassed much more than “doing more with less”. Ed Winseng (1997) writes, “Around Australia many external factors, such as deregulation of financial and other markets, competition policy, industrial relations reforms, and corporatisation or privatisation of key public utilities and enterprises, have also influenced local government reforms. A graphic picture of these factors with “time” being an important parameter is presented in
Chapter: 3 Reform Methodologies’ of this study. The capacity of the management to adjust to external change requires the explorations of the dimensions of content, context and process of the strategic change. This study aims to look deeper into the Local Government reform process through the prism of ‘time’ and ‘history (the chain of events)’. The holistic fashion in which this is to be undertaken will try to identify if particular patterns are visible in the process, and look for the factors, parameters, and / or instruments which help form such patterns. The case study explorations begin with the analytical chronology, establishment of patterns, sequences across levels of time and utilising them as means for further investigation in search of answers to the research question. ‘Strategy’ is seen as a process rather than a state in the analysis of the management of reform process. At the other end of the spectrum, the outcomes of the reform process especially the operational aspects of Local Government Service Delivery functions are influenced by the organisational structure, levels of control, and accountability and ownership (Witherby, Dollery, Auster and Marshall, 1999). Advocating against adoption of standardised outcomes, these authors have recommended a reform process which allows different outcomes, the freedom to choose reform mechanisms that have sensitivity to the needs of the communities. The case study councils chosen for this study reflect this thinking while seeking answers to the research question.

In addition to the broad framework for research stated in the previous paragraph, a closer look at the strategies used by the councils at every stage of their chosen reform processes has also become necessary to ascertain the basic motive behind every manoeuvre considered at the concept planning stage and successive stages in the implementation phase. The provisions of Local Government Act give wide ranging powers to the General Managers when it comes to the engagement of staff to carry out
works. The General Managers usually coming with a four to five years employment contract are under pressure to prove their worth within that time frame. How does this impact the long term visionary objectives for the councils and staff recruitment policies (human skills) is a point to consider. Are these parameters compromised in favour of short term popular measures? What is the culture of Australian local governments? How well the policy planning (legislative) authority can combine with the executive authority vested in the appointed General Managers? To what extent the philosophy behind the provisions of the Local Government Act for the attainment of these objectives has been successful? An attempt has been made to explore this subject by closely examining the manner in which councils in NSW have carried out their reform processes.
LITERATURE SURVEY

2.1 INTRODUCTION:

This research concerns the transformation attempted by local councils in NSW Australia as they evolved from traditional, typical public sector organisations in response to changes on a global, national, local and local government industry level over time. The many other factors affecting Local Councils organisational life and the very purpose of their existence is explored. The study of literature has progressed along this direction. A brief look at the main events taking place and impacting on the functioning of local governments in some way is observed. Attention is then focused on the western democracies (more culturally than geographically) whose ideological thinking have influenced the Australian Local Government sector. It is therefore not intended for this chapter to be showing an all encompassing view of world history in local government. Attention is focused on the tools, ideologies and methods used to implement the reforms. This research gives an idea about the relative merits of these tools and methods, and this provides a glimpse of what is missing in the ‘game’- inadequacy or error in planning requiring visionary
realignment or a change in the method of implementation. The study then concludes with the discussion and implications of the findings.

2.2 IMPACT OF DEMOCRATIC THOUGHT PROCESSES, STAKEHOLDER INTERESTS AND POLITICAL IDEOLOGIES ON THE POSITIONING AND FUNCTIONING OF LOCAL GOVERNMENTS IN THE NATIONAL CONTEXT:

Viewed in the context of events taking place at an international level, World War II triggered many socio-economic developments. It set aside the question of effectiveness of women in the workforce and saw a large number of women stepping into the work arena to respond to the challenges of time. The challenge to rebuild our environment and infrastructure following the large scale destructive and paralysing effects of the war, lead to a need to revive the economy. The facilitation of this revival invited the broadening and development of educational and professional skills which impacted on the structures, policies and operational methods of the governments. The organisational changes in the US and the UK cast shadows on the way management of community needs and operations were carried out in Australia. The last addition to this chain of events was the way economic management had been carried out in Australia. The floating of the Australian dollar in December 1983, and other economic reforms that followed, contributed towards the change in perceptions about how the local government operated. Tucker (1997) citing his elaborate research in this field, has explained how the focus has been shifting from administration to management.

It is true that local governments in NSW had hardly any say or significant voice in the setting of rules governing them. Their role from an essential local service provider has
broadened to include community vision affecting the environment and consequent expectations from the citizens. This has resulted into an increase in the number of focal points and multiplicity of contexts shaping the organisational forms, culture and the philosophy behind the planning and service delivery process. These factors have acted as a trigger for the changes and reforms over time. The freedom provided by the NSW State Government to their local governments in choosing their own reform path has brought an array of administrative actions displaying tranquillity as well as turbulence, complexity and simplicity and collectivity as well as individuality, in the planning and implementation of reforms. In the absence of a “prescription for the reform process” from the State Government, various reform routes have emerged with varying degrees of success. This has seen the surfacing of complex variables, actions taking place at various interfaces, behaviours having their origins in different strategies and compulsions, altogether presenting a scenario involving more variables than cases. From this perspective, a multiple case study design has been adopted for this research to answer the questions of how and why associated with this study.

While the developments in the UK Local Government sector have had their impact on their counterparts in Australia, the phenomenon needs to be seen in a global context for a holistic view. Universe has been undergoing Change ever since its creation. History tells us that different people at different places and times have tried to analyse this process and give a logical expression to their thoughts. As a consequence we have theories of social contract examining the very nature of our social fabric, the Community. We also have the utilitarian and idealist school of philosophers at the very root of our modern governance systems. The similarity visible in the end results, to be targeted, has revealed divergent approaches and mechanisms being employed to achieve similar goals. To cite an example, the British have relied on blanket solutions imposed on similar categories of local
governance systems as opposed to Canadian Local Government, which has attempted to
introduce reforms in a reasonably methodical way, often subject to comprehensive review
processes controlled by the province, contrasting sharply with the locally initiated, self-
starting, sporadic and metropolitan reform efforts typically observed in the US (Grant,
1958). While what happened in the local government sector globally over the years
shows some logical progression of events, it is the unfolding of events in the western
democracies such as the UK, US, Canada, Scandinavian countries and European Union
during the last two or three decades which bears more relevance to the present local
governments in the Oceania region. It is for this reason; that the literature pertaining to
the developments in these countries has been studied and briefly noted here.

2.2.1 UNITED KINGDOM:
Local government evolution in the UK has been characterised by processes attempting to
establish central controls over powerful landed interests or wealthy commercialising towns.
The Monarch had to govern through a parliamentary system considerably influenced by
the landed interests. The centralisation process was perceived as a threat by land
owners and commercial stakeholders much in disregard to the local community interests.
The first challenge to this arrangement came from the emerging industrial forces which got
their recognition when the 1832 Electoral Reform Act allotted more seats in the House of
Commons to larger industrialising towns. This paved the way for the emergence of major
cities of Birmingham, Manchester and Leeds. The new administrators of these cities tried
to achieve self dependency for their services instead of continuing reliance on the private
sector. While the trend towards centralisation continued, the events unfolding in the early
20th century revealed that Party loyalty was far more necessary than loyalty to the locality.
Chandler (2004) writes, “Between 1900 and 1918 the rise of new-liberal ideology and the
Labour Party along with the consequent decline of business interest in local government
service and fears among conservatives of socialist municipalisation all conspired to radically change the dual policy ethos.” The central government role was seen as ‘prescriptive’ whereas the local government’s role seemed to be ‘compliant’. Powell (2004) in his paper ‘In Search of New and Old localism’ writes, unlike federal countries, local governments in the UK had no constitutional status with Britain being a unitary state and the power resting with the Crown in Parliament. This suggests an agency relationship rather than partnership. Smith (1971) states that the relationship was a partnership, however, ‘between the rider and the horse’! Both the Liberal and Labour parties in their own ways consolidated the trend towards centralisation. The issue of reforms to local government started gathering momentum during the Churchill and Eden Governments. The supporters of modernisation who had aligned themselves with the academics were instrumental in the formation of Redcliffe – Maud and Herbert Commissions. This opened the doors for substantial territorial consolidation of local governments in England and Wales. This further highlighted the need for new structures facilitating improved internal operations. Malcolm Bain, the Kent council clerk provided a report advocating the eradication of “departmentalism” throughout English Local Government and corporatisation under the dynamic leadership of an appointed CEO. On the other hand the decreasing influence of the industrial link followed by the gradual erosion of grassroots localism ultimately led to a situation where the national voting considerations took precedence over local interests in the local elections. As the events of later years proved, the Liberal Party had its own scepticism over extensive local autonomy and feared that the Labour Party may again promote redistributive socialist policies at the local level. The perceived necessity to implement centrally determined policies by Labour further consolidated the centralism process. The Liberal Governments of Thatcher and Major helped continuance of central dominance as a means to oppose the labour inspired welfare politics.
Significant and at times controversial changes to the local government structure took place during the last two decades of the twentieth century. One such step taken by the conservative government was the abolition of Greater London Council and the metropolitan counties in 1986. The appointment of Local Government Commission in 1992 and its functioning in the years to follow demonstrated that the process of reforming the local government structure was never going to be a smooth ride. While consistent efforts by the conservative governments have largely been considered responsible for imposing central dominance, the local governments continued their search for avenues of independent policy making in other areas. Atkinson and Wilks-Heeg (2000) state, “They have done so by forging relationships with actors and institutions, both locally and internationally, which operate outside of the direct control of central government. In other words, local authorities in the UK have pursued a policy of ‘creative autonomy’.” These efforts in search of creative autonomy, as the years that followed have shown, have received support by wider changes to the environment in which local government functions. The changes and the opportunities have surfaced side by side and have created a platform for local government to play an important role in the changing equations of power dependency. The conservative government of Margaret Thatcher introduced NPM (New Public Management) emphasising optimal use of resources and outcomes. This brought an element of competitiveness in the way local governments used to conduct business and the empowerment of operational staff in the decision making process. Compulsory Competitive Tendering (CCT) was imposed on local governments by legislation. When Tony Blair went into leadership for the Labour Government, CCT was replaced by Best Value Framework. Apart from this there has been no change in the effective continuance of financial restrictions. Further complexity is added to this scene by a desire to give a better functional autonomy to local governments, however there is
reluctance to let go the central controls. The Labour Government made it clear that greater autonomy for local government is dependent on the latter’s ability to modernise (Atkinson and Wilks-Heeg 2000, p.274). It will be interesting to wait and see how the future unfolds for local government operating under these circumstances in the UK.

2.2.2 UNITED STATES:

The third tier of government in the United States (apart from Federal and State Governments) is the local government, some 30,000 governments in cities and other local communities. This number can swell to over 87,000 if it is to include over 3,000 counties, nearly 50,000 school and other special districts. The American Local Governments have evolved on the British system (Shires) of elected councils. Swift, Dy. Director, City Mayors’ Government points out, that the difference in the American system is that there is also a strong executive level. Local governments in the United States are either territorial (some country governments and local districts) or corporate, based on a charter. These charters have the consent of the states and they are not expected to contradict state law. About half the states have “home rule” provisions for local governments under which they can exercise all powers not prohibited to them.

The local governments in the US are either of the mayor – council form (the oldest of the three forms), the Commission form and the City or Council – Manager form. The Commission form (each commission being responsible for at least one city department) is regarded as an important manifestation of the impulse in the direction of efficiency by employing experts (Nick Swift – City Mayors’ Government). Some however disagree with this. The Mayor – Council form has a separation of powers between the elected Mayor
and city council. The Council – Manager form has an elected city council with a professional city manager.

Reform efforts in the American Public Sector began in the late 1800s. In 1886 Woodrow Wilson attempted to reform the civil service by changing its image. More result oriented and efficiency improvement measures were introduced. The next cycle of reforms (1940s to 1970s) aimed at improved budgetary controls and the introduction of Planning, Programming, Budgeting System (PPBS), Management By Objectives (MBO) and Zero Based Budgeting (ZBB).

Research by Mogulof (1971) on the governance of metropolitan areas takes note of the progress made in the development of organisational forms in the US, which have included the special single-purpose district, the amalgamation of local governments, the annexation of unincorporated communities into core cities, new regional responsibilities, multipurpose governing mechanisms and voluntary governmental cooperation. All these developments underline the necessity for additional governance capabilities. These efforts have been evaluated and commented upon by various critics. Gunlicks (1981) observes, “The local government scene in the US has not, then, been characterized by reform, but by accommodation, adaptation and piecemeal and very incremental adjustments to new pressures and changing conditions.” While the concurrence is that creation of special districts has been a less costly, and less turbulent, way of introducing changes, Erie, Kirlin and Rabinowitz (1972) feel that the process has been largely reactive in response to fiscal and service crisis rather than an anticipation of future needs. According to Hawley (1976) local governments in US are the creatures of the states. The states have kept themselves aloof from local concerns under the guise of home rule which would rule out any change to local boundaries without the consent of local voters. In these circumstances, any change
at local level could surface by volunteerism. While volunteerism looses much of its effectiveness in difficult and controversial areas like poverty, unemployment etc, it is not effective as a resource distribution mechanism. This is further complicated by the dissimilarity in the problems encountered over an urban region.

While this has generally been the scenario in the US Local Governments, it is interesting to see what Edwin A. Gere Jr. (1984), who taught as well as served the Massachusetts Local Government, has to say about the developmental change and modernisation in Massachusetts Local Governments. He looks at modernisation process from the perspectives of reform as well as professionalism. Gere (1984) characterises the early reform movement and the home rule movement with an effort to better coordinate financial matters and modern human resource practices. Integrated administrative approaches saw ‘control’ being achieved through the power of appointment. Such control tactics led to the centralisation in the administrative process. In other words, the price of reform was the loss of a decentralised structure. The reforms in the manager / administrator movement were responsible to introduce professionalism in the process. Gere (1984) states, “Modernisation represented desire, while professionalism reflected a compelling need. This is evident in home rule charter commission deliberations in that the need for central administration with a professional approach is inevitably recognized.” As it turned out, professionalism emerged more successful than reform. The debate that followed centred on the comparative usefulness and adequacy of reform versus professionalism. While reforms were identified with the structure / machinery being used, professionalism with its wider pervasiveness was increasingly identified with the dynamics that kept the machine running. Professionalism gained convincing acceptability and the price to be paid for this was the willingness to embrace ‘change’ and to do away with the long
established practices and procedures. Professionalism, thus emerging as the tool for informed merit based decision making.

The 1970 – 1980 period saw further emphasis on PPBS, MBO and ZBB aimed at improved program productivity and responsiveness to client needs (Patria de Lancer, 2000). The next cycle of reform that followed had more emphasis laid on cutting government costs. Privatisation seemed to be more attractive. The concept of accountability gathered momentum and the mechanism for delivery process, programme mission, performance targets and reporting system received attention. In this way, all levels of government embraced ‘managing for results’.

2.2.3 CANADA:

There are three levels of governments in Canada viz. Federal, Provincial and Local. Included under the broad banner of local governments are the municipal, school boards and various other boards, agencies and commissions. All local governments are created by the provincial government through a clause in the constitution that allows them to delegate some responsibilities to another government body.

Canada, a country with overwhelming urban population (more than 75% in 1971) had been confronted with further urbanisation due to increased economic activities and industrialisation. The increased consolidation brought with it the challenges in the planning and services sector, and also that of providing appropriate governance in the growing areas. While the provincial governments were sceptical about federal government’s motivation and commitment to meeting these challenges, they were also concerned with the fear that emerging Canadian cities may lack sound all-round
developments as was the case with their American counterparts. While there was no compulsion of massive infrastructure repair and rebuilding after World War II the demographic variation was much less as compared to the UK and the US. Canada experienced a multifaceted experience and approach in facing the urbanisation challenge and consequently that of local government reforms, which stemmed from the need to address service crisis. These reforms, apart from rationalising the municipal system and arranging services in an efficient manner, were aimed at meeting the planning and financial crisis. All these efforts were to ensure the effectiveness or good government at local level (Fieldman and Graham, 1981). It was observed, except the province of New Brunswick, that no other provincial government adopted a comprehensive approach to the services offered in both rural and urban areas. As a result local governments in New Brunswick could bring about reforms in their financial management, as well and those in the province of Ontario devoted much of their efforts in carrying out structural reforms.

Summing up, Fieldman and Graham (1981), have noted there has been overwhelming reliance on structural reforms rather than financial or program oriented reforms. It is obvious, elsewhere in such cases structural reform processes enjoy their share of resistance too. Swift (2004) states, “Local governments in Canada derive all their authority from provincial legislatures and thus have the least autonomy of any levels of government……In terms of the spectrum, among advanced countries, of the ratio of local government expenditure to gross domestic product (1993 figures), Canada was approximately in the middle, at 9.6%, between Australia at 2.6% and Denmark at 32.9%. These figures, of course, reflect the range of responsibilities accepted by local government in the respective countries.” The limits set to their revenue base have proved to be the most serious limitation on Canadian Local Governments.
2.2.4 SWEDEN:

On entering the European Union in 1995, Sweden added an additional level to the existing three levels of government viz. National level, Regional level and the Local level. The 1992 Swedish Local Government Act regulates the division into municipalities and the organisation and the authority of municipal and county councils. In Swedish Local Government, similar activities can be carried out by either municipalities or county councils. The large number of municipalities that came into existence following the 1862 local government reform were reduced in numbers with the creation of larger municipal units (in both geographical and population terms) in order to facilitate better performance of the tasks. The new conditions for municipal boundaries were created by the 1950s modern industrial society. Local self-government laid down in the constitution since 1974 essentially underlines the importance of local authorities in being independent and free to make their own decisions within certain limits. The Local Government Act 1992 regulates the functioning of assembly, committees, and council boundaries. As far as the rights for local authorities to issue regulations are concerned, they are allowed to decide on local traffic regulations, refuse collection rules etc.

Information material produced by the Ministry of Finance on 10/1/2005 states, “The democratic system in Sweden includes some elements of direct democracy, like advisory referendums, citizens’ proposals to local assemblies and user management boards. (Local government in Sweden – organisation, activities and finance)” This publication further states, “The key concept for the Swedish model of public administration is decentralisation. This means that both responsibility for services and decision-making should be placed as close as possible to the people affected by decisions.” The process has further benefits in that the local administration is able to orient itself better towards local conditions and more
effective utilisation of available resources. The prevalent system expects the setting up of national objectives for municipal activities by the Government and the Riksdag (Parliament). The scope of municipal activities and the division of responsibilities between the regional and local governments is shaped in this manner.

Elected representatives (at least three) appointed by the assembly act as auditors for every local authority. They in turn are assisted by professionally qualified expert auditors. They scrutinise the actions taken by committees, local government enterprises and individual members. There is a provision for ‘legality review’ for local residents against local authority decisions. This is the control mechanism available to the local residents against their councils, should they disagree with any of council’s decisions.

The Minister for Local Government and Financial Markets, Sven-Erik Osterberg, points out that to ensure the equality of services available to the residents irrespective of their place of dwelling, a system of local government equalisation has been put in place to distribute the growth between municipalities and county councils. It consists of revenue equalisation and cost equalisation. The councils with a tax capacity below a level set by the state receive an equalisation grant from the state under revenue equalisation scheme. Also there is a system of compensating disadvantageously placed councils with regard to their structural costs and charging the favourably placed councils in this regard. The local governments are not allowed to charge fees that are higher than costs of services they provide under the cost-price principle.
2.2.5 FINLAND:

Local government in Finland is based on local self government by the people. According to the provisions of the Finnish constitution, the residents elect the supreme decision-making body, the municipal council which is the general decision making authority in the local affairs. Besides having specified responsibilities, the local authorities have the power to make financial decisions and the right to levy taxes. The Local Government Act while preserving the diversity of municipalities ensures that the residents’ welfare is achieved in a democratic manner. Siv Sandberg (Abo Akademi University, Finland 2004) writes, “The self – governmental branches of the regional level in Finland is constructed indirectly through sector based joint municipal authorities which are financed by-the primary municipalities and governed by decision-makers appointed by the primary municipalities”. While larger cities and their surrounds have facilitated the creation of functional regions, the creation of democratic regional level, as suggested by the European Union, is brought about by the 19 regional councils which handle matters pertaining to regional planning. Although the system appears to be fragmented, Finland has consistently tried to strike a balance between the benefits offered by a unitary state and the ideals of local self-government. In the process a continuous vigil is maintained on the local needs and ideas. While this emphasis on local needs and ideas have remained a focal point of the Finnish system, a recourse has been made to cooperative solutions like joint municipal authorities to solve the problems posed by the smaller size and capacities of the primary municipalities. It is usually three or more primary municipalities which join together to form a joint municipal authority for relatively long term inter-municipal cooperation. They also cooperate bilaterally on a buyer-seller basis according to ad hoc or long term agreements. In ‘contracts’ while inter municipal cooperation commonly involves education and health care areas, Local Government Act gives the freedom to the
municipalities to choose the method of service delivery especially for technical services and parts of the social services. These services can be carried out in-house or cooperation with other municipalities or even opt to purchase services from private producers.

As far as the reform process is concerned, amalgamation has not been popular. The reforms of the early 1990s are focused among other things on the ways to reduce public expenditure. The efficiency of the organisational reform could not be established accurately as the ratio of tax income to state grants varied from 55/45 to 75/25 during the decade. Numerous reforms of the state grant system and also the decrease in the volume of state transfers affected the balance of the system of local government. Coinciding with these reforms was an effort to bring some sort of consistency in the form of national evaluations of services. This also brought to the surface the swing away from the decentralisation process back towards the emphasis on national standards and universalisation.

The New Local Government Act in 1995 introduced the management by objectives, weakening the position of the council in relation to the executive board. The executive board appointed by the council prepares and implements decisions made by the council. Various measures adopted to strengthen the role of the council in the local decision making process include emphasis on the strategic role, possibility to restrict board membership only to councillors and deputy councillors, and operation on the part of the council to demonstrate its role as the highest decision making body.

Of particular interest in the Finnish Local Government as Siv Sandberg (1998) writes, “a feature that makes Finland an exception in many cooperative settings is the strong
position of the civil servants of the municipality, especially the municipal chief executive officer. The Local Government CEO, as well as other top civil servants, act relatively independently of the politicians and are in many cases appointed not only on the basis of professional, but also political merits”. Non availability of full-time politicians coupled with the fact that there is no single politician symbolising political leadership (equivalent to the Mayor in other countries), but collective bodies of political decision-makers has created such a situation.

2.2.6 NORWAY:

Information from the Aschehoug and Gyldendal’s Norwegian Encyclopaedia (2003), suggests that the local government in Norway consisting of 19 counties and 434 municipalities derive their power as set out in legislation of the state, not in the constitution. The county municipalities and the 434 municipalities have the same administrative status whilst central government has the overriding authority and supervision of county and municipal administration. Storting (National Legislative of Norway) determines the division of functions between the different levels of government, i.e. central government, county municipalities and municipalities. Government can also assign new functions to local government by means of legislation or decisions made by the storting. Voluntary assumption and tests not assigned to others is permitted to both county municipalities and municipalities. An executive committee elected by the municipal council considers proposals for a four-year economic plan, fiscal budget and taxes. The municipal council also elects a special supervisory committee to oversee activities and municipalities have to maintain stringent accounting systems. The municipalities are kept in check by the national government and ensure the compliance of national standards. KOSTRA (The information separating system) serves as an important tool for the purpose of benchmarking between municipalities.
The official website (in US) of the local government in Norway makes mention of two main lines for modernisation and strengthening. The first one aims at making extreme conditions better for the local authorities facilitating better consideration and adaptation of local matters and easing the centrally imposed restrictions and controls. The second line aims to bring innovation and modernisation through cutting edge projects. Baldersheim (2004) observes, “the central change mechanism of the Nordic free commune programmes was that of experimental selection of demonstrator projects”. The implementation of these projects was always going to be a challenge. In Norway the implementation rate was close to 90 percent. The outcome of the free commune experiments of a learning cycle was the emergence of a series of local initiatives. The undisputed outcome was the strength of local authority in the governance process.

2.2.7 EUROPEAN UNION:

The European Union (EU) has increasing influence over local government. This is reinforced not only by the fact that about 70% of UK domestic law impacting on local authorities has originated from EU legislations, and that for many local authorities, EU funding, whether from the structured Funds or other programmes, is a very important resource. EU places a strong emphasis on working partnerships and local authorities have a clear role in the planning, implementation and delivery of European Structured Funds. This process promotes interregional cooperation and innovative working and facilitates local delivery and specifically designed programmes. Local authorities have to ensure that these programmes are community specific in economic and social terms underpinning democratic localism. The structured funding consists of European Regional Development Fund (ERDF), European Social Fund (ESF), European Agricultural Evidence
and Guarantee Fund (EAGGF) and Financial Instrument for Fisheries Evidence (FIFG). There are other funding programmes also available which encourage local authorities to work with their counterparts in the rest of the world.

2.2.8 NEW ZEALAND:

The Reforms in the New Zealand Local Government Sector have been interesting. They became internationally known as the world laboratory for NPM (New Public Management). The first wave of reforms began with the government announcement, in December 1987, for measures which separated regulatory and service delivery functions, requiring transparency in objectives and accountability for actions. Changes following the introduction of the Local Government Amendment Act (No. 2) 1989 constituted the most radical restructuring of local government, its finances and its relationship with citizens since the abolition of provinces in 1876 (June Pallot, Uni. Of Canterbury, New Zealand). Dwelling largely on the NPM principles as did the central government, this legislation drew a line between politics and management, policy and operations especially in the performance measurement area. These reforms succeeded in creating fewer, larger local governments capable of carrying out their tasks and in the process came much closer to private sector practices and acquired an augmented capacity for professional administration and modern management systems and practices (McDermott, 2005).

The growing fondness for NPM and the justifiable sustainability considerations about infrastructure asset investments and planning were the pivotal factors behind the Local Government Amendment Act of 1996. The Act emerged as the second wave of reforms impacting strongly upon the way local governments managed their finances and their long term effects. The responses to the 1996 legislative requirements show two distinct
patterns emerging; one relying on the contracting out and franchising of services while the other relied on improved communication and consultation with citizens. Wallis and Dollery (2000) observe, “A wide range of contractualist instruments were introduced to establish and strengthen contract-like relationships in which beaurocrats function as agents either of elected officials, funding agencies or civil servants placed further up the hierarchy of governments…” Such a manoeuvre had the potential to enhance operational efficiencies so that public sector expenditure and the relative size of central and local government could be reduced without at the same time reducing the quantity and quality of services delivered. Overall the radical reforms of the late 1980s contrast in style with the reforms of 1990s which were incremental in nature and included vertical lines of accountability.

It should be noted that the 1993 Carl Bertelsmann Prize on the subject of “Democracy and efficiency in Local Government” was jointly awarded to Phoenix USA and Christchurch New Zealand.

2.2.9 AUSTRALIA:

‘Local government in Australia is less powerful than in other countries’ observed Swift (2003). It is also stated that the constitution of Australia delineates the powers and responsibilities of the Federal Government……All areas not so assigned fall to the states and territories, but in instances of conflict, the Law of the Commonwealth (federal state) prevails (Swift, 2003). The organisation of state governments parallels that of the government. Some state constitutions acknowledge local governments. The National Office of Local Government is an arm of the Federal Government which manages the affairs pertaining to the local governments in Australia.
The reformist trend in the Australian Local Government commenced with the beginning of the decade of 1970s. Frank Rogan the CEO of Melbourne City Council introduced the principles of corporate planning and program budgeting to council’s operations management in 1971. This was followed by Malcolm Bains’ initiative. ‘The appointive CEO’, which brought the corporate rationality to Australia. After the publication of Bains reports in 1972 relating to England and Wales, he was invited to prepare reports for the governments of NSW (1978) and Victoria (1979). This marked a systematic application of the Corporate Management Approach. The proposal for the creation of an appointive CEO found ready acceptance as it was seen as a tool to facilitate streamlined operations as opposed to previous scenario of multiple heads viz. Mayor, Town clerk and the Shire Engineer. Between 1989 and 1997, all Australian States adopted their new local government acts.

The introduction of the New Public Management (NPM) by Prime Minister Thatcher in the UK in the late 1970s was echoed by Sir Roger Douglas in New Zealand. The Australian version of NPM coincided with the Hawk Government’s efforts to float the dollar and the introduction of the micro economic reform. The UK went further ahead with its NPM drive when the Thatcher Government imposed Compulsory Competitive Tendering on local governments for significant portions of their activities.

Larcombe (1973), writes on the origins of Local Government in New South Wales and states, “The preconditions – changes in the colonial political and social structure, the democratisation of the English borough system, spectacular economic growth and encouragement of free immigration – provide the setting from which there developed the idea, not only that local government was possible, but that it was needed for the provision of amenities upon which the general welfare depended.” The need for a general
municipal system grew with the rising costs of colonial administration. When the compulsory introduction of district councils failed due to colonists’ opposition to compulsion, the government was forced to find a middle path. The gradual introduction of local government progressed with the creation of specialist authority, special or separate incorporations (City Government by Commission), general compulsory incorporations and general voluntary or permissive incorporations. The Municipalities Act of 1858 provided for a permissive or voluntary system of incorporation. The inhabitants of any urban or rural area were to present a petition signed by at least fifty house holders, this would pave the way for the proclamation by the Governor of a municipality provided such a move was not opposed by more number of house holders than those proposing it. While New South Wales was still busy with the efforts to establish local government, it was Western Australia which introduced the first local authority, whereas South Australia took the honours for establishing the first municipality.

The period 1858 – 1906 according to Larcombe (1976), is in many ways one of considerable achievements in New South Wales Local Governments. The rapid increase in the population, especially Sydney, saw new infrastructure services like streets, lanes, water and sewerage, provision of electricity for public and private usage, and construction of recreational areas took place. There were deficiencies in the governance systems too. Joseph Caruthers by 1905-1906, brought improvements to this system by creating a viable and progressive local government system. It is interesting even today the conviction that Prof. Armand Bland and F.A.Larcombe (1978) had “Because of their election for a relatively short term, councils tend to develop a ‘live for the day’ approach in the solution of immediate problems and the lessons of history are ignored.” This is even more significant as today’s Local Government Act gives wide powers to the appointive General Managers in the day to day functioning of the councils and appointment of staff etc.
True to his idea expressed in 1971 about the necessity to strengthen local government, Whitlam Labour Government considerably expanded the special purpose grants and introduced general purpose grants. Local concerns especially the issues like childcare, urban renewal, recreation, became local government functions. Some critics saw in this a tendency to advance Federal Labour initiatives at the expense of the states. Section 96 grants were advantageously used to focus on outcomes based on Commonwealth priorities. The two decades between 1970 and 1990 saw varied changes taking place in the equation of intergovernmental relationships. Following the initiatives of the Whitlam government, the coalition government, lead by Fraser introduced a tax sharing arrangement assuring the local governments an assured amount of income. Fraser also formed the Australian Council for Intergovernmental Relations (ACIR) to consider the relationship between the three tiers of government. The ACIR made a significant contribution by way of providing a knowledge based platform from which reports and discussion papers were published generating a debate on the subject. Following the Fraser Government, the Hawke Labor Government, in 1983, created the ‘Office of the Local Government’ to focus on policy and grant distribution issues, getting rid of the Fraser introduced tax sharing arrangement. The 1988 referendum seeking to recognise local government constitutionally was unsuccessful. This and the discontinuation of ACIR proved a set back to the local government cause. The local government was given only an observer status in the 1990 and 1991 Premier’s conferences convened by the Hawke Government to foster intergovernmental cooperation.

Considered from the local government perspective a welcome development that took place in 1991 was the introduction of Better Cities Program. The local governments on their part also echoed the Commonwealth desire to introduce microeconomic reforms and
community planning. This phenomenon together with another significant development in 1990 of the creation of The Council of Australian Governments (COAG), as a result of the Special Premiers’ Conferences, had long reaching influences to the evolution of local government in Australia. Chapman (1996) writes, “The major thrust of Hawke’s new federalism was an overhaul of intergovernmental arrangements which would contribute to increasing the competitiveness of the Australian economy. Major changes by the Commonwealth including deregulation of the financial system, phasing out of the tariffs, deregulating aviation, competition in telecommunications and restructuring business enterprises, required complementary ones in the states. A clear partnership between the three spheres of government was the aim.” The introduction of the National Competition Policy based on the Hilmer Report recommendations had far reaching impacts on the local governments. The implementation strategy saw local governments being compensated by their state governments with the exception of NSW. The ALGA has responded to these changes by reviewing the National agenda for Australian Local Government once a year and by signing an accord with the Commonwealth which sets out an agreement of shared principles and priorities to ensure local government and community level maintains a united approach to community concerns and aspirations.

These national, state and local level developments along with the international and individual case study local governments’ level events have been shown in a tabular model in the following chapter.
2.3 A STUDY OF SOME FEATURES OF THE REFORM PROCESSES, SERVICE DELIVERY MECHANISMS AND INTERNAL OPERATIONS WHICH HAVE INFLUENCED THE FUNCTIONING OF LOCAL GOVERNMENTS IN NSW:

Atkinson and Wilks-Heeg (2000), mention the unique characteristics of Local authorities in that they are responsible for the delivery of multiple services to a local population to whom they are democratically accountable. As seen in the previous paragraphs (developments in the UK), formation of Redcliffe – Maud and Herbert commissions led to the territorial consolidation of local governments in England and Wales. This paved the way for the creation of new structures to facilitate improved internal operations. These internal operations need necessarily be performed in such a way that the provision of professional, business-like management of services is achieved with mechanisms that will enable local political choice to be exercised (Atkinson & Wilks-Heeg 2000, p.162). There is a need for effective, efficient service delivery process to be established and managed dynamically and at the same time ensuring that no erosion takes place in fending off the forces of local politics. The events unfolding in the UK saw the introduction of CCT to be followed by the Best Value Framework. It is important to understand that there is a definite conceptual way of arranging especially engineering operational manoeuvres for effective service delivery. The impact of CCT in this context is to be viewed more as a catalyst rather than as a template. In many cases CCT has provided a serious opportunity to local governments for introspection and to evaluate work methods, logical thinking that preceded these methods and also measures the quality and quantity of the services being delivered. So the thought process put in motion by the CCT as a catalyst is all set to see
an increased pluralism in the service delivery process with the augmentation provided by
the Best Value Framework.

In the preceding paragraphs the developments which led to new ideas about making the
planning and operational processes more efficient have been noted. One of the tools
employed for this purpose was the application of “new public management (NPM)” which
emerged from the disciplines of economics and management. Many researchers have
tried to evaluate the changes and gains achieved through the application of NPM, but it
appears that they are unable to reach an overwhelming conclusion about the outcomes of
the changes and also the factors contributing to these changes. Other factors, such as
advances in technology or empowerment of the community sector have been found to be
more influential in bringing about the change rather than the application of NPM itself. It is
interesting to know what these researchers have to say.

Parker, Ryan and Brown (2000) have written about ‘Drivers and outcomes of the new
public management in three public sector agencies’. The agencies they have studied are:
Legal Aid Queensland (LAQ), The Public Trust Office (PTO) and Queensland Health (QH).
The approaches taken by these agencies in the application of NPM are tabulated on the
next page:
<table>
<thead>
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<th>AGENCY</th>
<th>APPROACH TO NPM</th>
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| Legal Aid Queensland | • Significant program of organisational restructuring.  
• Shift to an internal market model involving a purchaser – provider split. Fits within the model of NPM with the separation of the policy development and service delivery functions.  
• Introduced a number of technology driven customer focused initiatives. |
| The Public Trust Office | • No funding crisis or external pressures for NPM.  
• Introduction of customer services standards (CCSs) for creating an external focus and client awareness. These were subsequently monitored, reviewed (client consultation at process review) and adjusted. This emerged as part of a broader process of organisational change.  
• Attempts to achieve an *Attitudinal Change* within the organisation leading to a greater client focus. |
| Queensland Health    | • Most extensive process of change among the three organisations.  
• Internal market model involving purchaser – provider structure – service agreements.  
• Greater emphasis on accountability for expenditure and budget integrity.  
• Devolution of responsibility to the level of organisation at which expenditure takes place. |


**Fig. 2.1 Approaches to NPM**

Some of the characteristics of the approaches to NPM made by these agencies are thought provoking in the sense that operational efficiency improvement measures taken by the local governments bear resemblance to these actions and provide a better platform from which not only a comparison of the preparations made by the local governments prior to adoption of such measures can be made. The vitality of the ingredients required to make such manoeuvres a success can be discussed. At the same time some interesting
observations made by Parker, Ryan and Brown (2000) in their research paper with regard to these three agencies being led to this reform path, are quoted below:

- Pressure from outside the agency to adopt alternative forms of service delivery
- Strong belief that emerged from the disciplines of economics (public choice) and management that argues markets and quasi-market arrangements create conditions within which efficiency goals can be achieved.
- National competition policy laid emphasis on the market principles and competition in the service delivery process.
- In the case of Legal Aid Queensland (LAQ) the driving factors were the Queensland Treasury’s emphasis on the introduction of market principles and enhanced client focus and the move for public sector reform in Australia. These national and international trends were also responsible for propelling the reforms in Queensland Health.
- In the case of Public Trust Office (PTO) the introduction of customer service standards aimed at improving client focus represents an area which deserves intelligent planning and skills. The operational area where considerable attention needs to be given by the local governments and the success depends how well the management and service delivery planners and implementers coordinate their actions.

Many factors need to be considered at this interface which is of great significance from the view of local government reforms, considering what necessitates the reform in a particular local government, how the change process is thought of and the method of implementation. Though these factors look simple at first, when it comes to the planning, delivery and embracing the reform process by those who implement it at different levels,
what happens (consolidation or loss of purpose!) at these internal interfaces is of significant interest for the analysis of the change management process. Related developments which take place alongside these measures are:

2.3.1 Human Resources & Strategic Management issues:

- Lack of awareness of the nature and purpose of change beyond the level of senior management
- Cultural and professional hostility towards market driven reforms
- Lack of organisational dynamics and non existence of concurrent controls resulting in chaos leads to ‘Doer’ searching for a comfort zone and ‘Middle Managers’ search for a safety zone based on their perception of fear
- What drives the Decision Making Process?
  - Care before Cost? OR Funding imperatives?
  - Professional Ethics OR Management Dictates?

Leads to Decline in the Quality of Change Management Process

Fig. 2.2 Factors leading to the decline in the change management process

An interesting observation about the organisational dynamics is made by Brunetto and Farr-Wharton stating that ‘senior and lower managers must be in congruence in relation to the stated goals and objectives of a new policy. This is because the role of senior managers is to determine the goals and resources that accompany the new policy. On the other hand, if first level managers perceive incongruence between a written policy and the supporting implementation variables (funding), it is likely the power obtained will use it
to maintain the status quo. This phenomenon though less discussed needs to be explored in order to establish how well the organisational machinery is in tune with the stated objectives and how well the operational manoeuvres are coordinated with honesty of purpose. This brings into consideration another element, the organisational culture – what it is and where it should be? Christensen and Laegreid (2006) state that, “Compared with NPM movement, the post-NPM reforms focus more on building a strong and unified sense of values, teambuilding, the involvement of participating organisations, trust, value-based management, collaboration and improving the training and self-development of public servants (New Zealand Government 2002, Ling 2002, Lindquist 2002)”. There is a needed here is the reestablishment of common ethic and a cohesive culture as loyalty is increasingly found to be giving way to mistrust among the fellow workers (Norman 1995). This is an acknowledgement that a common culture, collegiality and shared understanding of norms and values are the vital ingredients required if we are to achieve a harmonious service delivery process under the auspices of the reform process. The report of the Australian Management Advisory Committee, Connecting Government: Whole of Government Responses to Australia’s Priority Challenges (2004), underlined the need to build a supportive Australian public-sector culture that encourages whole of Government solutions. The decade beginning in 1997 saw the tilt from ‘joined-up-government’ to the ‘whole of-government’ concept.

2.3.2 Impact of Organisational Culture:

Organisational culture, in part, reflects its preferred self image and the concept of organisation’s mission that flows from it. In addition organisational culture is a feeling that one gets by ‘being there’ with the people who make it and have been engaged randomly or in an engineered manner and may be working for a combination of objectives such as the
need for livelihood or some sort of ego satisfaction exercise (if necessity of livelihood is not among the prime requirements) and a lesser few may be busy striving for what means excellence to them. All in all, it is the culture that makes the organisations and differentiates them from each other. Corporate culture is the key to organisational performance. In Schein’s view, there are different levels of organisational culture which include fundamental assumptions, values, behavioural norms, patterns of behaviour and artefacts and symbols (Schein 1980; Schein 1985). Understanding the role of organisational culture in achieving the desired changes in public science management, the various public science organisations will need to understand not only their internal culture but the cultural attributes best suited to promoting desired behaviours on the part of the science system as a whole Baker. What impact the organisational culture had on introducing the NPM in some Queensland public service organisations has been studied by academics and presents important thoughts for comparing the outcomes in the local government sector when they tried to introduce reforms.

Examining the extent to which Queensland Public Sector Managers perception of ideal organisational culture reflect the ideals of the NPM and reform process, Bradley and Parker (2006) found though the bureaucratic model was still prevalent, managers preferred a culture that was more external and less control focused, however, the lower level employees were understandably inclined towards a culture that emphasised human relations values. Same authors feel that managers espouse preferences for a less bureaucratic, more flexible, external focus model of organisational culture. Based on their research Bradley and Parker (2001) conclude that public sector change has not kept pace with theoretical perceptions for change or with managers’ desires for change. There are no definitive answers to questions about the most appropriate way to change or maintain an organisational culture in order to provide for success or, indeed, whether change or
maintenance is required in a given context – to answer these questions is the essential challenge facing the strategic leader Willcoxson & Millet (1993).

2.3.3 Organisational Controls:

As noted in the previous paragraphs, considering the operational activities of a local government, the precipitation of CCT was more as a catalyst rather than a prescription for a new remedy. The commercial agreements which emerged as an aid/tool in the process became the new basis of control. Before NPM and after, the process of how controls are exercised in an organisation, assumes great significance in shaping the way things happen. The forms and methods of application of these controls have in part been influenced by the organisational culture as well as the leadership traits of those who implement them. Parker and Bradley (2004) have noted, “Public sector reform has been associated with a shift from political to competition based mechanisms of control. This reflects the complexity of ideas associated with NPM…..Their research suggests that the process of transition to post-bureaucracy has not occurred in any general sense in the public sector. Perhaps instead there are simply new forms of bureaucracy, based on market rather than political controls (pp197-215)”.

2.4 CONCLUSION:

Various factors and developments in the democratic countries of the world in the field of local government, and NSW Councils in Australia, have been studied so as to help analyse the process of transformation attempted by local councils in NSW to achieve customer focused efficiency. A tabulation in chapter 3 on Reform Methodologies, lists all these factors and developments in various fields along a certain time span.
Among the various responses to the challenges faced by the local governments, the blanket solutions imposed on similar categories of local governments in the UK and locally initiated, ad hoc reform patterns observed in the US contrast with Canada’s reasonably methodical reforms subject to comprehensive review process controlled by the province. The reluctance to let go the central controls in the UK can be seen in some other countries. The United States saw the introduction of PPBS (planning, programming, budgeting system), MBO (management by objectives) and ZBB (zero based budgeting). In the later years professionalism seemed to be gaining ground over reforms (the desire for modernisation). This facilitated the merit based decision making process. Canada witnessed the overwhelming reliance on structural reforms rather than financial or program oriented ones. While democratic governance and operational efficiency are the goals for local governments everywhere, German Federal Government’s, can prove inspiration to all, with an push to lay more emphasis on the principles of merit and performance and to make the implementation process more flexible and transparent. With ‘autonomy’ as a core value to their hearts, the Scandinavian country’s’ free commune is interesting, so is the facilitation of local areas policy delivery by well defined roles and actions to be taken. This has been a characteristic feature of France’s central government. The equitable distribution of the results of the economic success in Japan merits attention.

Having seen the events and developments in the local government reform process, it is interesting to take a note of what Prof. Harald Baldersheim (2004) considers as reforms. Baldersheim (2004) writes, “I wish to distinguish reforms from minor adjustments of structures and procedures that occur frequently in most political-administrative systems, for example as ad hoc responses to environmental pressures in one or more municipalities or ministerial initiatives with regard to one pet project or another. Reforms refer to
intentional, planned overhauls of major components of the politico-administrative systems". The factors/characteristics of the reform process as noted in para 2.3 above are explored in further chapters of this research study which consider the “What (Content), Why (Context) and How (Process)” of the reform process in selected NSW councils in Australia.
3

RESEARCH METHODOLOGY

3.1 INTRODUCTION:

Reforms in the Local Government sector with the switching over of controls from political to market driven controls have been a global phenomenon. In Australia, Jones and Goss (1996a; 1996b; 1997) introduced into the literature distinctions between incremental, decentralised and dismantled councils based on different parameters. These various reform routes provide interesting information, the question remains; to what extent these reform processes have delivered their objectives? The manner in which these processes have been directed and whether there has been any deviations from the proclaimed ideals needs to be observed, i.e. managing the transition from traditional bureaucratic and paternalistic organisations to organisations, that efficiently and effectively meet the needs of their customers, provide democratic governance, and supply competitive and value-for-
money services, to their respective communities. This research is a study attempting to examine this process.

As stated in the previous chapter, the developments and events at international, national and local government levels, occurring over a period of time, have contributed to the shape of reforms in Australia. The composition and characteristics of individual councils have added their own flavour to the process. Therefore in addition to the longitudinal dimension, this study has a vertical dimension (time) as well. Not only does this study document the chain of events and actions taking place over a period of time but also uses the tools of questioning, observation and document analysis to ascertain the what, why and how of the unfolding developments. The fundamental belief behind this approach is the acceptance that the social reality is a dynamic process which is inspired and driven. Andrew Pettigrew (1997) states, “Human conduct is perpetually in a process of becoming. The overriding aim of process analysis is therefore to catch this reality in flight.” The factors which have contributed to the local government reform process are multidimensional in nature (a graphic two dimensional view given in figure 3.1 helps charting the path for research inquiry case by case).

3.2 CONTEXTUALISM:

As discussed in the previous paragraph and shown in the tabulation of Fig.3.1, various factors at the international, national, sectoral and individual council levels have identified the nature and extent of the reforms required in the management of local governments. It is within these contexts that the reform process is being investigated. Pettigrew (1997) states, “Metaphorically we are studying some feature of organizational life not as if it represents one stream in one terrain, but more like a river basin where there may be
several streams all flowing into one another for their life force and shaping and being shaped by varieties of terrain each constraining and enabling in different intensities and ways.” The focused pursuit of this processual analysis, as seen in the concluding chapters of this study present a holistic explanation well grounded in theory. The embracing of New Public Management (NPM) globally in the later part of the last century brought to forefront the necessity of sound economic underpinning (analysis and planning) required for the improved and accountable public sector performance with ever dwindling resources. The democratic environments which nurtured such thinking also introduced the elements of competition in what we shall call the “fair play”. The 1993 Hilmer report on National Competition Policy in Australia created an important outer context for the local government operations as described in the previous chapter. Linked closely with the economic environment is the business environment of the local government.
End of World War II - Proliferation in Australia of the institutional and policy changes in UK & USA - Spread of education and development of new professional areas - Increased number of women in workforce * USA - Evolution of PPP Systems - Lakewood Plan in Los Angeles * UK - Redcliffe Royal Commission, Territorial Consolidation of Local Government - Malcolm Bains Report on Organisational Planning - Introduction of NPM by Prime Minister Thatcher * NZ - Introduction of NPM by Sir Roger Douglas * UK - Introduction of Compulsory Competitive Tendering * Effects of international forces including the globalisation of economies, information networks, environmental concerns and increasing competition for scarce resources.


Councils in NSW allowed to choose their own reform path to respond to the requirements of the Local Government Act 1993 and the National Competition Policy with no compulsion for the competitive tendering process to be compulsory.

Fig. 3.1 Local Government Reforms: Four levels across time
Chapter 3: Research Methodology

The individual council’s way of conducting its service delivery operations, managing internal as well as external service providers compared with what is described as “best practice”, is also a very important contextual parameter affecting the local government’s performance. The other two external contextual parameters being the political environment and socio-economic considerations. Among the inner contexts relevant to the local government functioning are; the type and quality of leadership, the prevalent culture, established practices and philosophies, the antecedent conditions, the impact of past decisions and practices and the extent to which they have been embedded (habitual or established procedures). While these internal and contextual factors give an idea of the mindset prevalent in the organisation the other important factor is the organisational structure and how effectively or otherwise it has been used towards the accomplishment of objectives. In this study processual analysis will be used to explain the what, why and how of the links between context, processes and outcomes.

3.3 RESEARCH DESIGN:

A methodological framework will be used to facilitate this research that encompasses the following three broad categories of local governments based upon the state they were in before commencing the reform process:

- Those councils that have attempted to improve performance without any major change in their organisational structures.
- Those councils that have embraced major structural changes, for example, a distinctive purchaser/provider model embracing CT.
- Those councils that have devised other organisational models than a visible purchaser/provider model (for example the creation of business units, or units
formed on the basis of operational efficiency, or adoption of an incremental approach taking into consideration the contingent factors).

This is, however, one dimension only, which influences the choice of case study councils. The other being the very nature and shape of the reform process. In many other management projects/exercises a gap is observed between ideally desired outcomes and actual deliverables as witnessed at the end of the process. This creates a basis upon which a merit oriented evaluation can be made of the journey from the concept planning stage to completion. An interesting feature of this study would be to see if a council, while professing to follow a dedicated reform route and putting its best resources in the implementation process, actually lands in a territory of different outcomes altogether, just as Christopher Columbus started his voyage to India and happened to land in what later became known as America!

The study will adopt a multiple case study design (Yin 1994), where the issue of how cases are selected becomes an important factor. In this study each council will be selected in the sample because of its dedicated pursuit of a focused and identified reform route (see Fig. 3.2 – Sampling and Data Collection). The chosen councils will represent a purposive sample where selection has been made on the grounds of a council’s ability to adequately represent the phenomenon being investigated. Selecting samples whose members intensely manifest the phenomenon in question is a standard purposive sampling strategy intended to provide rich data (Patton 1990). Stake (1995, p243) emphasises that the essential criteria in the selection of cases for a multiple case study should be on the basis of what the researcher might learn from a particular case, and that sampling should be based on “balance and variety with the opportunity to learn of primary
importance.” Denscombe (1998, p33) argues that case selection can be justified only on the “suitability for the purpose of the study”.

Miles and Huberman (1994, p29) argue that case selection should be made on “conceptual” grounds and suggest that the cases studied should be located along some continuum of case attributes from one extreme of the phenomenon to another. Thus, in this study, the categories have been chosen to represent the middle and extremes of a change continuum ranging from minimal to maximal structural re-organisation. Coupled with this, is the choice of the dedicated reform route including the manner in which the choice was made (an intelligent pursuit of goals based on preferred ideologies or just a matter of opportunistic convenience!). In a similar manner, Glaser and Strauss (1967, p55) urge researchers to use “comparison groups” in order to improve theoretical relevance by providing simultaneous maximisation and minimisation of both the differences and the similarities of data. In this proposed study, cases will be selected in each of the three change continuum categories, minimising differences, whilst also enabling comparisons to be made between the categories, maximising differences. Comparing as many differences and similarities in data as possible tends to force the researcher to generate categories, their properties, dimensions and inter-relations in the search for understanding the data.

The data will be collected through the triangulated approaches of personal observation, interviews and document analysis. Collection and analysis will occur simultaneously through the methods of theoretical sampling and constant comparison. Through coding of data on an on-going basis, the emergent issues and categories will determine the next steps in the collection procedure. Collection and coding (open, axial and selective) will continue until saturation is reached (Strauss and Corbin, 1998).
This “grounded” approach to data analysis is now well accepted in qualitative research. However, it is not possible to hypothesise in advance any of the issues and categories that will emerge, nor is it possible to give any indication of the number and spread of case interviews to be studied in advance, as is expected in quantitative research. Issues that “emerge” from the on-going analysis will be pursued until “saturation”. The known approach is to start analysis in a “hot site” where the researcher expects to find important data relating to the study topic, and to commence with broad-based flexible questioning that will become more focused in subsequent sites as issues emerge.

With this approach in mind, initial questioning, observation and document analysis will focus around the following topics:

1. The role played by the organisational model. If reorganisation was undertaken then what effect has it had on factors such as operational ease, staff morale, and organisational commitment? If reorganisation has been claimed a success then what factors have contributed to this success? What are the respective roles of the planners and the doers? What are the properties and dimensions of change? What have been the causal, intervening and contextual conditions of change? What have been the consequences?

2. An assessment of the corporate goals. This should include correct quantification and documentation of the tasks to be carried out and measures to be adopted so that there was no dilution or fading away of essential ingredients such as staff motivation, and staff being adequately equipped with regard to knowledge and availability of resources.

3. Translation of corporate goals into achievable performance indicators for the employees at every level of the organisation. The conditions under which these were achieved (or were not achieved) will be investigated, together with corresponding actions and strategic responses, and the consequences of these.
This initial questioning, observation and analysis process is intended to critically examine the success, or otherwise, being claimed by the implementers of the change management process associated with the reforms in local governments and interestingly throw more light on the roles played by various factors and help measure the difference between ground reality and plans for reforms as seen originally on the drawing board.

Considering the factors described in the previous paragraphs governing the selection of case study councils, two benchmarking councils were chosen to commence the study. This was with a view to ensure that chosen councils represented one end of the continuum as far as their pursuit of organisational performance was concerned. Though their proclaimed intention had similarity of purpose, the path they had chosen turned out to be sharply dissimilar in experience, while thriving for the same goals. Case Study Council: 1 had a long serving Deputy General Manager, who on assuming the charge of General Manager recommended his version of reforms, which he described were very simplistic in nature and focusing on basic elements of operational methods. The other council, Case Study Council: 2, had almost a roller coaster ride with the set up of the organisation before embarking upon their ambitious “Works Benchmark Project”. From this first group of councils, the process moved further to encompass two councils, Case Study Council:3 and Case Study Council:4, which dared to adopt a frame breaking approach (Robert Jones, 1999) splitting the organisation into purchaser/provider model and attempting to carry out operations comparable to the private sector. Professed similarity of intentions regarding the form of their chosen reform routes resulted in different outcomes, as was the case with benchmarking councils. As the study progressed, an interesting phenomenon emerged and that was the tendencies exhibited by long serving General Managers as opposed to the tendencies exhibited by newly appointed General Managers from outside the council. The impact that these characteristics had on the dedicated pursuit of the reform processes
of these councils, emerged as an important parameter affecting the end results. In view of this, Case Study Council: 5 was chosen to represent the third, and different category. It had in common with the first group a long serving General Manager, however had adopted a frame breaking approach for the reform process. At this Council, the personal competences of Directors, their approach to the reform route, preparations, especially in the implementation stage and the subsequent developments show the difference in the role played by the leadership available in different parts of the same organisation. They also show the level of ownership of the tasks and bring to the surface what can be termed as ideal necessary requirements and competencies for such an organisational change management exercise (Case Study Council: 5).

The process followed in the selection of case study councils as described above is shown graphically in the figure 3.2, on the following page.
• Benchmarking Councils (General Managers from within the existing staff)

Council: 1

Council: 2

Council: 3

Council: 4

• Frame breaking approach
• Purchaser/Provider Model (New General Managers from outside the Council)

Council: 5

• Focussing on Business Units
• Purchaser/Provider Model
• Evolutionary symptoms – long serving CEO

Fig. 3.2 Sampling and data collection
3.4 EPISTEMOLOGICAL DERIVATIONS:

Grounded theory, Wayne A. Babchuk (1996) writes, has been viewed by scholars and practitioners as an umbrella term which encompasses an entire spectrum of procedures and practices seen as falling under the domain of this methodology. From the underlying precepts of validity and reliability, the principles of trustworthiness, generalisability, transferability, consistency, credibility, reproducibility, conformability and dependability are considered. It emphasises grounded theory as a means of how socially constructed experience is created and given meaning (Denzin and Lincoln, 1994). As discussed earlier under “contextualism”, the research process seeks to approximate to the context of that being studied i.e. the principal factors in the local government field, their interactions and interrelationships and the picture they are trying to project, a conception of issues that make up their naturalistic worlds (Van Maanen 1979). Adherence to Galcer’s (1992) principles of seminal grounded theory and traditionalism assures the values of grounded theory in developing answers to socially purposeful questions of what is happening and why.

In the paragraph dealing with the selection of case study councils earlier in this chapter, it has been shown how Case Study Council: 1 had been selected to commence the inquiry. The journey then proceeded to Case Study Council: 2 followed by Case Study Councils: 3, 4 and 5. This also explains how the major categories emerged and the theoretical sampling proceeded and guided the data collection process. Amendments to this process became necessary due to the variation in categories of case studies, while confirming the relevance of category data and laying the foundations for conceptual relationship among categories as indicated in Fig. 3.2. This obviously stretches far beyond the scenario that prevailed at the time of initial research design. Case Study Council: 1 was presented with
three national awards for innovation, winning the organisational practices category, receiving commendations in the business and regional development, and the engineering infrastructure and urban design categories, in December 2000. It was interesting to know how Case Study Council: 2, after the disenchantment with a series of organisational restructuring efforts under different new General Managers, the council appointed a General Manager from within its existing staff and embarked upon their works benchmarking project. Benchmarking process has been a common thread underlying the first two case study councils. This also provides a platform for classic case comparison where the naturalistic paradigm of transferability depending upon the degree of similarity becomes applicable from one case study council to another. The process is deductive in nature for the reader to visualise rather than the researcher specifying. Contributors to literature in this area have looked upon this phenomenon, describing it as naturalistic generalisation (Lincoln and Guba 1985, Stake 1978) to exploration (Patton 1990). The facts presented by the respondents during the interviews with the respective General Managers, their Directors and organisational details available in the form of reports and other literature, gave credence to the canon of credibility with multiple realities being discovered. Going in parallel with this, proceeding from one case study council to another, was the opportunity to examine and evaluate the transcendence from the much publicised organisational mission and vision to the actual deliverables. This particular investigation demands a close look at the service delivery mechanisms/processes of the case study councils, not only constitute the backbone of this study but also utilise the canon of consistency across case studies. The ongoing analysis has brought emerging issues to the surface, which have been pursued until “saturation”. This lends support to the dependability and potential credible reproducibility of the research findings discussed in the concluding chapters of this study.
3.5 ANALYSIS:

A researcher must be neutral and nonjudgmental in order to report the findings in an impartial manner. The importance of being able to provide some sort of conformability audit (Lincoln and Guba, 1985) was recognised at the beginning of the data collection process. The personal interviews with the General Managers, Directors, Managers and other staff (as considered necessary) of case study councils, have been recorded and observation notes, process notes, and personal notes prepared in addition to the collection and analysis of published and printed material from the case study councils.

The interviewing process has been kept very flexible. Controlled environmental contexts, by the researcher would have caused obstruction in allowing for iterative reflection and working with data until saturation (Glaser and Strauss, 1967). It has essentially been a nonmathematical process of interpretation, carried out for the purpose of discovering concepts and relationships in row data and then organising these into a theoretical explanatory scheme, trying to strike a balance between theory generation and verification using a general method of comparative analysis (Antony Bryant, 2002). The data collection and analysis process in this study assertively aims to search and establish the relevance in the outcomes data (end result) to the professed organisational objectives.

As is the case with ethnographical writings, this study has endeavoured to look for facts surrounding less visible and therefore less understood cultures that are unusual in some ways. Indeed this occurred with Case Study Council: 5, where the long serving General Manager launched the reform process with a new organisational structure in June 1997.
Elaborate preparations, documents, staff consultations and participation at every level preceded the commencement of that change management process. At the end of his tenure, this General Manager was replaced by a new General Manager from outside the Council who brought with him an altogether new organisational culture. Apart from different personal characteristics, the two General Managers happened to be representing different professional fields. As the researcher, it was a challenging and enjoyable experience to carry out field research by observing the processes from a close distance and living with the change management experience as a professional engineer/manager working at the same council. The experience won two gold awards as the best performing employee (judged by the joint staff consultative committee) in the years 2000 and 2004, under two different Mayors and General Managers. Indeed that was an experience, which like the narrator of a realist tale, the researcher in his dedicated and intelligent pursuit of facts/truth makes untiring efforts free from personal bias, any selfish motives or moral judgments. Interesting to note is that a researcher who is educated, experienced in these fields and familiar with the culture of the industry, can be in a better position to understand and analyse the sequence of events and thereby lend validity to the findings. Interviewing and conducting research about organisations of which a researcher is not a part creates a need for the deployment of additional filters to separate the unbiased truth from the selected version being portrayed by the respondents of the case study councils. John Van Maanen (1988) states, “…..the increased importance of the problem of meaning, field workers are more likely to cover their claims of realism on the more commonsensical grounds of naturalism and interpretive expertise; meaning essentially that only one who has actually ‘been there’ in the field and living it up (or down) with the natives could possibly understand what the natives are about and presume to interpret it for those who have not been there.” It should be noted in a fair manner that the realist ethnography has a long tradition of quality derivations. Confessionals do not replace realist accounts but
rather compliment them by helping the researcher discover the facts in the form of self evident tales from the respondents. The researcher ought to ensure in such case that the findings remain unbiased and pure despite the difficult circumstances encountered in a respondent’s confession.

As will be seen through the case studies discussed, the implementation stage is no less significant than planning itself when considered from the perspective of carrying out a well thought out reform or change management program. In fact it seems that implementing the change is far more demanding than conceptualising it. Robert D. Behn (2008) emphasises this aspect very well in his paper “PerformanceStat as a Leadership Strategy: It Don’t Mean a Thing if it Ain’t Got that Follow-Up”. He goes on to say, “This is not a stealth concept, something available only to the cognoscenti, something that can only be learned by joining a secret society (or, at least, making friends with those few individuals who know the secrets and are willing to whisper them in a new colleague’s ear but only after swearing this initiate to secrecy). Behn (2008) continues emphasising the value of continuous performance, evaluation and the role it plays in operational success and producing results. He explains the significance of “relentless follow-up” in the PerformanceStat strategy. Despite this, when the self proclaimed sincere practitioners of this strategy fail to see it, he gives the answer – “A visitor doesn’t ‘see’ the follow-up”. This implies that a researcher carrying out a full spectrum analysis of the change management process in a local government must be equipped with skills which are vital for a local government’s service delivery program and should intelligently pursue a path which protects his/her neutrality i.e. he/she is a part of the change management environment but maintains his/her neutrality. Keeping this in mind the reform process at each Case Study Council has been considered and evaluated from seven different elements associated with the reforms. These are viz. Awareness of the reform process, Market driven reforms,
Organisational dynamics, Decision making process, Organisational culture, Organisational controls and Leadership and management. It is like considering the reform process as a single ray of white light is made to pass through a prism of study and analysis reveals these seven important elements closely associated with the process as shown in the figure: 3.3.

Reform process
- Awareness of the reform process
- Market driven reforms
- Organisational dynamics
- Decision making process
- Organisational culture
- Organisational controls
- Leadership and management

Fig. 3.3 Elements pertaining to the reform process

The data collection process begins with the common theme of finding the in depth information on these seven core elements of the reform process at each case study council. The staff interviewed at each case study council includes senior management (General Manager plus Directors and Managers) as well as any staff who can provide useful information or has made actual contribution to the reform process. The staff interviewed has been stated in each case study council chapter in the introductory paragraph. In addition to analytic induction the verification of outcomes at the service delivery end (please see Chapter:10, paragraph 10.2) has been carried out.

The dilemma presented when a researcher takes upon the role of a narrator of a ‘realist tale’ is that while he/she can be fully devoted to the process of bringing out the truth to the surface, which can give the joy which is no less than a scientific discovery. The neutral
reader/observer may be tempted to confuse this with a personal bias. In defence of this it can be said that while exploring the finer details of the elements of a local government’s operational planning and the management’s contribution to it, it is a must that the researcher possesses proven competence in the operational field in far more challenging situations and trying conditions. Having armed with these capabilities, the researcher attempts to dive deep into the functioning of the operational machinery and process in his exploration of cases like Case Study Council: 5.

3.6 CONCLUSION:

This research begins with the specific area of study i.e. the reform processes as conceived and implemented by the local governments in NSW and the theory has been allowed to emerge from the data collected. The data, to the inquisitive analytical mind, watchful eyes and attentive ears of the researcher unfolds the phenomenon. The essence of this experience (unbiased interpretations of the researcher) through the instrumentality of method gives rise to the grounded theory.

The research designed as a multiple case study utilises a fusion process where the process analyst (researcher) without coming under the limitations imposed by the vocabulary in the form of static states, tries to fuse together the contextualist and realist visions for a glimpse deep into the core of the research area. The outer as well as the inner contexts, as illustrated in Fig.3.1 have to be viewed at four levels across time to find out the what, why and how of the links between context, process and outcomes. The dimension of temporal interconnection so significant in a processual inquiry makes the application of realist paradigm a much needed necessity not only to feel the ‘pulse’ of the action but also in being able to see through it. Thus it is the combination of contextualist and realist interpretation that provides insight into the low visibility and intricacies of the mechanisms that drive the Local Government Reform Process.
4

CASE STUDY COUNCIL: 1
Reforms Based on the Benchmarking Process – General Manager from within the Council

4.1 INTRODUCTION:

Case Study Council: 1 has a Shire that covers 110km of the NSW coast. The area is 3,402.2 sq km and nearly 80% of the council area is National Park and State Forest. The climate is mild and the natural environment is the main attraction for visitors and residents. The Shire is a community of over 34,000 people.

The region is a prime holiday and retirement destination and 46.7% of ratepayers are non-residents. The population growth rate of the Shire has been well ahead of the State average for the past two decades with the most recent figure for the 1991-1996 period at 2.4%. In comparison, NSW had an average of 1.05%.
Significance of the Shire as a case study council:

The council was presented with three national awards in 2000 for innovation. Firstly winning the Organisational Practices Category and then receiving commendations in business and regional development, engineering infrastructure, and thirdly in the urban design categories of the awards. The Mayor while accepting these awards from the Federal Local Government Minister in December 2000 said, “To win the organisational practices category we had to beat major councils like Newcastle, Fremantle, Melbourne, Blacktown, Brisbane, Rockhampton and many others.” This makes it a very interesting case study council. The personal interviews with the General Manager and Director Community Works and Services, in addition to the literature and documents pertaining to the council, have provided an insight as to how and what happened during the reforms.

The main components of the reform process carried out at this council have now been described under the headings:

a. **CONTENT**: What happened (Paragraph 4.2)
b. **CONTEXT**: Why it happened (Paragraph 4.3)
c. **PROCESS**: How it happened (Paragraph 4.4)

In this chapter most of the details given under the paragraphs ‘4.3 Context and 4.4 Process’ have been taken from the transcript of interviews with the General Manager, the Director Community Works and Services and the literature made available by the council. (Taoe recorded evidence available). The information and data obtained in this manner has been analysed and further discussed in paragraph ‘4.5 DISCUSSION’ under the following subtitles:
4.2 CONTENT:

The submission that the Shire Council made to the National Office of Local Government stated that their innovation dismissed the unsuccessful fad of the past and Council achieved great returns from the reform process. The four most popular fads to date have been downsizing, rightsizing, reengineering and total quality management. Giving more information about this reform process and how it differed from the 'fads and fashions', the General Manager outlines the principal reason for adopting a two-department structure in place of the previous four-department structure was the observation that too much time was spent in making decisions and on procedural matters. He wanted his Managers to take decisions themselves and take action. Previously the matters used to be referred to the Directors for decision making and the to and fro process followed the hierarchical route. This suggests that what appeared on surface as Downsizing' was the result of efforts to improve administrative efficiency rather than a cost cutting measure. The resultant cost saving might have helped the overall aims of the reform process. Previous and present organisational structures are as shown in the following figures:
Fig. 4.1 ORGANISATIONAL STRUCTURE (Prior to October 1996)
Fig. 4.2  ORGANISATIONAL STRUCTURE (After restructuring)
4.3 CONTEXT:

The change process at this council began in 1997, in an industrial climate dominated by competitive tendering, assets sell-offs and downsizing. The General Manager was reported as saying, “If we had pursued Compulsory Competitive Tendering we could have lost roadworks to Canberra, water and sewerage to overseas and we could have seen the shire’s unemployment rate increase from 17 per cent to 30 per cent….We didn’t want to export jobs, so we sat down with staff, unions, the chambers of commerce and the community and worked out how jobs could be kept. The result was the council’s award winning policy: Competitive Provision of Services – ….. We compared our quality and cost against the best practice and made improvements. We kindled a competitive spirit among the staff and we created 25 new jobs as a result of that policy.” (Illawarra Mercury 4th December 2000).

Explaining the significance of organisational restructuring, in October 1996, The General Manager said, “Under the National Competition Policy, as applied to NSW Local Government, the onus is on council to fully assess if it’s services are suited to its customer requirements, provided cost effectively, and are competitive. Whether the services are actually classified as business activities or not is really somewhat irrelevant if a thorough review of cost effectiveness is to be undertaken. Apart from the National Competition Policy there had been growing pressure at the Shire Council to develop an organisational approach to competition at Council.” The General Manager had been with the council for some ten years as Assistant General Manager, before becoming the General Manager in 1997. He had been a principal architect of the new structure, which council had adopted in October 1996.
Explaining the background of the reform process, the General Manager referred to the document "Competitive Provision of Services Policy (CPS Policy)" prepared by the council. This CPS Policy statement had been prepared by a working party, which included the Mayor, the General Manager, Director Community Works & Services, HR Manager, the Executive Assistant and the Union and LGEA representatives. In addition to developing the competition policy the Working Party also prepared an action plan for its implementation. The implementation team included the General Manager and the two Directors.

The Competitive Provision of Services Policy states that the Council recognised the undesirable social and economic impacts of moving to a Compulsory Competitive Tendering environment in pursuing a change to the organisations practices. This document further states (also reiterated by the General Manager) that, "Under council's CPS policy we compared the quality and cost of our operations through benchmarking and other measures in order to ensure that they reflect the best value. However it was the desire for everyone to feel good about themselves and the organisation that really made the difference."

When one tries to understand the mixing patterns of various ingredients contributing to the success of reforms at this shire, several different streams become visible viz. :-

- The unemployment in the Shire was almost at 17%. This high unemployment rate coupled with the fear of losing jobs from what happened in Victoria might have silently highlighted the compulsory need to improve performance and thereby secure the jobs.
• The working party, under the leadership of the General Manager, also recognised the need to make a statement to the workforce and the community that the organisation was serious about becoming commercially aware and had a commercial focus in terms of quality and cost. This occurred with the introduction of trading names like ‘(Shire)works’, ‘(Shire)water’ and ‘(Shire)care’. As already mentioned in the previous paragraph the General Manager said that “there was the desire for everyone to feel good about themselves and the organisation.”

• In another meeting that the General Manager had with the media on a development proposal for a school building and parking facilities project, it was made clearly visible that the General Manager had a strong desire to protect the shire and it's built-up environment. He seemed to be adopting a cautious approach to development proposals and to substantiate his thinking he cited the examples of some towns in northern NSW.

• There were additional motivational factors also! Initiatives such as providing winter uniforms helped with staff motivation.

4.4 PROCESS:

After one year of the General Manager assuming the General Manager's role, many employees stated that they had not seen the General Manager during past 12 years as much as they saw him during the past 12 months! Also reported on page 2 of Shire’s submission to the national office of LG in 'Organisational Practices' category, the General Manager at his interview for the position of General Manager presented his vision for the
Shire. He stressed the importance of proving to council’s stakeholders, and the organisation, that quality services were provided at the right price. So it seems in this case, the new General Manager’s vision was a desire to do something for the shire which he could not carry out during the past 10 years as Assistant General Manager (maybe due to the lack of authority?!). Making his presence felt everywhere during his first year in office as General Manager, all these factors combined, might have acted as a trigger at the right time for bringing about the positive change.

When asked to comment on the coordination process in the planning of operations and service delivery, the General Manager suggested that if there was a personality clash between the planners and the doers in the operational area then the organisation would suffer. Fortunately at this Shire they got along well and understood each other's problems. Attempts were made to integrate the design staff with the works staff. Gangers and Supervisors liaise with the design staff resolving issues at that level. In fact, one of the design staff had gone over to work as Works Supervisor. This showed synergy where people were respectful of Works Supervisor and he aspired to lead them in the field. This has been achieved after many years of working together. Design and construction staffs talked to each other and in that manner they had taken out the element of hierarchy.

Works Managers, in the past used to set all the works priorities and the Technical Services people used to just carry out the designs according to the priorities set. There had been a reversal of this situation in the beginning of the reform process and the Technical Services people were more involved in setting the works priorities and were also involved in the management planning process, but still there was considerable input from the works staff. There was a joint effort in preparing the Works Program and future Works Programs as well.
In an interview the General Manager states, "We did not use the terms like purchaser/provider model as that would frighten the staff and they would not understand what these terms meant...one type of organisational model or some other type. That was fundamentally the reason I avoided using those prescriptive types of forms. We had a councillor who said that he could not understand what they were talking about and desired that all this be put in a simple language which the lowest common denominator can understand."

Continuing further the General Manager added that the "Works Supervisor has talked to residents in the area and adjustments could be made while they were out in the field. This made a huge difference in comparison, in avoiding the cost of writing expensive specifications if the job was contracted out. There have been enormous problems in a lot of councils that I am aware of, where this purchaser/provider model creates considerable animosity between the purchaser and the provider, where as they used to work very well before. So there has been a great dividing line between the two. When one side of the organisation does not perform a satisfactory standard then it becomes quite acrimonious."

When told about the fact that the basic intention of the purchaser/provider split is to bring in the element of competitiveness the response from the General Manager and his Director was, ".....in purchaser/provider split you don't necessarily have the competition unless you have outsourcing or tendering for the works. You can have the split and still handover your works to business units or the provider. There is still not an element of competition in there. You may well have the setting of work standards and work outputs by the purchaser that the provider has to meet, but you still don't necessarily get the competition."
Director Community Works and Services said that as the head of the provider side he set the work standards and he and his colleagues worked with all their crews to increase their working standards and outputs. They were self-motivated to do that but the main motivation for the work crews was the fact that they did actually have competition hanging over their heads and that was the competition policy and if they weren't good enough the jobs were going. That was the way outcomes were achieved. There had been benchmarking and market testing to show that they were competitive. If they couldn't show that they were competitive then it was left for the council to go down the path of tendering out the works indeed.

Referring to the follow up requirements after the successful introduction of the reforms, the Director of Community Works and Services (DCWS) said, "There was an air of enthusiasm and an atmosphere in which the staff took pride in trading names for their business units and through their excellence. Now is the question, 'how are we going to maintain that momentum?' You can't have this continual drive for measurement as the staff gets tired of it. We have now started to 'talk' what is going to be our next approach to make sure that we remain competitive? What we have done is that every four years we are going to prepare a report for the incoming council. So within the first three months of the new council every division will have to prepare a report showing how they compare themselves in terms of price, quality and all the rest of it. We need to make sure that it is going to actually achieve what we want. Management is not doing the same thing all the time and if it did, it won't work; so you have almost got to keep changing the feet. Sometimes you need to be an autocrat, sometimes you need to be the consultant, sometimes you need to be conciliatory, and sometimes you need to just let them do what they like."
Referring to the intermunicipal performance measurement exercise and overcoming the challenges posed by hurdles like uniformity in costing, true costs and hidden costs, the DCWS outlined that he had been very much a hands on engineer, and knew about all the costs involved and their details in case of market testing in the field of construction. They thought it was very difficult to work out the unit rates of various elements of construction so they decided to go for tendering for some works. If they managed to win the works then they knew that they were competitive. That was the approach they followed, they did not compare the cost of earth works or the cost of graveling or the cost of putting in guideposts. So at this Shire they did not go into the details of elemental costs. In the case of some other activities they did not necessarily compare the unit rates but instead, compared the outputs. In the case of re-sheeting (putting gravel on existing gravel road) they went around comparing the output the external contractors were able to achieve. They knew that as long as their equipment level was much the same ie. say one grader, a roller and the basic crew, the outputs at the Shire were considerably higher then the external contractor. This would lead to some unit rate, so costing did not come in that pursuit.

In the case of maintenance grading it was again the issue of outputs and unit costs, but it was mainly the output they had been looking for. With inputs being the same it was a question of looking for ways to increase the output - how much you can do in a day? To start with, the provision of services at this Shire was not competitive. They obtained some benchmarking figures from private enterprises which suggested that they were not competitive. So the management explained to the works staff a gap existed between the present performance and the industry standard and needed to be bridged. So the Director (Community Works and Services) spent an entire day in the field, shuttling between various work units advising what they needed to do in order to improve
performance. However in the DCWS's own words, “at the end of the day I didn't end up saying much.” He felt that it was simply his presence that motivated the work crews to achieve an output level almost double the usual, as they knew why the Director was there and what he was trying to do in terms of improving performance.

When asked about the mechanism of successfully conveying the management performance expectations to the staff and in the event of their possible inadequate response in turn putting stress on to the management; what remedial measures had management had already in place or had thought of, the response being a proactive approach needed to be pursued, hence as DCWS put it "they needed to be motivated, encouraged, harassed etc." Performance gains could not be achieved by simply writing specifications. Indeed the DCWS mentioned that this had been the case previously. He sighted his own example of working long hours and the habit eventually percolated down to the supervisory levels, who still continue to do a lot of unpaid overtime work.

The General Manager said that in England, it's a requirement that municipal performance is being measured by a central auditing agency every five years. Whereas at their Shire, each division was required to benchmark itself and produce a report every four years indicating their performance status during that period. The DCWS emphasised that in order to "reap the benefits", a lot of hard work had to be done to improve the performance standards and that the process could take a lot longer then one would anticipate. It also became necessary to have a review process every so often in order to maintain and improve the high work standards.

Addressing the work issues and risk assessment, the DCWS said fixing a pot hole required more paper work compared to getting the premix from suppliers. And then there
were occupational health and safety issues. The Gangers jobs were becoming more paper oriented then anything else. He had come across a newspaper article, which suggested that in five years time, 40% of the jobs would require a university degree and that he wouldn't be surprised that in the days to come; the Works Supervisor would also require being a graduate.

In the discussion that followed, the issue of learning about the application of certain basic engineering principles in the construction process, emphasising the relevance of field based practical applications over theoretical knowledge, both the General Manager and the DCWS were in agreement that the Construction Workers tend to assess the competence of the supervising engineers and following from that, more often then not they would devise a strategy to carve out a proportionately sized ‘comfort zone’. It is the creation of this so-called comfort zone that ultimately leads to the decline in the performance standards. When asked what was their experience at their Shire, the General Manager and the Director responded by saying that the input from the works staff, though at times could be conflicting with the design staff, was encouraged and looked upon as a constructive interaction within the organisation of which they were proud of.

When questioned about a graphic view of Shire’s Corporate Policy / Driving Force - Mission Statement / Internalised Culture - Strategic Theme / Market perception - Major Objectives / Strategic Business Units - Targeted Milestones / Critical-continual achievements, the General Manager said, “The Australian psyche does not respond well to Americanisms, which has Corporate Policies hanging off ceilings, mission statements being forced down people's necks. The staff that are doing the majority of jobs don't respond well to what we have to deal with in terms of management planning, strategic objectives and strategic planning, performance criteria etc. A majority of the
organisations, 95% of them do not respond well to the graphic view as suggested in this question. I feel, there is too much of a theoretic world for them to actually come to grips with. They don't like it. What they would like to be recognised for is that they are doing a good job, they are competitive and they are part of the overall scheme of things."

The General Manager goes on to say, "We aren't, as an Australian ethic, I suppose one to take a great note of targets and milestones and all the rest of it. I would like to think that we would like to change, as I have said to the personnel manager, I would like to see the staff develop their own set of values. We prepared some values within that document but they were principally mine they were my personal ones. The way I am hoping to do it next time is that the staff actually telling me what they would like to do rather then me telling them what I want them to do, and maybe that's the cycle of events that you need to pursue. As DCWS was saying you couldn't do it every four years, you've got to be there all the time. You should be collecting data for this event so you can say to them that look at least we have done the whole bits and pieces. But its interesting, I don't think there is a way in Australia that you can actually have the Americanism of chanting and celebrating and all the rest of it." The General Manager however admitted that they did have all the mission statement, corporate policy etc. all there, but when they show them to the staff they go "glassy eyed". The General Manager still believed that there was a need for the staff to have their own values, otherwise it would just be an esoteric statement of objectives prepared by management to put on a piece of paper and they would soon disappear.

On being asked what opinion he had formed about "Engineers" and their ability to contribute to the Change Management Process during his long service in the Local Government sector, the General Manager said, "I think engineers are no different to other
professions. I think they have their own views and they are very strong, same as accountants, same as planners. One of the things that has changed in this organisation, particularly going from four departments to two, we have removed to a certain extent this professional demarcation line. With the four departments we had a planning department with a planner on top, we had an Engineering Department with an engineer on top, we had a Corporate Services Department with an accountant/manager on top and we had a health and building department with a health and building surveyor on top. All the arguments seemed to center around which manager from what profession could get their way, and that's the way it used to be argued in this room (General Manager's office) here. It really wasn't about what was best for the organisation, it was which profession could actually win the argument and got their way. One of the reasons we put together works and community services was that community services has always got those very "human" services, the disability, the dementia, the Shire transport, the care of peoples' facilities and so on. And I was always of the opinion that we should get the right manager. Although I have always believed the right Director for that whole group had to be an engineer because of the bias. You would actually have community services people making engineering type work much softer, in other words, the people issues related to footpaths and roads and so on. I would say that the DCWS is closer to the image of the Director that I have always thought was possible, he is taking a personal interest in others. I don't think past Directors have always had that ability to remove themselves from the purely professional engineering sideline, background. So what do I think of Engineers? I think they are evolving, I think they are becoming much better people because I think no longer do they want an argument with the accountant, no longer do they want an argument with the manager. The engineer is actually more interested in the big whole picture, and I think engineers have changed, then again I think accountants have changed, I think managers have changed, I think even what used to be the social welfare workers have
changed because they are not as pointed as they had been in the past about 'theirs is the only profession that matters'. The environmentalists worry me a bit because they think the environment is the only thing that matters and everybody else is there to damage it. So there are some cycles that go around, this organisation couldn't survive without engineers."

The DCWS said, "I think over the two year program, the engineers led the field, apart from the General Manager, but at the additional manager level, I was certainly at the forefront and in the water and sewerage there was a lot of good work, we actually set up a benchmarking clientele with all the coastal councils to gain data." The General Manager added, "one of the things that came from that is your 'professional training', because you are much more able to get a feel for the unit cost and the unit price, value of work, how to improve it and all the rest of it, where as the accountants didn't. And, you are right, he talks about the engineers, but he led the charge. And he actually motivated many more people then just the engineering side of the workforce to actually do it. Although Jan...was very interested in making sure she had the best possible service for the best possible price and that's from the community service areas, but yes other people did struggle to come to grips with it and there was a lot of pushing from me to make others live up to what Guy was doing. I introduced the Euro Works branding of the business unit type of thing." The DCWS added, ".... and that was to give the staff a new focus and a new image. The traditional image of council staff is this image of shovel leaning people- wouldn't give a damn. We wanted to start afresh and we created a big launch of our new uniforms and new logos and new signs. That was all pretty significant and that was an engineer who did all that."
In the light of the fact most of the services that local governments deliver are planned and delivered by the engineers, and also noting that the organisational models do not necessarily come in the way of providing the services which have been ideally thought of, the question put forward to the General Manager and the Director was, “What in their opinion was or should be the role of the engineers?” DCWS replied, “The engineer has a clash with other managers at the executive level, I know one council with that specific problem, the engineer has got to be able to sell himself to his General Manager and convince the General Manager that the engineer has some good ideas that the General Manager is not listening to or alternatively he has to go behind the General Managers back and convince the council that the engineers have got some good ideas that are not being listened to. So it really comes down to what the department and what the engineer has got to offer.” The General Manager said, “When he said go behind the General Managers back, what he means is to say to the General Manager, 'look I am going to actually talk to the works committee about this, you are more then welcome to come along but I am going to put my ideas in front of them'. You can see what happens here is that, we encourage different views to be held. Guy and I have had many interesting debates over the years, but the thing that I do cherish is that both DCWS and DEAS (Director Environmental and Administrative Services) invariably tell me when they think I am wrong. That doesn't happen in a lot of organisations.”

When told about the fact that it is not the intellect that comes in the way of co-operation but it is the communication and the ego (or various combination of these two) that creates a problem between the technical and nontechnical side of organisations in the local government sector, the General Manager said, "Yeah certainly an ego can play a part...., I don't think we have an ego problem in this council. We have a mixture, the three of us are similar to different, and we all mesh in fairly well. One of the things that the three of us

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are...very competitive by nature and I think that tends to make us share the same view of life. Neither DCWS nor DEAS would kill me to become the General Manager. Really if you can take this view, I reckon you can do really well, if you can let your staff make you look good, they generally will. If you want to make all the decisions to make yourself look good, you won't. In my wildest dreams, a General Manager can never ever achieve what we have achieved here by himself. And a lot of the General Managers I see try to make every single decision about every single issue and it will never ever work. Lot of General Managers have such egos, they don't like being wrong, they don't like anybody talking instead of them and they certainly don't like somebody correcting them. And one of the things that I have often said is that, my father always said, you can tell me I am wrong but never in front of my friends. Fortunately we are pretty good friends here but we do have that understanding that we don't embarrass one another and that's what egos are. Egos can be dented very severely, if you don't embarrass somebody but tell them they are wrong, you will always get away with it, or in my opinion you should always be able to get away with it. As soon as you start embarrassing somebody your whole structure of relationships will falter, and we have often been wanting to tell somebody in the committee or in the council that they are wrong but we tend to hold it till afterwards. And if we need to admit we are wrong, the person that made the mistake goes back to the council and says "look I made a mistake" and that's the other thing that needs to be emphasised that, admit it when you are wrong and it doesn't matter if you are the person digging the hole or the person putting the finances together. I have worked with a lot of organisations that just struggle with that relationship. Usually it's the General Manager's fault, because the General Manager gets in the way of a good organisation, not the other way around."

On being asked about the type of challenges that he would love to face, the General Manager replied, "The type of challenges that I like to face are actually getting people to
pull together in one direction, which isn't easy and I will not get it right all the time. The present ingredients that I would like from the Shire Council for instance is the type of people that work here that have got the burning desire to be the best is what I would like to find somewhere else. So whether I be in Bombay or in Cairns, if you go to another organisation as a CEO, it can be private enterprise as well, what you have got to do is find out who are likely to be your best allies for making that a good organisation, and talk to them, sit in their office. Many managers will actually only have people in their office they won't go to the other persons' office. I like to work with people, not necessarily because I can do their job, but I like to see them happy about getting a good job done and that's what makes me tick. I like to see people succeed, and I reckon in every organisation there are winners that will actually take an organisation forward, we just have to find them sometimes. I guess I was fortunate that when I became the General Manager, we had fundamentally the elements in place. In all sincerity since I became the General Manager I have even had more luck because some people have left and I have been able to give people the opportunity that really are the future of the organisation, and there have been some people that came from the outside. When I took on the General Managers job on the 1st of January of that year we actually had four Directors fundamentally in place before that. When I took on the job, for the first ten months I had one director and that was the Director of Engineering and Community Services, so I was running what a month before that were a three directors' department. So we went from four directors to the General Manager and a director for 10 months. That was a fairly significant building block for me as well, I mean I worked long hours and all the rest of it, I am not working the same hours now but, people have left, the people that have replaced them have even been better again. Because we are getting better at picking the type of persons, which is very important, that we want. One of the things that I joke about is, we suggest that when we interview people, we ask them how fast they drive their car to see if they break the speed
limit. That's only an example of the things we are looking for, people that will push the boundaries, people that won't always play by the rules but know what the rules are, and if you get people that always want to comply by the rules then you won't get the enthusiasm that makes the difference."

The DCWS added that in his opinion “champions” too were necessary, if changes were to be introduced. The General Manager cited an example, of a modest employee of the council who took an interest in computers, worked tirelessly in developing several databases and reporting systems, this attracted international attention and worked to motivate the Council staff and management. The Shire Council believed in exchanging such knowledge, which can work beneficially for several councils.

A hostile press [media] and a few staff habitually gossiping in the corridors, spreading rumours were the things the General Manager said he would rather not like to see.

Commenting further on the reform process at the Shire, the General Manager stated that they tried to identify what people of the Shire and the staff of the council could cope with. The people of the Shire and the staff could not have coped with Competitive Tendering, the staff couldn't cope with the words that other people would use to motivate their workforce. So they had to pick their mark, no matter whether it was the chamber of commerce, the public, the councilors or the staff. One of the prime reason for not pursuing a purchaser/provider model and compulsory competitive tendering was because the staff won't like to hear those sort of things. It wasn't necessarily that the Shire wasn't going to pick up those elements but it was really important that the council actually gave them a message that they wanted to hear. The General Manager said that simply because that certain things have been successful elsewhere they cannot be adopted at
any location without studying the surroundings. In terms of path travelled by others, there is always something to be learnt, but there is a real danger in applying what somebody else has done without analysing what you are surrounded with. There is a real danger in coming with a preordained policy that "I am going to do this"... it won't work.

About the reform process in NSW and elsewhere, the General Manager observed that:

(1) There were too many councils in NSW
(2) There was too much interference from State Government
(3) There is an opportunity to raise the level of public representation through larger authorities. "I think it's important that you maintain the contact with the people you are serving. However there is a very fine line between becoming too large and not representing the people you serve." The General Manager cited the example of Christchurch City Council amalgamating six local councils but still maintaining all the previous district committees while keeping in contact with the people.
(4) It is not true that if you have the amalgamation you will kill off the small town, in fact I think you have a stronger town because you get rid of the General Managers and the Directors and their salaries which can go in to works and services in the street. So the money stays in the town and the result is a vibrant community.
(5) The idea behind the amalgamation is that money stays in the town and the town remains protected. Forced amalgamation just to get rid of the councils is not desirable.
4.5 DISCUSSION:

4.5.1 Awareness of the reform process

There were several factors which acted as triggers for the reforms at this shire council in 1997. Among them were:

- Impacts of the National Competition Policy – provision of cost effective and competitive services suited to customer requirements.
- Prevailing industry climate dominated by competitive tendering, assets sell-offs and downsizing.
- The new General Manager presenting a new set of organisational values and motivation to replace an environment which had perhaps forgotten innovativeness and dynamism, in the functioning of operational areas.

The awareness, enthusiasm and the spirit usually found at the commencement of any new movement or process usually starts fading away as the time goes by due to resistance from the supporters of established practices, built-in inertia which shelters existing comfort zones and fears or threats which can challenge perceived continued and stable status quo. The tenure of ten long years that the new General Manager had at the same council as Assistant General Manager obviously provided him the opportunity to diagnose the organisational weak points, possible remedies and also consider an appropriately suitable response for the new challenges that the organisation was expected to confront.

Among the other important features of the reform process at this Shire, was the manner in which their ‘Competitive Provision of Services Policy’ was conceived and operationalised. This process shows necessary delegation of responsibilities/tasks that did take place.
without inviting the limitations that ‘management by exception’ does in some cases. This is evident from the fact that while the unions, the Mayor, the General Manager and Directors were included in the consultative process during the planning stage, the same people were also entrusted the responsibility of preparing the action plan. This ensured that planning of strategy as well as operations received equal quality attention from the same group of people. Among them the General Manager and the Directors also, assumed the responsibility for the implementation process. Such a tactic ensured that there was no or minimal dilution of innovative initiatives and those who had to exercise operational controls knew what were the locations and shapes of the benchmarks, but also how they were to be achieved.

This case study council stands out uniquely from other case study councils in that, the transfer of ownership of the change management process from senior management to doers in the organisation appears perfect. In other case study councils we find the senior management either not being able to achieve the rhythm and shared willingness (Case Study Council:2), and also eliminate the opposition to the process (Case Study Council:3), smartly ironing out the opposition (Case Study Council:4), or as in (Case Study Council:5), the inability to start a process despite elaborate preparations that preceded. At this Case Study Council: 1, the senior management initially took the full responsibility of explaining the merits of the process and compulsions to adopt the reforms to employees at all levels in the organisation. The senior management then invited their participation. This is a striking example where lower level employees’ desire for a culture that emphasises human relations values is taken care of and has made positive contributions to the outcomes. Employees embrace the change process because they are involved, listened to and consulted as the changes are engineered. This can at best be described as participative management in action as it not only ensures a smooth and complete transfer of the
change ownership by building a much needed cohesive team bonding which thrives in cooperation and collaboration.

4.5.2 Market driven reforms

One of the essential requirements for market driven reforms as the name implies, is the product/service should be able to stand its ground and be saleable when put in a market to compete with the other products/services available there. In the process of doing so, we observe that there is a similarity of purpose for all those service providers who want to compete. This however does not imply that the tools/procedures deployed to procure these services also need to be the same. In fact here is a room for genuine intellect to play its role and offer competing product/service proved competitive on the time, cost and quality standards. As noted earlier in the chapter: 2, the UK first used CCT by legislation to achieve competitiveness in the service delivery process. This in fact is more appropriately viewed as a catalyst rather than a template to raise the level of cost consciousness at every stage of production or service delivery process. Introduction of NPM in the public sector organisations saw some organisations being split in the purchase and provider divisions. Recourse had been made to this approach by Case Study Councils: 3, 4 and 5 to bring in efficiency in the service delivery process. Though Case Study Council: 1 did not adopt a purchaser/provider model, the senior management at this council had seriously done their homework and analysed the philosophy behind the purchaser/provider model and as the events have shown, they picked up the element of competition and had artistically woven it into the design of their service delivery process. Also evident from the example of Case Study Council: 5 is that one can still have a purchaser/provider model without an element of competition there as stated by the General Manager and the Director at Case Study Council: 1.
Apart from improving efficiency of the works operations, there was a compelling need to do more with less because of council’s financial situation. However, this Council has established an imitative example by taking into confidence the unions and the works staff in the beginning of the reform process. More often than not the unions are found to be intervening to save jobs obviously due to their known pro employee inclinations. Such a situation if handled intelligently on a matter-of-fact basis can eliminate the need for a prescriptive approach altogether and additionally work as a motivational factor. This contrasts with case study councils 3 and 5. In the sense that at Case Study Council:3 the management itself gradually lost the momentum and at Case Study Council:5, the work teams were almost given an unrestricted licence for continued employment as there was no knowledgeable supervisory performance monitoring in place.

On inquiring about the cost control mechanisms being used at the council, the DCWS justified the use of operational cost control methods taking into consideration that a council’s work operations are repetitive in nature, as opposed to the unit cost control method relying on management by exception and deployed for non-repetitive engineering operations. The significance here is how many councils have such management thinking available at appropriate level? There has been a new trend of laying more emphasis on ‘managerial skills’ in preference to ‘engineering skills’ when appointments to Director level positions are being considered. Case study councils: 2 and 5 are examples of such appointments. In CSC: 2 the non engineering director had a proven engineering manager available to rely upon but in the case of CSC: 5 the non engineering Director had to rely upon a Parks and Reserves Manager who was appointed to look after engineering services. In such cases the responsibility of applying expert engineering controls falls upon the staff who are comparatively not that senior in organisational hierarchy but are
made to assume bigger responsibilities in their field for which they neither have the experience or knowledge. This results in inflated egos and less than efficient controls and/or responses in engineering matters. If a local government service delivery operations are to be qualitatively efficient and competitive than it is imperative that the senior level management has a correct estimation of the mixture of knowledge and skills required for performing different operations required for performing various operations and that the organisational culture is conducive to harnessing such talent (HR functions) and nurturing this talent. This Case Study Council: 1, being a smaller council viewed from the perspective of service delivery operations and fortunate enough to have a dynamic talent at the Director level, could cope with the assessment and addressing of such challenges. How to ensure that the required balance of knowledge and skills is available at appropriate hierarchical levels in the organisation becomes one of the most important considerations when recruiting the General Managers or the CEOs in local governments.

4.5.3 Organisational dynamics

When it comes to organisational performance one is familiar with the terms team building, motivation etc. It is also known that an organisation like a municipal council comprises several teams which act like links forming a chain and that chain can only be as strong as its weakest link. In order to make all the links (teams) equally stronger and make it a dynamic organisation, a thought needs to go into what ideally should be a team once the functions have been allocated. This is where an experienced and skilled manager would consider, what in reality, can limit the performance of an ideally constituted team based on the skills required for the task. It is usual to try to get best possible talents to constitute the teams, however only a seasoned manager would be able to fathom the necessity of
vital elements/characteristics that contribute to the attainment of organisational goals. These essential elements/characteristics need to manifest at the interface between the teams in an organisation as they are the principal source of organisational dynamics, ultimately leading to improved overall performance of the organisation. The shape, size and qualities of these elements depend on the knowledge, skills and the personal characteristics of individual team members, as well as the organisational culture, mission objectives and the personal characteristics of those who are shaping the dreams and goals to be realised i.e. The senior management it. The obvious question then is, “From where to make a start to achieve such an ideal state?” An attempt has been made to seek answers to this question in the last chapter of this thesis.

In a situation which is less than ideal, is the interface between the teams as discussed in the previous paragraph, where the blame game starts when the goal realisation does not take place as desired. In local government service delivery one of the important interfaces is the one that exists between design team and the works (construction) team. Potentially very heavy loses take place at this interface which result in cost escalation, time overruns and erosion in the quality of service. These limitations are more pronounced at this design/construct interface than at any other interface and have greater organisational impact. Of all the case study councils, only this Council has made a conscious effort to integrate the design team with the works team by sending a design team member to work as works supervisor. This is a novel feature considering that traditionally these two teams do not like role reversals and usually one is found accusing the other in case anything goes wrong. Such an idea of integration between these teams is indeed not easy to consider and even more difficult to implement in the public sector or local government field where both the teams are habituated to sit independently on their own footings at the same level. “The private sector” is where the necessity for the
purpose, lays down the rules of the game. These rules stand out sharp contrast to the public sector where it is not easy to conceive and establish organisational dynamics in organisations laden with protective public sector inertia. The General Manager in his interview refers to the necessary enhanced communication that takes place between the teams and explains how the limitations imposed by the hierarchical considerations were taken out at their Council in this manner.

It is interesting to note that the council management was focussed on and never lost site of the purpose of the reform process and then in turn they thought of the best possible ways to achieve these goals. Affordability, sustainability, and practical ways of implementation seem to have dominated the minds of the planners of the reform process which is why the General Manager comes out so strongly against the purchaser/provider model. The fears expressed by him in adopting the purchaser/provider model have proven true in the case of Case Study Council:5 (chapter:8) where among other things the planners of the reform process later admitted that the smaller size of the council also mattered in the implementation of such an organisational model.

The General Manager explained the logic behind combining the works services with the community services. By its very nature, the community services considering the area it encompasses, is more qualitative as opposed to work services which remains largely quantitative. While no other case study council had adopted such a move with practical vigour, keeping these departments merely in the same directorate with their functioning remaining as independent as ever is no good either. It is a novel feature of the reform process at this council that the Community Services Department Staff has actually aligned themselves with the engineering nature of work. The other benefit which flows from this is
that the end product delivery staff (engineering) gets to know the purpose/logic behind the services early in the process, and that in turn can lead to proper designing of the tasks, and also help optimise the usage of resources as they know very well as to what is to be delivered and why it is to be delivered. This can well be the guiding principle behind assembling various professions together for a certain function or service. In this way people can gradually move away from the habit of singing their professional supremacies and instead start looking for ways of how to work in collaboration to facilitate the organisational objectives.

The manner in which staff consultation exercise has been carried out at this council merits consideration. In most of the councils, management approaches the staff with a certain prescription and is hardly prepared to make any major adjustments whereas at this Council the management went to the staff inquiring about ‘what they think’ about organisational issues. Staff’s ability to understand management jargons (fashionable trend at many places) is taken into account and there is a willingness to share the management concerns with the staff in the language they can understand and are accustomed to. This perhaps extends from the participative style of management pursued at this council. Another outcome of this approach was it made the task of transferring the change ownership to the doers in the organisation much easier and this can be seen in the success of different work units. The other important aspect of change at this council was the management of the council was simplistic in its approach and also had a very clear view of what was to be achieved by the reform process, how and why? This helped them refrain from developing fondness for any particular reform tool or organisational model successful elsewhere. Their entire process of mapping the reform route was not only simplistic but also inclusive and council specific. They retained all the
essential elements of the ideal professional processes and tried to get rid of unwanted/avoidable bureaucratic habits/processes.

4.5.4 Decision making process

Out of the five case study councils, this council and Case Study Council:4 can be regarded as very successful, considering the outcome of the reform process, its planning and implementation. The beginning of the reform process itself was characterised by the participative approach taken by the management. This allowed the employees the freedom to express their views. However, in the search for the best possible solution, these views were scrutinised and tested for feasibility and practicality of implementation. This feasibility aspect associated with the decision making process is a crucial factor which if not handled correctly has the potential to impart many turns and twists to the whole reform process. If the scrutiny of the views expressed individually and collectively is flawless and managed efficiently it automatically results into ownership of the tasks flowing from it. On the other hand, if this stage is managed in a less than efficient manner, it can lead to a fragmented scenario where teamwork and dedication become illusive. So the participative style of management and efforts to integrate various teams (even if they were traditionally antagonistic) has created an environment at this council where the decisions have evolved and flowed smoothly across the organisation keeping the need for prescriptions at bay to a large extent.

4.5.5 Organisational culture
Chapter 4: Case Study Council - 1

The reform process at this council has also been associated with the change in the General Manager. Usually it is found that staff adjust themselves with the expectation coming from the top management. If the top management comes under the heavy influence of elected representatives or say middle managers in the decision making process, the staff get an idea of who is the ‘real authority’ and to whom they should look to for the conduct of affairs. The decision evolution process, knowledge, and where it resides in the organisation, contributes significantly towards the organisational culture. As discussed in previous paragraphs, the joint platform by the participative style of management has primarily been responsible in shaping the culture at this Council which has brought about many fundamental changes i.e. closeness with the senior management as opposed to near isolation and professional rivalry and dictates (bullying!) being replaced by collaborative synergy as discussed in under ‘organisational dynamics’.

4.5.6 Organisational controls

These controls can have unitary and streamlined or fragmented existence within the structure of the organisation. The senior management gives the shape to the mission and vision, and to complement it decides the types of reforms and ways to carry them out. Consistent with this implementation process is the issue of the transfer of change ownership, this requires superior intellect and pragmatism. If at this interface of the transfer of change ownership, the senior management leaves the process completely at the mercy of middle managers and doers in the organisation, there will prevail a situation where the middle managers and doers will be left to devise and put in place concurrent controls only. With the senior management ‘washing its hands of’ saying that it had done excellent planning and it was left for others to do the rest, this also proclaims a void in the area of feed forward controls – a guideline which can serve as a lighthouse to people at
lower levels in the organisation. Considering this, it can be said that with the continued senior management involvement (to the extent necessary), this council has been able to develop and put in place a balanced control system comprising feed forward, concurrent and feedback controls.

### 4.5.7 Leadership and management

Having created the initial momentum for the change management process, the General Manager focussed upon the challenge of sustaining that momentum. This is where ‘Leadership as Caretaker’ phenomenon comes into action. This is not a stage, as seen in the results of other case study councils, where the leader officially hands over the batten to a suitable candidate in the hierarchical order. This very much resembles similarities of a caretaker's role in which a real leader such as Field Marshall in the army, who never retires or never withdraws from the scene. His/her task begins with the development of vision and strategies for the organisation and is followed up as demonstrated at this council by developing a collective consensus for the implementation strategy. This can be better described as 'embracing the others in the organisation', rather than technically labelling it as transferring the change ownership to doers in the organisation. The events of this council show how efficiently this task has been carried out. This is how 'participatory style of management' has evolved at this council. “In the context of the organisation roadmap, the vision, mission, and goals may be visionary, inspiring and motivating on paper, but the organisation requires an individual to lead the transformation of these statements from words to focussed efforts” (Chinowsky and Meredith, 2000, pp 101). This kind of leadership became available at this council at the time of conceptualisation and implementation of the change management process through the newly appointed General Manager from within the council. Further in this paragraph the
General Manager refers to the staff getting tired of the continual drive for performance measurement and expresses the fear that if the management persisted with doing the same thing all the time, it would not have worked. This is much easier said than done because a perfect diagnosis is required from the senior management as to what the prevailing situation is and what strategy would be ideal to deal with it. In addition to an expert analysis of the situation, the demonstration of the ‘contingency situational approach to leadership’ with the application of concurrent/steering controls is also necessary. This is what the General Manager means when he states “that sometimes you need to be an autocrat, sometimes you need to be the consultant, sometimes you need to be conciliatory, and sometimes you need to just let them do what they like.” This last part of ‘just letting them do what they like’ is an example of guarded creative autonomy. It requires courage as well as confidence to experiment with this. It suggests that the leader is available to the extent necessary without the danger of being prescriptive, but at the same time experimentation with such a technique instils self-confidence among the team members and the process, not only becomes sustainable but, has far reaching consequences.

Another important task for management is to identify the gap in performance standards. This Council has, in many instances adopted a most simplistic and down to earth approach in management practices. The Director himself being a hands on engineer, found it easy to be in the field with the troops for a day and the example that he set by leading from the front, brought desired results. It was more an exercise in demonstrating the joint ownership of the task rather than any large scale technical changes. His presence acted as a motivating factor while quietly and skilfully guiding work teams, allowing them the freedom of using their own judgement and initiative. One can observe
that strategies, structures and procedures can play their role but a much bigger impetus is given by the type of leadership available and organisational culture that is in place.

While the role played by the leadership in enhancing performance has already been discussed in the paragraph above, what is significant is the acceptance of the fact that performance gains could not be achieved by simply writing specifications. As can be seen in other case study councils that with the passage of time when either the leaders themselves lose the momentum or are not available at the right place at the right time, then a situation develops in which compliance with specifications becomes the ‘mantra’ of the day. Team spirit gives way to isolationist and play safe attitude. The shared vision and ownership too gradually disappear and as noted in the earlier stages of the reform process at council: 2, the organisation becomes a lifeless animal.

Whether it is the strong personal bias that the General Manager has at this council about the American approach to managerialism or he is guided by his own analysis of the existing workforce at his council, be that as it may be; the fact is the General Manager was able to correctly decide at early stages of the reform process that on which wavelength he was going to transmit his messages to all staff. As the successful handling of the successive stages of the reform process suggests, this communication strategy, being adequately effective, could also emphasise the significance of the ultimate sharing of the ownership of tasks throughout the organisation. Though carried out in a simplistic but most effective way, the act of weaving the entire organisation with an effective communication process at every level has played an important part in the success of the
reform agenda. This is why the staff is able to take pride in what they had created and achieved.

A noteworthy feature of managing change process at this council is how a leader can inspire the thought process and encourage work habits which can lead to an understanding and creation of organisational values. The General Manager explains that he himself introduced certain values in the beginning of the process which to a greater extent served the purpose of overcoming the inertial forces of the previous culture and work practices. The skills of leadership become evident when the organisation reaches a stage which encourages the doers to create their own values and propagate them further. Compare this with Case Study Council: 3 where the General Manager himself admitted that the so called values were just the slogans on the wall.

Having firmly put in place the mutually created organisational values, the General Manager then stressed the significance of continually thriving for excellence as a requirement for being vigilant. This brings quality in the process rather than an end of the line check on reaching the completion of a stage.

The practice of ‘organisational inner democracy’ is also an indicator of its health. People with divergent views are not victimised but encouraged to raise their concerns. In a subtle manner such a practice can also create and allow a prospering spirit of innovativeness and facilitating consolidation of team spirit. The General Manager proudly states that this does not happen in many organisations.
4.6 CONCLUSION:

Requirements of the Local Government Act 1993, impacts of the National Competition Policy and individual circumstances were responsible for triggering the reform process at NSW Councils and amidst the freedom granted by the State Government to councils to design and implement the reform process. The reform process at case study Case Study Council: 1 has been discussed in previous paragraphs on content, context, process and discussion.

The information and analysis presented suggests that this council had scarce resources but abundance of enthusiasm available through the newly appointed General Manager from within the council to design and implement the reform process. The skills demonstrated by the senior management team comprising the General Manager and two Directors on the planning of reforms indicate that they considered the ground reality of all the parameters associated with the reform process with enough accuracy to give them the idea about the feasibility of the various proposed reform initiatives, what was practical and what preparations were required before introducing the reforms at various levels. Another eye catching element of the reform process is the timing associated with various stages of the reform measures. If among all these initiatives there is an element which stands clearly with distinction, it’s the spirit of belonging – a vital dynamic that team members big or small, all needed each other to accomplish the mission. Be it the compulsion, threat of losing jobs, or the search for excellence – we must do something special and the confidence that we are capable of doing so, made the task of creating a team spirit, joint ownership of the mission as a whole look easy. This was well supported by the participative style exhibited by the senior management. This was further carried forward in the preparation and implementation of the operational plan.
As seen at many other places including the case study councils, disasters big or small take place at this interface of operationalising the concept plan for reforms. This manifests in various forms such as dwindling the enthusiasm, less than ideal transfer of change ownership from the planners to the doers, dilution of goals and/or fragmetism of one kind or another. Remarkable at this Council is that the senior management, while making a perfect transfer of change ownership to the doers in the organisation, never gave up the responsibility for “parental care and nurturing” whenever and wherever they were required. This was an added impetus for the doers to feel ensured, boosting their confidence and were merrily allowed to enjoy the joy and pride associated with the completion of the tasks.

There is never any indication of the process getting diluted at any stage, on the contrary one can see the sustained efforts for continual drive and momentum. Obviously these features of the reform process resulted in their council being presented with three national awards in the year 2000.
5

CASE STUDY COUNCIL: 2
Reforms Based on the Benchmarking Process – with new recruits (General Managers) leaving after the introduction of the reform process, and the General Manager from within the Council stabilising the process in the end.

5.1 INTRODUCTION:

This shire used to be a working class suburb during the 1940's - 60's in Sydney and has developed into a multi-cultural community with significant groups of Greek, Chinese, Italian and Arabic residents. Today's residents numbering about 48,000 are younger and more educated professionals in contrast to those who developed it about 40 - 50 years ago.

Significance of this Shire as a case study Council:

- This Shire presents a picture of chaos created by a council which had either lost its path or had chosen the wrong priorities. The reform process at this Council was necessitated largely due to the fact that both the elected council and the General Manager had become obsolete as experienced by the staff and the community. While
the newly elected council had a clear idea of what it wanted to achieve, the interface with the executive side was less than satisfactory resulting in successive replacement of General Managers.

- The application of various therapies to address council’s problems seemed to be ineffective initially. This included various organisational models. What appears to be working after a long period of organisational chaos is a healing and consultative approach, along with patience and diligence in the application of well intended and correctly aimed manoeuvres.

- This Shire also provides information as to what happens next in the reform process and who will pay in terms of long term costs when an elected council sets priorities which are debatable in nature.

*The main components of the reform process carried out at this council have now been described under the headings:*

- **d. CONTENT:** What happened (Para 5.2)
- **e. CONTEXT:** Why it happened (Para 5.3)
- **f. PROCESS:** How it happened (Para 5.4)

In this chapter most of the details given under the paragraphs ‘**5.3 Context and 5.4 Process**’ have been taken from the interviews with the General Manager, the Director Council Works and Works Manager, consultant, Ms. Tina Speigal, the report prepared by MPI Consultants and the literature made available by the council. Unlike Case Study Council: 1, where a lot of information could be gathered in direct response to questions; this council’s reform process had a very turbulent start and initial major hiccups. This made it necessary to have a series of interviews and from all the information gathered a chain of events with its antecedents and precedents had to be drawn making

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it difficult to analyse and comment on the direct quotes. The information and data obtained in this manner has been analysed and further discussed in Para ‘5.5 DISCUSSION’ under the following subtitles:

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<td>B</td>
<td>Market driven reforms</td>
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<td>C</td>
<td>Organisational dynamics</td>
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5.2 CONTENT:

A new council was elected in September 1995. An organisational review was then conducted. Following this the General Manager, 2 of 4 Directors and 4 Managers left the council. A 30% staff turnover led to a strong recruitment drive. A new business like approach marked the beginning of a new era in the strategic planning process. This new awareness was also reflected in the new council’s response to the 1993 Local Government Act requirements viz. the production of a three year management plan and an implementation strategy. The new organisational structure lasted for 12 months. The new team opted for a more functional structure as recommended by the consultants (2 divisions + a separate Shire Works unit). However this also was found to be deficient in so far as the structural arrangement relating to Council Assets and Engineering Services.
Council appointed MPI Consultants to address this problem. Their report recommended that proposals for reforms must be incremental and built upon the existing structure. So a new four division structure was adopted. As stated later in the following paragraphs, the relationship between the General Manager (Mr. B – identity suppressed) and the elected council was far from being harmonious. Not surprisingly he left an unfinished job. This resulted in Mr. G (identity suppressed), from within the council staff, becoming the new General Manager.

In 1999, in an apparent attempt to increase their competitiveness the Shire Council embarked upon a project called the "Works Benchmark Project." The objective of the project was to benchmark against NSW Council Works Units to highlight performance across a range of activities and assist in developing future management strategies. Council also planned to share this unique data with participating councils. The process was most cost effective. Simple techniques (developing survey questions, posting surveys, tabulating data, posting results) utilised minimal in-house resources (three staff for average two weeks each) for the sourcing of invaluable unique data from more than half the NSW work units. Council service levels, costs, and continuous improvement strategies were compared with ninety three NSW councils assisting in the project. All ninety three responding councils had their individual data prepared in a tailored bound report providing a useful management tool. Due to the favourable response from councils, the performance evaluation task was immense. This was the first time data specific to council work units had been collected and analysed. This unique information proved to be useful in a range of forums throughout NSW. The project achievements generated a range of positive outcomes. These included increased staff morale and also triggered improvement initiatives. Council's project showed that with cooperation and industry teamwork major results can be achieved within the budgeted cost.
5.3 CONTEXT:

This Shire for many years has appears to have been dominated by a socio economic group which desired to maintain the status quo. Change was not apparent. Old work practices dominated. Forward planning was not carried out. Any activity which may have indicated changes in community needs was not apparent. “The central aim of the previous council identified during interviews was to be debt free, with the consequences that opportunity to provide needed services were not met. There was very little direction provided by the council. There were few formal processes in place to address development needs, community services, communication both internal and external and environmental issues.” (Spiegal, 1996, p.1)

The present General Manager also expressed a similar view. On being asked if the elected council was to be blamed or the executive wing for such a state of affairs, the General Manager responded, “The Council always sets the policy and the Executive is required to follow that through. The culture of the place had developed based on that direction from the Council. The culture had developed along the lines that we were all focused on ensuring that we did not waste any money, there were no extravagances at all in the council. There was fairly tight rein on any spending whatsoever and that culture filtered right through the organisation as far as no one was encouraged to be creative or innovative because anything was judged by what it was going to cost.” It is interesting to note that when the same question was put forward to the Council Consultant, Ms. Speigal, as to who was responsible whether the elected Council or the General Manager for this situation, her reply was “both the General Manager and the Council were going hand in hand. The General Manager maintained a very tight control and there was hardly any delegation and the Council liked it that way.”
This explains why the staff morale was low and creativity had decreased, despite the fact that staff, as far as individual talent and efficiency goes, were fairly capable. The number of staff had been fairly lean at this Shire. All staff appointments, increases in salary, staff training and development, anything to do with the staff had to be approved by the council. Council had full control over all matters. At least a couple of restructures in the organisation took place between 1993 and 1995. Obviously there was a concern among the staff as to where they were going to fit in the organisation, and there was uncertainty and resistance which had an impact on the morale.

Amidst this scenario and changing demography a new council got elected in 1995 with 7 of the 12 councillors coming from the new ethnic mix, and were successful business people themselves. They were attentive to community issues and their rights as ratepayers. The Mayor, proud of his successful business background, asserted that in order to offer significant policies and services to the community, the Council should be run as a business. He also thought that the current structure with its style was at odds with what he wanted to achieve. This suggests that an indisputable and strong desire to unfreeze the council from the shackles of bureaucratic procedures was perceived as a requirement. This precipitated into a program evaluation process, which saw independent consultants being appointed to carry out an organisational review and prepare a report to the council. As noted in this report, the newly elected council wanted to make changes to reflect the needs of the socio economic and ethnic mixture of its constituents. An additional goal was to provide a clear direction to the council staff by incorporating implementable policy into a five year Management Plan, and generally ensuring that council would function as a service organisation sensitive to its constituents and the broader environment in which the Shire is located. The paramount desire on the part of the previous council to remain debt free ensured that possibilities of creative and innovative approaches remained securely
Chapter 5: Case Study Council - 2

under the feet of organisational inertia. With regard to recruitment a message was sent to the staff saying that a policy of maintaining status quo was being pursued. The opportunity of consultation and corporate coordination provided by the Local Government Act 1993 in the form of the necessity for a Management Plan resulted into a mere compliant behaviour. The situation, coupled with the low morale and staff uncertainty about their future prompted the council to appoint a consultant. The consultant’s findings were, “….there was nothing at the Shire, it was like a lifeless animal with no direction yet with enormous potential. It required an enormous jolt with a complete change of culture and skills.”

Recalling his memory of those days, the General Manager said, “My feeling at that time was that most of the staff, and I was one of them, welcomed change. Staff welcomed the new change because they had been constrained for so long and any initiatives, or ideas, or any new projects, really found it difficult to get off the ground because, of the way the previous councils were run. All the way they looked at anything new or anything that was going to cost them money out of what they had budgeted for. So there was a whole lot of people who we had on board here were welcoming the change and the chance to be a part of a new sort of council, Case Study Council: 2. But at that time, not knowing as to what was going to happen or how it was going to happen, they were in two minds – whether or not to bail out and get a job somewhere else or should they stay and wait and see what the outcome was. So there was that uncertainty amongst a number of staff as to which direction the council was going and would it be any better, as they had already been through a restructure before, and was it a matter of just moving boxes around on a piece of paper – there was really no new direction that came out of moving the structure, the council would still be the same, the CEO would be the same.” This lead the Council to
prepare a brief stating on what its beliefs were and invited the consultant to submit a report on how to achieve there objectives.

It appears that the consultant was given a brief for carrying out a comprehensive organisational review. The recommendation that came out of that report looked at the whole organisation. A number of staff that were associated with the report, believed the objective was to come up with a structure that allowed council to remove some of the management team at the top, and that was what happened. Perhaps that was what probably needed to happen, for Case Study Council: 2, a new management team at that particular time to be able to drive the needs or the demands of the new council. This couldn’t have happened with the management structure that was there.

The consultant recommended two options for the organisational structure along with several other recommendations in the areas of sustainable change, communications, customer service, integrated urban planning, regional cooperation, service levels, environmental systems, property management, community, transport system, purchasing functions, staffing matters and so on. This appears to be a long prescription, of how well the council was geared up to undergo this treatment is difficult to say. Among the two options suggested by the consultant in her report, the most preferred option was with two Directors viz. Corporate Services and Council Services. The other one was with three Directors viz. Corporate Services, Customer Service and Planning & Policy. Council adopted the most preferred option with two Directors. The works department was being separated from the Directors thereby keeping the outdoor staff free from the jurisdiction of Directors. Throughout the process they experienced coordination problems between Council's Asset Services and Engineering Services. To address this issue, MPI Consultants were appointed. This followed the adoption of a four-division structure headed by four Directors. Shire Works being looked after by an independent Director.
The organisation structures, which were adopted at various times, are given in the following figures: 5.1, 5.2, 5.3 and 5.4.

Considering the developments that took place at the time of Spiegel submitting her report (The General Manager, two Directors and some senior staff leaving the council), and the...
events that followed, it became necessary to find out how well the change management process was planned and carried out. Speaking to the consultant about this and inquiring about the change management process as it proceeded, especially considering the fact a new council came to power in 1995 the CEO remaining the same while the report was being prepared using a consultative approach, she said, “New council wanted the change process badly and they wanted to put their stamp on it. That was in our brief to create a change process, but in the end the councillors were basically fairly conservative people, although they wanted the ‘change’, when they started to see all this change process happening they got scared. It was too new for them. It was too different.” Despite all this, the council according to her, accepted the report and implemented the most preferred option. The (then) new General Manager (Mr. B), said the consultant, “was too advanced and too sophisticated for the Shire and he wasn’t also willing to give way. He wanted to make his own mark. Based on the personalities, the combination of the new General Manager and the council did not work out well.” Whatever the working relationship may be between the General Manager (Mr. B) and the elected council, the fact remains that Mr. B came to the Shire in November 1997 and after being in the job for 8 to 9 months came up with a new organisational structure (four Directors). Present General Manager, Mr. G, agrees that although Mr. B left his mission unaccomplished, he left the council in a very good and healthy state.

5.4 PROCESS:
A look at the pre 1995 events suggest that the Shire Council was satisfied in remaining debt free leaving a void in vital areas such as community services and planning sections. The perception of values changed at the Shire with the election of a new council in 1995. There was enthusiasm on the part of new councillors to see things change. The expectations of stakeholders manifested in a desire to do things differently, in a business like manner. This acted as a trigger for ‘change’. The new councillors thus took the initiative of driving the change process. They like the staff at the Shire Council, were simply fed up with the past. It is interesting to note that the staff which had every reason to look at the change process in somewhat less enthusiastic manner (they had already seen two restructures in not too distant past), actually heaved a sigh of relief when Council adopted a new structure based on the consultant’s recommendation. Staff commented, “…at least we know now where we are going!”

Though the new General Manager went from a two Director to a four Director structure, he did not deviate too much from the previous structure with the exception of the attempt to provide a better structural arrangement relating to Councils Assets and Engineering Services.

Mr. G took over as General Manager, with the departure of Mr. B. After the turbulent years of mid 1990s, the Shire Council now seemed to be on the path of steady progress. All the pain of the past had not been in vain. Emergence of Shire Council Works under a leader with non-traditional skill base has been a rewarding experience. This also underlines the importance of transformational leadership over transactional leadership. Previous traditional structures needed to be challenged and changed. Mr. P, Director of Council Works, said that he had to align the division in a new direction single handedly pending the appointment of the new General Manager and the Directors. He received help from the
new Director of Integrated Planning in defining Works division’s role and the process continued through 1997. Mr. P stated a number of developments that occurred throughout 1997-98 and summarised them as follows:

- Workshopping with staff and formalising Service Agreements with associated Key Performance Indicators (KPI) were facilitated by independent specialists.
- Regular works consultative sub groups and various work group meetings to discuss the changes.
- Review of Works. Training program to include more relevant material selected by staff, including personal development and customer service skills, as well as technical skills.
- Regular works staff newsletter highlighting social and Council information.
- Upgrade of works depot with $200,000 development of administration offices, customer service and surrounding landscapes.
- Development of works arm of Councils ‘Customer Service Centre’ in the depot with office administration and customer service staff.
- Implementation of Works uniform developed by the staff.
- Upgrade of all plant and machinery.
- Regular Works BBQ functions attended by General Manager and Councillors.
- Regular presentation to staff and Council on Works - changing face and performances.
- A sophisticated computer system with high level capabilities was implemented throughout Council and in particular the Works Unit where it became the foundation for
highlighting the capabilities of Works Division’s favourable results in our Performance Evaluation Strategies.

- All regular works were programmed, tracked and reported regularly.
- All Capital works planning process and work practices were reviewed and refined.
- All costs were capable of being tracked and reported on a regular basis.
- Outsourced activities were increased from 20% to 40% and staff made available in more high profile activities. The fact that staff became comfortable working alongside contractors in itself created the ‘competition’ that ‘everyone’ represented the Works Staff and the Contractor looking to prove themselves in their respective areas generated effectiveness and efficiency.
- Regular Supervisors relevant reporting.
- Regular Customer Service satisfaction survey forms with data tracked and presented.
- At all times ‘enjoying the job’ was paramount. This was stressed whenever possible through regular informal monitoring.

The emphasis on quality and systems approach to the development of teams started showing favourable results towards the end of 1998. However the success gained had to be justified on the basis of transparency and equity. So Works division implemented a Performance Evaluation Strategy. This began by carrying out a trend analysis and then embarking upon what is described as “Shire Council Works Benchmark Project.” The objective of the project was to benchmark against NSW Council Works Units to highlight performance across a range of activities and assist in developing management strategies. As mentioned earlier this comprehensive exercise justified the reform measures adopted at the Works Division and highlighted the fact the Works Division could achieve a cost of $108 per resident for all works operations services.
The Director of Council Works further stated that he had to deploy a varying mix of management tools such as outsourcing, elements of purchaser/provider scheme for structural efficiency, business units, self managed work teams, resource sharing and the like. Giving further details of these works Mr. P (Director Works) stated that,

- “Currently Works division has 40% of its work outsourced in areas where it was found to be more effective and efficient to do so, leaving the Works division to focus on core activities therefore offering a better well provided product. By always having a mix of contract and staff one can generate competition internally and reap the benefits of that competition in effectiveness and efficiency. One can also have the flexibility to adjust that mix at any time instead of all staff or all contract.”

- Works division had operated in a Purchaser/Provider structure for the last three years. This had benefited from the obvious value of the strategy through focusing on the provision of maintenance services only and not the planning and usage of assets. Yet as their structure was informal they had not suffered the internal antagonism and immense administration costs of neighbouring councils.

- As the Council had operated activity based costing for the last three years the benefits of individual business units also had to cope with financial accountability and reporting capabilities.

- Due to Councils advanced electronic management information system and integrated data management systems all data in individual activities would be tracked, analysed and reported.

- Due to individual activity reporting and trending analysis in all Works division areas, the notion of Self Managed Work Teams is used in generating empowerment and
accountability without formalising a structure, that in some cases creates internal competition and disharmony, as has been reported by other Councils with S.M.W.T. (Self Managed Works Teams) Business Units.

- Works division has had limited experience with Resource Sharing. On a number of occasions in recent years various items of plant and labour as well as information sharing, has occurred with a degree of success and value."

The Works division was previously a number of fragmented units responsible to several managers who had varying degrees of technical and human resource management skills, vision and enthusiasm for the task at hand. Spiegel’s advice to Council for developing a combined, separate Works Directorate with a strong focus on Human Resource Management and Customer Service has brought desired results.

The Management Plan emphasised ownership and accountability in all areas of council’s activities. The draft plan identified the major issues facing the council in the future and details how these issues would be addressed. The preservation and enhancement of natural environment, waterways and bushland areas, were a high priority as was maintaining infrastructure such as roads, footpaths, stormwater drains and parks, to a condition that would meet community expectations. Council developed a long-term approach to planning projects for the local area. A number of symptoms of longer-term problems have been identified over the past year, which will cost more to repair down the track. Council proposes to start an environmental fund from a special component of resident’s rates. Unlike a straight out, permanent rate increase, the environmental levy was to be in place for ten years to build this environmental fund and form the crux of the environmental guarantee.
5.5 DISCUSSION:

5.5.1 Awareness of the reform process

Instead of a systematic planned beginning the reform process at this Council had a faltered start. The reform process had an aim but not a blue print with adequate practical details of implementation considered at the planning stage. The aim was to run the council in a businesslike manner replacing the old administration which had become static in nature and lost the direction. It was obvious that neither the newly elected council nor the newly appointed General Manager and new prescriptions for organisational models could click together to trigger a harmonious change process.

The real reform process began with yet another General Manager (from within the council) taking over the reins of power and a beginning was made in the works area following the recommendations of the consultants appointed for this purpose. The effort made was qualitatively looking good at the details of work which was done. The frustrated directionless staff was almost willing to accept any change which would have brought some degree of certainty in the work environment. The reform process took place in two stages. First stage marked the dispersion of the dark clouds of chaos and to bring some order, and the second stage dealt with the planning and implementation skills of the senior management and the staff together. The transition process saw the unproductive static
period maintaining the status quo giving way to an orderly work process based on principles of New Public Management.

5.5.2 Market driven reforms

The awareness of the newly elected council to run the organisation in a businesslike manner (the drive for reforms) seemed more like inviting a taste for the ‘label of the process’ rather than a deep knowledge about the process as a way of life. Therefore the fondness for the reforms in this sense remained skin deep. Possessing an in-depth knowledge and the skills to implement the administrative actions with precision, were just not there.

The Functional Review Briefing Paper prepared by MPI Consultants for the council states, “The three functional groups studied, Engineering Services, Councils Assets and Council Works can not operate effectively where input from two or more of the groups is required due to a variety of reasons, including;

1. Confusion as to the roles, responsibilities and authorities of each of the groups,
2. A growing, albeit small, internal focus and internal–group competition,
3. A dependence by council works upon engineering services for capital works designs without any control or authority over the production of such designs.”

Apart from these organisational inconsistencies the era of the General Manager Mr. B, saw good intentions, however less harmonious reciprocal partnership on the part of the legislative and executive components of the councils. Once the organisational turbulence period was over, the common desire at every level of the organisation worked like a glue uniting the staff. The planning and implementation of market driven reforms, “works benchmark project”, new awareness in the integrated planning area, and the raising of the
consciousness about outcomes oriented leave as it is focus of services. There used to be a vacuum in these areas, whatever input that was made was always going to be welcomed with the accompanying good fortune that the process did not conceptually or operationally falter at this stage. The new developments sound in there objectives found organisation wide acceptability.

5.5.3 Organisational dynamics and culture

Learning from the previous disasters the council realised the importance of good administrative practices. The organisational review arranged for this purpose highlighted the need among other measures for;

1. Clear leadership from the council and the General Manager
2. Improved communication channels
3. Planned implementation of the change process replacing old practices
4. Integrated corporate planning
5. Market driven reforms and service delivery mechanisms
6. Significance of community participation and social planning
7. All-round development of management practices

(Based on the...Council Report: Organisational Review – Spiegel and Associates June 1996)

Staff were appointed including the General Manager, and organisational models were implemented, as desired in this report. However, council's misfortune did not end there and some major potholes were encountered on the road to reforms which saw the General Manager leaving and the organisational model being revised again. The new trend that began with the introduction of these measures saw life being gradually brought back into the organisation; found its roots with the passage of time restoring the confidence of the
staff and the community, and setting norms for organisational dynamics. As a result, Council is well settled on its path to organisational efficiency and excellence.

5.5.4 Decision making process and organisational controls

The decision by the newly elected Mayor and six other councillors to have a major evaluation of the council operations by an independent evaluator had profound impact on Councils decision making progress and organisational controls. Such a move can be flawed in certain respects especially the dynamics between various stakeholders and other players in the game. This however needs to be commended as it provided opportunity for all concerned to have their say in the running of their own organisation for the first time. It definitely aided the process of bringing about positive change, development of a new paradigm with curiosity and willingness to make a positive contribution, which would lay the foundation for a system that could help quality decision making with a control system implemented by the management and staff, as a team.

The Council had to consider several aspects in this regard in view of the insight that the new General Manager and the senior staff had for the corporate style of the organisational model that was in place. They wanted to replace it by a more corporate style model adequate corporate level skill base to steer the process with care and caution was available. As discussed in previous paragraphs this momentum slowly gained ground and the improved performance in the customer service, budget planning and control, service frequency/response and quality assurance are indicators of the success being achieved.
5.5.5 Leadership and management

The pre 1995 scenario at this Shire indicates how a local government can become out of touch with its own people. Perhaps Council Administration thought that a local government meant roads, footpaths and waste collection only. The vision did not extend beyond that.

The subsequent events that followed show us, those who had become obsolete had to go. This included the elected council, as well as the General Manager. It is interesting to note that while the elected council failed to have a “pragmatic community focussed vision”, the executive side of the organisation took pride in gliding along the path with all their mechanism geared to “self maintaining mode”! A compliant CEO’s approach was to arrange staff compliance at the expense of creativity and efficiency.

No wonder the Council with no real vision and its compliant senior management had to be replaced. To remedy the situation recourse was made to the management tools like the restructuring of the organisation and the management systems, however the importance that goes with the person (General Manager) who uses these tools was lost sight of. The new organisational model was supplied as a ‘prescription’ to the incumbent General Manager. Either the ‘vision’ of the incumbent General Manager and his preparedness to deliver the new vision through the instrumentality of the prescribed organisational model were not adequately considered in the recruitment process of the General Manager, or the General Manager himself failed to fathom the capability of the machinery at hand and the effectiveness of the resulting administrative action is difficult to say. The result was different organisational models were tried in quick succession.
If enough thought had been given to “what needs to be done and how” at the time of appointing the new General Manager, perhaps intended outcomes would have been fast tracked and the process would have been more streamlined. Also evident was the reluctance on the part of some senior management staff to discuss ‘the part that they played and why’ when all this had been happening. Some stating that the continuance (in part) of some elements of the previous council as the reason while others were reluctant to discuss the subject even after they had left the organisation (documentary evidence available). This makes it difficult to find out what factors were behind certain failures, whether it was the ‘debt free vision oriented council’, or a council prescribing a new organisational model, the fact remains that if the General Managers of the time truthfully focussed on the organisational interests and correctly projected the possible outcomes of the legislative/executive decisions; the story would have been different. What could be achieved by the General Manager, Mr. G, and the Director of Shire Council Works, should ideally have been an achievable target soon after the election of new council in 1995. While the new councillors took upon themselves the role of the ‘drivers’ of the change management process, the management of the legislative/executive interface did not seem to have been well considered and implemented. This was evident, from the fact that the new General Manager had to have another organisational model within months of his joining and despite making such amends, left the Council.

5.6 CONCLUSION:

The events which unfolded during the reform process at this council tell us:
• The elected Council which saw merit in remaining “debt free” in preference to community expectations became out of touch with its own citizens. This raises questions about the interpretation about the efficient economic management requirements in the light of National Competition Policy, Local Government Act 1993 and asset management in accordance with Australian Accounting Standard 27 (AAS 27) requirements.

• The alleged compliant organisational machinery arranged by the General Manager, in tune with the Council’s desire to be ‘debt free’, resulted in uniform loss of motivation, creativity and efficiency of the staff.

• The above-mentioned two factors and the events that followed suggest how difficult it is to revive and rejuvenate the interface between the elected council and the executive wing once it has lost it’s liveliness. This is seen from the replacement of General Managers and various organisational structures tried in quick succession. We see here that a management tool can only be that effective as the efficiency of the person using it. Though the newly elected council strongly favoured a business like approach in all council operations, this did not result into success overnight. The preparations for the change management exercise of such a magnitude requires a well considered, honest status assessment and realistic goals with which all the stakeholders / participants agree, and jointly chart a path to be followed and the mechanism to be used. This is where this Council differs with the simplistic, reality based and all participating approach pursued at Case Study Council 1. Only presumptions (of the mind) cannot work if the heart (all participative owners of the change process) is not there!

• The successful emergence of the Shire Council Works and stabilisation achieved by the then General Manager, Mr. G (recruited from within the existing staff of the Council) suggests that in addition to innovative approaches adopted by the Works
Division and integrated planning adopted by the council in later years, the staff needed assurance about the usefulness of the collective approach and a healing process after several organisational upheavals. It is only after the calming of the ripple effect of organisational turbulence that a new beginning for creativity could be made.
CASE STUDY COUNCIL: 3

Reforms Based on the Frame breaking approach adopting a purchaser / provider model with a newly appointed General Manager from outside the Council and having previous Local Government experience to implement the change process.

6.1 INTRODUCTION:

This case study city has a population of approximately 165,600 and is located in the Western Sydney Region. This city Council believes that the local economy is changing rapidly, being transformed from a traditional, industrial base to a knowledge based economy. Population growth, and the city’s importance to Sydney’s infrastructure network is also driving new economic development opportunities.

The reform process at this Council has four distinct phases and has seen three different General Managers. The criterion being set by the council as its requirement at the time of
the selection of new General Managers is interesting. These developments have been analysed in this chapter.

Significance of this city council as a case study council:

- This Council was voted as the most effective in the change agenda in a survey of all General Managers of NSW Councils conducted by the University of Wollongong academics.
- This was the first council to adopt a bold frame breaking approach with a purchaser / provider model, with disastrous results and later had to be abandoned in favour of a corporate structure.
- Though there is a similarity in the reform routes adopted with some other councils, the method of application and the type of organisational culture at this Council is strikingly different from the other councils. This is also visible in the outcome of the process.

The main components of the reform process carried out at this council have now been described under the headings:

- **g. CONTENT:** What happened (Paragraph 6.2)
- **h. CONTEXT:** Why it happened (Paragraph 6.3)
- **i. PROCESS:** How it happened (Paragraph 6.4)

In this chapter most of the details given under the paragraphs ‘6.3 Context and 6.4 Process’ have been taken from the transcripts (tape recorded evidence available) of the interview with the General Manager Mr. B, the literature made available by the council and transcripts of previous interviews with the General Manager Mr. W, Manager Parks and Landscape Mr. K, and Union (MEU) Rep. Ms. T. Access was also provided to (1) The Morgan & Bank (1995) review of Council’s business structure and capabilities, (2) The John Mant (1995) report on a wide
ranging and expansive view of Local Government, and (3) Council’s document “Building Vs Wrecking”. The information and data obtained in this manner has been analysed and further discussed in paragraph ‘6.5 DISCUSSION’ under the following subtitles:

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### 6.2 CONTENT:

The City has a population of approximately 165,000 and is located in the Western Sydney Region. Reform had been introduced by a more conventional approach, and restructuring along the lines of the corporate management model had occurred in 1989-1990, followed, a year later by the introduction of corporate planning (Jones & Goss 1996). The first phase of the reform process at this Council occurred prior to 1990, followed by the second phase in 1990 which focused on assigning accountability for the process and outcomes in a divisional structure while retaining the focus on traditional Local Government professions. The elections of September 1991 produced a Council consisting of younger, talented visionaries having the concepts of customer service and contestability closer to their hearts. The incumbent General Manager was perceived to be an obstacle in their path and as Jones and Goss (1996) states, “The Council was looking for a specific person, somebody with commercial experience but who had had a previous career in Local Government”. The new General Manager matched the prescription and got the job. So
began the third phase of reform, deviating radically from the past, and introducing the purchaser/provider split, contestability and competition in service delivery, and generally a business-like approach to Local Government with the creation of business units. A new Local Government Act in 1993 removed the previous prescriptive approach, giving councils the freedom to pursue policies and activities, which match local aspirations. In regards to his unique style and the circumstances surrounding it, the then General Manager Mr. W in December 1995 explained, “I was enticed by the thoughts of commercialisation and corporatisation that seem to be pre-empted in the Local Government Bill, as it then was, a time for change in local government. I found a match at this City with what I think are some of the most outstanding Councillors I have ever met in my life. Mr. M (identity suppressed) who was the Mayor and Mr. C (identity suppressed) the Deputy Mayor led a council that really saw a different role for local government in the future, and I was able to match my talent with theirs.....” However, problems started to emerge later. The Mayor left the Council in mid – 1994 and the General Manager was unable to prevent the resistance of the Council into his day to day functions. The situation continued to deteriorate and the General Manager left in October 1995.

The policy planning factors of the legislative wing (elected council) initially proclaimed the need for a General Manager with “commercial and previous Local Government experience” in 1992, now desired to have someone with a “visionary and healing approach” in 1996.

Mr. B, (identity suppressed) CEO of a city in South Australia, who had earlier organised a study trip for about 20 people to this city during the previous General Manager’s time and had built a reputation for himself as a person who can ‘move into some of the troubled areas and be able to work through them and be able to get reasonable results’, was
appointed as the next General Manager by this Council. This marked the beginning of the fourth phase of the reform process. The entire emphasis of this phase is on retaining and building upon the strengths of phase three and has been described as the “Corporate Business and Governance Era”. The approach is based on the system as whole and with total government thinking. Public policy and cooperation became as important as efficiency. This phase introduced the Neighbourhood Amenity system to make basic service delivery more effective and responsive to customers.

6.3 CONTEXT:

Following the election of a new council in September 1995 and the General Manager’s (Mr. W) exit later, the council had an opportunity to pause, reassess the situation and choose the path for the future. Council had five primary sources of information and data evaluating the then prevailing systems and processes deployed. These are listed below:

1. A report titled “Observations arising from the (identity suppressed) City Council – Study Tour: November 1994” from the City of Tea Tree Gully [SA]. The study was principally funded by the Federal Government.


3. The John Mant advice setting down a wide-ranging and expansive view of local government within a broader historical framework (October, 1995).


As noted by Alex Sanchez (January, 1996) in his discussion paper, these studies highlight inadequacies in the structure at this Council. Sanchez (1996), summarised these as follows:

- Poor integration of service planning amongst business units.
- Poor communication & marketing across business units and output to customer/ratepayers.
- Notwithstanding the purchaser/provider split, continued incorporation of both service delivery, regulatory and planning processes within individual business units.
- Weak and meaningless performance indicators.
- Distant community participation and consultation, and a poor “public affairs” understanding and appreciation.
- Continued confusion about roles and responsibilities between Council officers and elected representatives.
- Lack of transparency in the management of conflicting objectives, particularly as they relate to pricing, asset management and social justice needs.
- A need to re-evaluate reporting relationships between business unit managers and executive managers.
- Poor accountability and decision-making processes deployed for commercial undertakings such as City Works.

Besides the above mentioned, the key issues identified leading to the adjustment of organisational design and structure were:-
1. **Maintaining the direction and aspirations set out in “City’s (identity suppressed) Future - Today and Tomorrow” which was endorsed by Council in September 1996:**

While this Council had progressed considerably since 1996, the starting position prior to City’s (identity suppressed) Future - Today and Tomorrow was extremely poor and serious. Since then the finances had recovered from a $15.4 million deficit, procedures and systems had been progressively improved and the structural foundation put in place. Since the writing of “City’s (identity suppressed) Future - Today and Tomorrow” new challenges and demands had emerged driving the need for a revised organisational structure which could be built on the foundation established in 1996. The agenda established in this document had not yet been fully implemented within the existing organisational design arrangements.

2. **Developing an improved organisational framework which incorporated the lessons learnt from the Independent Commission Against Corruption investigation in 1999:**

To complement the ICAC findings and advice to Council from a review carried out by Corrs Chambers Westgarth, a revised framework aligned with ethical behaviour, supported by structural adjustments, had to be put in place.

3. **Streamlining the structure to better deliver services to the community.**

**The process used in arriving at the revised organisational design:**

Key activities undertaken by management to develop the organisational structure included:
• Holding staff briefings and meetings with the Consultative Committee.
• Notifying relevant unions, inviting their comments and consulting with union delegates.
• Distributing a discussion paper to staff, councillors and unions.
• Considering 34 written submissions and a variety of verbal comments from staff as well as feedback from councillors.
• Incorporating a number of adjustments arising from the feedback received.
• Briefing staff who made comments, union delegates and then briefing the staff in general.
• Distributing a second paper notifying the alterations that arose from feedback and highlighting the management systems, which were needed to support the focus of the organisational redesign.

The process of refinement since December 1999:

• A report was presented to Council on 13 December 1999 seeking the endorsement of a revised organisational structure and nominating ‘senior staff’ positions.
• Council deferred consideration of the organisational design on 13 December 1999 to allow new Councillors to consider the recommended changes.
• Detailed briefings were provided to new Councillors on the organisational design and the recently proposed refinements. Management had received feedback from the new Councillors regarding portfolio responsibilities in light of the revised organisational design. The new Councillors also offered a number of suggestions regarding improvements to the systems and linkages between programmes.
Further considered were staff comments offered on the proposed revisions and introduced refinements based on those comments (see the next section for specific changes).

Staff workshops were conducted in the Community Development and Natural Environment areas.

Later refinements:

The main refinements made to the structure since December 1999:

- An emphasised focus on Assets and Infrastructure so that transport planning was co-located with other planning and policy units
- Locating design with the re-worked Assets and Infrastructure grouping
- The addition of a “Human Services” unit in Organisation Services comprising activities which relate to a financial and operational focus far more than to the policy and planning emphasis of the Community Planning unit.
- Better articulating the linkages, as well as the segregation, between procurement disciplines. For example, S94 Construction located in Assets and Infrastructure, is closely linked to and is dependent on the Operations group.

Key features of the redesign process:

At the conclusion of a detailed consultation and refinement period, the key features of the redesign process carried out were:

- Retaining the key strategic focus and consultation and implementation of the principles set down in ‘City’s (identity suppressed) Future -Today and Tomorrow’.
• Accommodating a more thorough ethical framework arising from the lessons learnt through the ICAC investigation and advice to Council.

• Emphasising accountable management and improving the strategic capability.

• Implementing a total asset management approach, and improving the system for the construction programme funded by developer contributions (S94).

• Abolishing two Corporate Manager positions.

• Boosting the Internal Audit capacity of the Council and increasing emphasis on management and performance monitoring.

• Devising a procurement model based on segregation of functions and consolidating contract administration to include all contracts.

6.4 PROCESS:

In his address to another City Council in Sydney (Case Study Council: 5), as a guest speaker in December 1995, the General Manager Mr. W, claimed that when the University of Wollongong (Jones & Goss, 1996) as a part of their research work, surveyed all general managers in the state and asked them to say who they believe had been most effective in their change agenda, his council (Case Study Council: 3) was voted No.1 and had more than twice the number of votes compared to the council in second place. Mr. W also stipulated that “the pricing mechanism was going to be the driver of the change process…”

As has been noted in the literature and elsewhere, the newly elected council triggered further change, which has been described as the third phase of the reform process at this council. What happened to the all so important ‘pricing mechanism’ becomes known in better detail when the financial situation of the organisation was evaluated in the beginning
of the fourth phase of the reform process. The fourth phase saw the council reverting to
the corporate model for the organisation.

It was interesting to know what the architect of the fourth phase of the reform process,
General Manager Mr. B, coming to this council after previous successful experience as
CEO in Local Government in SA, thought of the evolving organisation. When asked about
this, Mr. B replied, “The way I look at organisations is to assess them on three fronts:

1. How it is financially placed – is it stripped of its finances or has it some room to
move.

2. What sort of culture is like – is it dynamic?

3. How is it structured – is there a logical method to it – is it organised in a fashion or
needs some surgery or you can move things forward in a logical manner – there is
some method to it in terms of what you are trying to connect with delivering a vision
– how the resources are organised.”

Expressing his views about the situation prevailing at this council (before he came to this
Council) Mr. B expressed, “….in my view it needed a lot of surgery and a restructure. It
needed a lot of work done on its culture, as the fundamental fabrics were not very strong.
There were some aspects where they were trying to get more efficiency – sort of an
internal competitive mind and the view was to be more competitive externally but what was
happening was really competitive spirals sort of engulfing internally and there was a lot of
friction and clashes occurring within the organisation which I don’t think was healthy.”

Mr. B further stated that, one area of which he was not aware of was the councils financial position. It took
some time sending a pretty strong message to staff that there were weaknesses within the financial
management and the way things were being organised – cross charging, for example was such a mixed bag, staff could not assess quickly what the state of the organisation was financially. It was quite an exercise to find out how the organisation was placed. Mr. B had to pull together a number of internal staff. A young man Mr. N who was based at the depot doing accounting ended up being the financial controller. Another fellow who did not have any experience in finance at all became a Corporate Manager due to his ability to look for details and question what he saw. Being a Corporate Manager was a good learning curve for him, and the other person was the internal auditor and was very capable. This corporate manager and the internal auditor undertook the review of the finances and came back with the news that they had big problems financially, and as it turned out, they had a $15.4 million working capital deficit.

Mr. B continued, “They had got a structure based on purchaser/provider split but many people did not know whether they were the purchasers or providers, they were confused, they did not know how it was meant to work internally. The internal culture encouraged people to compete internally and therefore there was a lot of tension, clashes, and uneasiness. People were fearful of their jobs, they felt threats. So these two most important fronts were basically broken and to make matters worse there was a $15.4 million working capital deficit and all the funds were stripped off, there was no unrestricted cash at all and a lot of funds were used for wrong purposes. Among these dark clouds was a silver lining the attitude of the people wanting to fix things it was really that spirit that you can sort of harness. Mr. B picked up this thread and moving amongst the staff he honestly explained to them what the situation was. He also explained to them that, finance was urgency and that they couldn’t stay at a $15.4 million deficit. There was one thing that they could do and if they all pulled together to resolve the issues internally he in turn would guarantee that no one will lose their jobs, in other words there was not going to be mass scale retrenchment. He further asserted, “no one beneath management will lose their jobs but I reserve the right to review management.” Quite a few people in
management ended up leaving, new management staff was recruited that had a different mindset and a different capability and they grew further on that. Mr. B’s view was that if organisation was going to be healthy and working well then it was because of management. If the organisation had got the sorts of symptoms that he saw on coming to that council, then one had to look at the management. Management created it. Management was really the thing that generated the performance of the organisation. They methodically worked through the issues. They looked at the structure, organised themselves a couple of times and then fine-tuned it as well. They worked on the culture. Giving an example about values, the General Manager said there were value statements on the walls, so he assumed there would have been appropriate processes. Then, one of the staff, who still worked at the Council, told him how those values were produced. In essence they were worked out, written on a piece of paper and people were told they were values! So there was no ownership, it did not mean anything except a statement on the wall. So they went through an exercise of invoking the use of the staff as to what they thought the organisational value should be and the Manager Research and Planning undertook the process with 212 staff who contributed to that exercise and came up with core values. They have customer service both internal and external. They were there prior to 1995 as well but a doubt remained about how well they were compiled. Unless the information is compiled through a proper process its meaningless. So they made sure that their process in terms of securing and capturing information was of good standing. Having got the values in place they have since worked on that. They had organisations coming in like ICAC investigations and had used all of that in a positive way. They said to the staff that these organisations were looking at their systems. As their systems were not working well enough they had got to improve them. Many systems were ok but it was the behaviour that was attached to those systems, so there was more education and understanding, their behaviour and concentration on the psychological environment and
how that impacted on behaviour. More education at the management level explaining this to them and making it clear that they will be responsible for the environment. They can actually create a positive environment or a negative environment. They had got to take that leadership.”

When the General Manager informed the Mayor about the $15.4 million deficit he too was shocked to know that. However the Mayor was relieved to know that the General Manager had developed a strategy to recover this money without going for unpleasant options such as retrenching staff.

This strategy targeted three areas:

1. Freeze on increasing the labour. The city was growing resulting in an increase in the demand of services. Council decided to meet this increase by controlling the input. The situation was explained to the staff and the unions.

2. Stringent cost control measures were put in place before implementing any task. The question asked “do we really need to do this?” was evaluated. There was a lot of duplication mainly because they were structured as business units and they did their own things so there was no corporate effort to assist in the situation. So duplication was reduced to the possible extent and restructuring achieved.

3. The other area that was targeted was council’s debt. Fortunately 40% of the debt was maturing at a point early in time and the interest rates were fairly low. Council had the opportunity to restructure 40% of the debt liability therefore council would extend their term of the loan over a reasonable period of time because of the
assets having a value. The exercise of restructuring council’s loan was carried out reducing the impact on current account. The next part was a one off rate increase. Explaining the need for this, Mr. B states, “The reason why one off rate increase was important was that if you can contain cost, you can restructure debt. So the financial fundamentals were fine and council could crawl back to $15.4 million much sooner than the forecast. The council enjoyed a very good position now with a working capital surplus. The organisational structure is right. A corporate structure both horizontally and vertically has replaced former business units. Management has improved significantly. There is a lot of work done on the culture of the organisation in terms of values and systems.”

Thereafter Council’s main focus was on ‘measuring’ how they were progressing. Four key measures were chosen corporately, and their focus was on Finance, Systems (processes) and People (internal and external) i.e. employee satisfaction and customer satisfaction. Customer and employee surveys were carried out to achieve this. Finances and trends were closely monitored. The internal auditor monitors the systems and processes. Council collaborated with ICAC, and the department of Public Works and Services also became involved and carried out an independent assessment. There is a focus on continually monitoring the above mentioned, and the General Manager had been very alert to this process. In his own words Mr. B expresses “we can have best systems in the world but if the person operating it hasn’t got the behaviour right then there are problems.” Managers were told that it was very important how they managed their environment and their people. So this was the internal effort for all concerned.
Mr. B outlines that the city was the fastest growing city in Australia taking quite a bit of development growth off Sydney, because of this growth there were huge opportunities, and provided the city got the fundamentals right internally, they could cope with the demands externally. He believed that staff within the organisation had performed well in all areas of the council from their starting position in 1996, which was very poor, till now. Staff had been able to capture the strengths that they had at that time, but built significantly on them, as well as improving in many other areas.

Once the internal picture was satisfactory, attention was then focused on the organisations vision and maintaining a sustainable city with all the developments happening, with the growth of new suburbs (without affecting the established areas and maintaining equity). Focus was now on five core areas viz. Transport, Environment, Community, Employment and Government relations. The General Manager said, “We recognised early that we are not going to be able to build the city by ourselves in isolation, we had to connect with the wider market. Both the public and the private sectors were critical. We need their investment within the city to make it work and we should really be the vessel that plans, guides and encourages the growth of the city in a sustainable way.” Council has successfully attracted sporting clubs such as Woodward Park Project (identity suppressed), a $700m development giving a $1.9b stimulus to the local economy and creating 4,500 new jobs. There was a ‘Smart Growth’ program, which has worked with State Agencies right across the spectrum through a strategic interagency group. Council has in this manner connected with the State Agencies to work up the macro planning of the growth of the city so that they can connect it with their budget as well to make provision for more infrastructure, particularly the arterial road works. Council has also put forward a proposal to Federal Government on employment initiatives and has also been working with the chambers of commerce on many of the growth issues that council has
been facing. Council has put in place a program called ‘Community 2167’ where there are a number of people living in the green valley area requiring special attention for some of their facilities and issues that they have to confront. It really is an effort to provide special attention with Government for that area. Council, in addition to focusing on internal areas has also concentrated on strategy planning and longer term planning, so that they are in a position to deal with things as they are communicated.

The success story following the exit of the General Manager in 1996 at this council stands out distinctly for two reasons. The new General Manager had the courage to say “Management was responsible for the state of affairs”, and the way ahead lay in “addressing the issues rather than squeezing the arm of the doer (blue collar worker) in the organisation.” It has been the international tendency on the part of the Management to squeeze the arm of the ‘doer’ whenever there is a pressure or demand to improve performance! The other fact which draws attention Council Management returned to those staff which had provided feedback, a confidence building measure which not only completed the procedural loop but laid the foundation for the enormous task ahead.

These two characteristics summed up together, not only highlighted the practical importance given to the ‘Human Factors in Management’ at this council, but also produced a classic example of ‘Head & Heart’ moving together in tandem.

When asked about the preference for two quotes in the beginning of the document “City’s (identity suppressed) Future – Today and Tomorrow” and also the change management process, Mr. B replied, “I chose those two quotes because it was known to the councillors and others, that the previous General Manager was the proponent of the Machiavellian
way and he believed that you apply those principles no matter how harsh they were, that’s it! So I wanted to put a document to the council to recognise that there are many views and even though some of the councillors were very critical of the Machiavellian way said that there were some quotes from Machiavelli which made a bit of sense like, ‘One change leaves the way open for the introduction of others’. Now I am a greater believer in knowing what the starting position is because nobody can come in and say, ‘I don’t care what the starting position is, this is how we are going to do and that is the model and we are going to implement it.’ You have got to know what the starting position is, so that you can actually move it from one position to the next, because you are moving peoples’ minds, you are moving culture – you are moving things that you can’t actually touch and see – and that’s the sophistication and the mindset the General Manager has got to have knowing that you have to have an understanding of what the current situation is and that’s why I wanted to know what the finances were. I knew that the culture was in disarray, I knew that the structure was broken, basically people did not know how it was meant to work, so if I didn’t know that, there is no point in coming in and say, ‘we are now going to do this… and do something…I mean we just put absolute chaos into the place. So I think the quote like ‘change gives birth to change. Slowly…’and you know that it is about trust and I wanted to get the message across that if we are going to bring change – to go on a journey, then we are all going to go on a journey, its inclusive. This document was prepared before we knew what the financial position was and so this was a concentration on culture, on structure, how we organise ourselves, how we shifted from a business unit approach to a corporate approach (that’s what the document was about) and about having panels in place so we can engage the elected members. Instead of shoving the elected members out because they represent the community out there and even though you may not want to hear what the elected members are saying it’s normally a true reflection, 9 times out of 10 about what people out there are feeling and experiencing. You need to be
aware of the fact that local government is about capturing, collecting resources from local people and distributing those resources back in the way of goods and services. We have to know what attitudes and views are there."

On being asked about the approach that the previous General Manager (Mr. W) had taken, Mr. B replied, “He came, had a very supportive mayor in the council, identified that there were major problems with the outdoor staff, mixed with them, listened to their grievances, establish a sort of direct communication channel with them, introduced a purchaser/provider model and all of that, despite all this when he (Mr. B) took over, there was “chaos”. Commenting on this Mr. B said, “The previous GM took a view that he had to wreck the organisation first and then re-build it. I took a view that you should never wreck, you should know what the starting position is and then work the starting position up. What the previous General Manager actually did was that he took a view that people in local government were inefficient. So he was determined because probably the elected officials said that we are not getting enough of efficiency, he took a view that we really do need to put these people into shape – so the Machiavellian style – purchaser/provider model – created absolute chaos. While all this chaos was going on they thought they were bringing about change – probably more activity then change – a lot of people lost their jobs during that period particularly the blue collar. What was happening was that they set up what they called ‘City Works’ and they had to tender for jobs both internally and externally and if they did not win a job they sat in the depot! There were quite a few instances when there was duplication of costs. Being our internal employees if they did not win the job, they sat and we paid for their wages at the same time we were paying the contractor to do the work. That added quite a bit of cost to what was going on but never mentioned corporately as they were cross charging and the way they structured the
finances, so you couldn’t tell. It was only when we assembled the finances in a proper fashion that they realised here is the $15.4m deficit in the working capital. The organisation was in dire straits. So what they did was in my opinion experimental. The other thing that I found out when I have spoken to other people going through this exercise, that all the on costs, all the administration costs had to go on their tender which made them non-competitive because they had to recover all the on costs of what was going on internally where as the other contractors had much lower overheads because they were in a different business. We have now created a neighbourhood amenity system and put five areas with five managers with appropriate resources to do with amenity issues. Because the community here never wanted to know how things were worked internally, all that community wants to know is that if there is a pot hole in the street, if the garbage hasn’t been picked up or a tree has fallen down or some part of the amenity has not been managed properly, they want to be addressed quickly. Prior to this what happened was that there was no ownership. If ……. City Works staff would see some problem they would not stop, drive straight past saying that if they stopped to pick that up that’s a cost! We are inefficient! We want to win tenders! Now community contacts the call centre and the concerned manager immediately responds.”

Staff were inspired to think in a different way. They were told not to worry about winning tenders etc. and to free themselves from that anxiety. They lived in that area and were asked to treat the amenity area around them as their extended backyard and look for problems, which needed to be fixed. Staff preferred to do this in preference to the previous uncertainty. Describing this, Mr. B said “This is about people, they live in this area, they want to work for this area, they are proud of this area. So under that environment they did not drive past the problem, they stopped and fixed them willingly. They were the strengths.”
The General Manager talked about drawing a line in the sand, saying that they were going to focus on the strengths that have been identified in the way the organisation was currently working, but they were going to build on these strengths. This was about building an organisation, not going through a process of analysing the past to such an extent that you can’t fix problems as you are moving forward. The document was about how they moved forward, capturing all the things which were good, building on them and motivating people’s minds in the organisation to look for the positives, not to dwell on the negatives because there were many staff going around with their heads down, shoulders slumped, staff morale was significantly down. The preferred way was to encourage them by showing a positive side of things.

Elaborating further on this the General Manager said, “The starting position was a mixed bag. There were some people in the organisation who thought that purchaser/provider model was a good thing; other thought it was absolute nonsense. So the new management got down to establishing some key principals. Work those principles into a key position and the purchaser/provider split is the model that comes out at the other end then so be it, and if it doesn’t, it does not matter. We know where we are going we know that we want to be more responsive, more efficient, more effective and connect to the community. Elected members have to connect with what we are doing; it has got to be strategic. We have got to organise our resources in a way to avoid duplication and make sure we can deliver not only in an efficient but a very effective way.”

“There are always going to be unlimited demands, how are you going to manage that? Partnership with the community rather than exclude them, that’s what I am about,” said Mr. B. He goes on to say “Therefore we have to organise our staff our resources, our people.
One style is not going to deliver all of that and there is a place for contracting out, particularly those higher cost jobs, where you need economies of scale, you need large equipments. You need your resources for those things which private sector is not going to do because there is not enough money in it. It is about that balance and knowing how you should use your resources.”

6.5 DISCUSSION:

6.5.1 Awareness of the reform process

Of the four different phases of the reform process, the first two were characterised by the corporatisation process and introduction of accountability of the traditional local government framework. Interesting from a researchers point of view, are the contrasting modes presented by the third and the fourth phase. While the third phase began with a bang adopting the frame breaking approach, the fourth one was essentially a reversal of the third phase demanding a more healing and humane touch from the management.

During the third phase, the newly elected Mayor, Councillors and the new General Manager all acted in unison adopting an energetic and prescriptive approach. Combing with this the initial momentum of the process was like a heavy flood sweeping away the whole domain with a mighty force. The only option available to the staff was to withstand this storm, survive and do as they were instructed. This left no room for the meaningful participation by staff, to understand what was happening and why it was happening. This resulted in excessive staff turnover.

If there was any awareness of the reform process among the staff it was during the fourth phase at a time when the organisation was reeling under the pain of the highhandedness and chaos left by the third phase. There was an obvious common need, desire for the healing for their suffering and fortunately the management came forward with the new
General Manager, Mr. B, first assessing the prevalent situation and discussing possible remedies with the staff and the unions. This obviously created a sense of belonging, a basis for understanding of the future path, and to the extent an awareness of what was going to happen in the form of reforms could be created.

### 6.5.2 Market driven reforms

The frame breaking approach for organisational reforms adopted by the appointed General Manager, Mr. W, at that time, lead us to believe that he had a certain opinion about the existing administrative machinery and organisational culture at this council and that he thought it necessary to dismantle it first. This has been described in the literature as a change process based on Lewin’s three stage model, which required the organisations to first go through a stage of unfreezing, followed by the introduction of change or the transition stage and finally the refreezing stage. Unfreezing is considered a necessary step to overcome the strains of individual resistance and group conformity. This however requires visionary craftsmanship and surgical precision in its application. The method of application goes with the personal attributes of the change agent i.e. whether he/she prefers to unfreeze the existing situation by increasing the driving forces to direct the staff behaviour away or decrease the restraining forces to negatively deflect the movement away, or a combination of both. The fact evident at this council is, after such an attempt to unfreeze the existing situation the General Manager did not advance decisively enough for the creation of the purchaser/provider model chosen by him. The staff shocked by shear force and the impact of the unfreezing movement should theoretically not have been allowed to pause and regroup before the commencement of the second stage which focuses on changing behaviour and is also called the transition stage. There was one
clear flaw visible in the management of the transition stage this being, while the
competition for the jobs became necessary with the purchaser/provider split, and the
internal provider lost the jobs to outside contractors, the internal staff was still retained
without any work to do and their salaries charged to inappropriate accounts. How such a
tactically essential step was lost is difficult to understand. Such failures in creating and
implementing organisational and cultural change also contributed to the failure to the
market driven reforms that were introduced. The very first year saw a 23% staff turnover
(mainly outdoor staff) and then there were attempts by the General Manager to befriend
the same staff (for example the Garbage Workers). The General Manager attempted to
pay staff more, this did not bring desired results as they were basically directionless in an
environment which witnessed the loss of expertise due to high turnover rate.

This trend had to be reversed during the four stage of the reform process which saw the
new General Manager, Mr. B, held the management responsible for the chaos. Mr. B
then began providing a healing touch to the doers in the organisation.

6.5.3 Organisational dynamics

The newly elected council, its Mayor, and the new General Manager, Mr. W, started at
approximately the same time and committed to the vision of the Mayor and the council.
The structure based on the services delivery process designed by Mr. W was only agreed
to by the council one year after the appointment of Mr. W as General Manager. The
initial, readily available flexibility on the part of the staff to adapt to the new management
was partially lost and to compound the matters further, Mr. W tried to forcefully implement
his version in a Machiavellian style (an obvious characteristic associated with the frame
breaking CEOs recruited from outside the organisation). It became clear that the General
Manager was focused on the application of his predetermined formula rather than carrying out a diagnostic analysis of the existing situation and exercising human judgement.

The purchaser/provider model imposed by Mr. W lacked clarity with the same managers finding themselves to be carrying out both purchaser and provider functions. These managerial recruits made by the General Manager, combined with their local government inexperience, appeared to be inward looking creating a more isolationist environment endangering the interpersonal and inter-organisational dynamics. Much anticipated external competition became a distant dream. Ultimately it is the ripple effect, dynamics from the top that percolates through the organisational cadres and staff with the obvious tendency of treating others in the same way as their superiors treat them, blasts the very foundation of essential team working abilities. This creates a damaging effect on organisational performance indicators which are the key feedback drivers of organisational dynamics. This loop of vital dynamism remains incomplete in the absence of the true assessment through performance indicators and this is where the ownership of the change management process gets eroded. No wonder the General Manager found himself at odds with the Council once his supportive Mayor had left and he too followed suit, leaving the mission incomplete.

The fourth phase of reforms began at this Council with the new General Manager, Mr. B, reversing several steps of the previous administration notably among them being the switching over to a corporate style model, a healing and participative style which the staff was badly in need of and readily obliged in a co-operative way. Firstly the General Manager assessed the true status of the councils existing situation (discovery of $15.4m budget deficit is just one example) and working towards bringing the organisation back on track. Due to the General Managers approach, the team dynamics and performance indicators, reflected an overall approach.
6.5.4 Decision making process

As has been noted in previous paragraphs the time gap between the unfreezing stage and the transition stage (during the third phase of the reform process) together with the lack of clarity in the planning for the transition stage, created a situation whereby the decisions (even though they were imposed) could not be broken down into component parts for the implementers at various levels, focusing on doing one thing at a time. It appears that there were some crucial mistakes made, such as not creating a sufficiently strong strategic orientation and failing to create a clear social and environmental context within which the process of competition was conducted (Jones, 1999). Deficient contract specifications and the absence of a detailed blueprint for change created a lack of confidence in the process leading to the absence of much wanted thoroughness and rigor in the decision making process.

In the beginning of the fourth phase the new General Manager, Mr. B had to address these shortcomings by first preparing a policy document “(identity suppressed)Cities Future – Today and Tomorrow” bring the staff into the fold, introducing accountability and performance monitoring. These measures were adopted after adequate consultations with the staff and the unions, creating grounds for sound decision making, task ownership and employee satisfaction.
6.5.5 Organisational culture

Commenting about the state of the organisation when he arrived in the beginning of the fourth phase the General Manager Mr.B said that the organisation needed a lot of surgery and a restructure. The organisation needed a lot of work done on its culture as the fundamental fabrics were not very strong. To do this, an exercise invoking the use of the staff as to what they thought the organisational values should be, was adopted. Staff ideals could then be established and hence, shape organisational culture, expressing the personality of the organisation. The concept of culture especially when attempting to change it at the time of organisation wide reforms is very important as it has the same potential to impact the morale of the staff in relation to the mission and vision of the organisation. This in turn affects the organisational performance so the thread then reaches to what type of leadership is available in the organisation.

6.5.6 Organisational control

The process of introducing controls could really take off, with the commencement of the fourth phase of the reform process. Phase three witnessed the shortcomings during the strategy forming the stage which marked the beginning of the slippages to organisational control and it could never recover enough so that operational controls could be implemented. With the flawed beginning of the strategic control process, the question of applying management controls to the sub strategies could not take place. Among the principal factors that contributed to these developments were the existence of a conflicting mix of Senior Managers, hasty commencement to the competition process with inadequate prior preparation, incorrect choice of priorities as seen in the rush for external works and
policy vacuums, leading to the fragmentation of the organisation. The remedial measures began with the reversal of organisational culture in the beginning of the fourth phase which relied on utilising the existing knowledge, and also in parallel, creating the knowledge where it was required. The simultaneous process of ongoing learning and validating the core principles facilitated the evolution of a new organisational control system and encompassing the strategic, management and operational fields.

6.5.7 Leadership and management

Architect of the third phase of the reform process, General Manager, Mr. W, possessed both transformational and a charismatic leadership style, he had a preconceived view about the ineffectiveness of the prevailing structure and work practices, and was in a hurry to implement his prescribed version of reforms. This prescription lacked the clarity of details and an incorrect view of the importance of human factors in management which is evident from his retention of the directors from the previous administration, and his appointment of inward looking new managers. Both these groups were obviously not capable of propagating his reform message and he soon became a lone warrior in his pursuit of what can be described as a pioneering and trend setting reform agenda. Though not successful as it ought to have been, prominent among the several factors which contributed to such a result are associated with his leadership style and personal attributes which are discussed in the concluding chapters of this study. The Council correctly estimated the requirements for remedying the situation, this time and it can be seen from the appointment of Mr. B as the new General Manager who changed the course of proceedings by first offering a healing touch and adopting a more evolutionary path sharp in contrast to the “wrecking” approach adopted by Mr. W earlier. Mr. B’s style of leadership exhibited the conciliatory path due to the contingent factors, although
necessary stimulation was brought about by his efforts to take staff on board in the process of identifying the organisational values. Reaching a consensus on staff views accelerated the process of changing the organisational culture, which further helped in reforming the systems. Improved decision making and organisational controls are examples of this.

6.6 CONCLUSION:

This City Council's first phase of reform was characterised by the corporate style model and planning in 1989-1990, whereas the second phase in 1990 focused on assigning accountability for processes and outcomes. Both these phases were brought about by the initiatives of the then General Manager. It was the newly elected Council in 1991 which triggered the third phase of reforms and had appointed Mr. W as the General Manager to implement their change agenda. The failure of the third phase of reforms resulted in the commencement of the fourth phase which saw the appointment of a new General Manager (Mr. B), and reversal to the corporate style of management.

This City Council is one more example which shows us that when service delivery suffers from a lack of benchmarking process, a complete overhaul of the organisation (business process reengineering) becomes necessary. However a lot of preplanning was necessary and the administration activities needed to be taken at the right time and implemented with surgical precision. Failure to do so has resulted in losing the track of the organisational goals and has proved a big disaster. The first two of the four phases of the reform process at this Council indicate the desire to bring change using a corporate structure. It is however the third phase of the process which drew the attention of many in NSW Local Government arena. This was evident from the fact that when academics at the University
of Wollongong conducted a survey, all General Managers of NSW Local Governments voted this City overwhelmingly as number one on the change agenda for the reform process. The pricing mechanism was proclaimed as the driver of the reform process.

It appears that the enthusiasm and ambitions behind the reform process was extraordinary, although as the subsequent events which later unfolded suggest that though the design looked ‘grand’ on the drawing board, somehow the process failed to deliver the intended outcomes. This is seen from the Mant report (1995), prepared soon after the General Manager’s departure. Findings of this report indicate that integration of the service planning among business units had been poor, the work flow pattern was far from being streamlined as both service delivery and service planning functions seemed to be located in a conflicting manner rather than being complimentary as one would have ideally thought. There are several other factors too, which suggest that not enough thought had been given as to “how” the tasks were to be done and “what” was required to do the tasks. Just as having shelves full of knowledge books does not make one a scholar; having a “grand” management vision does not automatically guarantee the success of the outcome a great success! The compulsion for the General Manager to resign as the goings became difficult not so long after the commencement of the reform process, the findings of the Mant report (1995) and the discovery of a $15.4m working capital deficit proved the “pricing mechanism”, supposed to be the driver of the process, had not delivered. The ‘grand’ design was not implemented as it should have been. The interface between the ‘vision’ and the ‘action’ needed more consideration and an accurate quantification of what was required. The absence of steering and feedback controls is also evident. The detrimental effect on staff morale is striking.
It is in this situation that the Council starts its search for the new General Manager. What catches our attention is the visible contrast in the person specification for the General Manager position at the beginning of the third and the fourth phase of the reform process. While at the beginning of the third phase Council was looking for a General Manager with “commercial and previous local government experience”, it was looking for a General Manager who can provide a “healing touch” at the commencement of the fourth phase process.

This proves the realisation on the part of the Council that it was indeed more important to consider how things were delivered, how staff was to be managed, and their confidence in the system rather than solely focusing on the end results. Either approach, if pursued with due diligence and craftsmanship could have delivered results which would not be too different quantitatively. However, in order to make a qualitative difference the process needed to be conceived and delivered differently, giving adequate attention to ‘human factors’ in management.
Chapter 7: Case Study Council: 4

7

CASE STUDY COUNCIL: 4

Reforms based on the frame breaking approach adopting a purchaser/provider model with a newly appointed General Manager from NSW local government sector to plan and implement the change process.

7.1 INTRODUCTION:

This Case Study Council area spreads over 75 sq. kms. is situated in southwestern Sydney. Having a population of about 160,000, and being highly urbanised as well, the city has extensive reserves of bushland. Approximately 85% of the total land use is being devoted to residential, industrial, commercial and special use development. Manufacturing is the primary employment grouping with growth industries in retailing, property and business services.
The reform process at this City Council has its special characteristic, that it has been a continuous process under two General Managers, Mr. M and his chosen successor Mr. C. The motive behind the change management process and the emphasis in its implementation has remained unchanged. The skills demonstrated in the implementation of the reform process stand out in sharp contrast to other case study councils considered in this study and also due to the continuity maintained in the change momentum. The initiator of the change management process Mr. M enjoyed the freedom to plan and implement a change process giving him the total ownership of the process with the elected Council fully supporting his vision.

**Significance of this Council as a Case Study Council:**

- As a Case Study Council this city stands out clearly from other councils in the sense that not only did this Council apply a frame breaking approach by adopting a purchaser/provider model and the creation of business units, the Council ensured their reform process continued to be a success story continuously for years even after the introduction of these reforms.

- Proven strategic planning and operational management excellence is evident. The pragmatism in the implementation process which shows nurturing and raising of the performance standards of internal service providers to desired level (in some councils we see them as being retained as an unavoidable burden), is significant as this happened in parallel with the bringing in of external service providers introducing the element of competition and a culture of cost consciousness.

*The main components of the reform process carried out at this Council have now been described under the headings:*
In this chapter most of the details given under the paragraphs ‘7.3 Context and 7.4 Process’ have been taken from the transcript of an interview with the General Manager, Mr. C (tape recorded evidence available), and the literature made available by the Council. From University of Wollongong further transcripts of previous interviews with the then General Manager Mr. M are reviewed. Group Manager Service Delivery (Mr. CB), Group Manager Service Planning & Commissioning (Mr. C), Manager Strategy & Policy (Mr. R), Manager Business Units (Mr. Y), in Market Research (Ms. P), Group Manager Strategy & Governance (Mr. B), HR Manager in Civic and Work Redesign Teams (Ms. G), have all been interviewed by UOW and their responses used for the purpose of this study. These interviews preceded researcher’s interview with Mr. C and served as a connecting link to the chain of events. The information and data obtained in this manner has been analysed and further discussed in paragraph ‘7.5 DISCUSSION’ under the following subtitles:

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The city’s response to the Local Government Reform process commenced with the appointment of a new General Manager (Mr. M) having previous NSW local government experience. Mr. M had a blueprint of what he was going to do and wasted no time in implementing the successive stages of the process, which began with what can be described as the ‘strategic architecture’ within the domains of which his ‘vision’ had to reside and deliver a purchaser/provider model. Once the ‘dwelling’ was in shape, he brought in the occupants, the new management team replacing the old guards. The next stage of creating the self-managed work teams followed.

With the obvious impatience associated with the frame breaking approach in organisational change management, the General Manager diligently attempted to win the support and confidence of the Mayor, the Council and other stakeholders in his efforts. This imparted a proactive process to a certain degree, and succeeded in involving the councilors in the policy formulation process by the creation of ‘councilor dominated tasks’. This indeed was a clever move in the founding of the success story the General Manager wanted to write, for the same elements would otherwise have been busy in the ‘policing task’ as the custodians of the ‘rate payer’s interests’. This and other community consultation mechanisms brought homogeneity and cohesiveness in the application of the reform process having essentially a frame breaking and ‘decentralised approach’. The monolithic model of the past was to be replaced with more pluralistic patterns of provision, as opposed to the dismantled route of reforms which lays stress on a cultural reform path initially emphasising high levels of competitive orientation, before focusing on raising levels of customer orientation (Jones and McLean, 1998). Some of the salient features of the reform process, initiated at this Council, are the creation of a flat organisational structure.
and empowerment of the work teams to write their own agenda (work redesign process). While gradually inching towards the corporatisation process, the provider side gained adequate support and encouragement to become an ally in sharing the vision at the same time accepting the inevitable i.e. the competitive nature of the business. As cited in the CityPlan 2005, “The creation of Civic Services Group in 1995 was Council’s attempt to position its service delivery operations to cope with national competition principles and to better survive in the increasingly competitive public sector.

The General Manager, Mr. M, emerged as a “big picture man” with the charismatic enthusiasm (‘impatience’ to incrementalists!) and he did not like to go in the finer details of his reform ideas. While these aspects are discussed in greater detail in the paragraphs to follow, it seems that having achieved his principle task of putting the City Council on his chosen reform path, Mr. M left the Council for a private sector appointment in early 1999.

Mr. C who had been the Group Manager for the Service Planning and Commissioning group, took over from Mr. M as the new General Manager. Before his initial appointment as the head of the Service Planning and Commissioning group, Mr. C had initial long discussions with Mr. M, and on his succession to CEO, Mr. C said, “When Mr. M left, I had no desire to disassemble it, however, I did feel it right from the beginning that there were certain areas where we probably went too far. There were some areas of the organisation which in my view should have remained with the corporate side or the client side.” In addition to this regrouping within the organisation, the Council under Mr. C, has been focussing on getting more outside business.
7.3 CONTEXT:

The city started its reform process in 1995 with the appointment of the new General Manager. While the Local Government Act required councils to take performance improvement measures in accordance with the competition policy, at the same time it allows the freedom for individual councils to decide the shape and manner in how their reform is to be carried out. This Council had the obvious desire to commence its reform process, and had an additional benefit of taking into consideration the outcomes of similar efforts at other councils, Wollongong, Case Study Council: 3 and Mosman. Unlike Case Study Council: 3, the new General Manager Mr. M, had to win the confidence and support of the Mayor and the Council. Mr. M had to present a vision and convince the Council about his ability to achieve that vision. Any frame breaking CEO has an obvious compulsion to be continually proving that he is in control and at the same time, produce results on an agreed time scale so that the watchdogs (in this case the elected council) ideally become an ally instead of becoming faultfinders! In addition to managing this interface skillfully, Mr. M clearly articulated his vision and four-fold corporate goals as follows (Jones, 2001):

- Better planning and development of strategy and policy
- More customer focus, responsiveness and quality in service provision
- More competitiveness in service delivery
- More control and responsibility to front line staff

As noted in previous paragraphs, Mr. M during his very first year of appointment successfully accomplished his stage by stage targets. After the 'strategic architecture' of the organisation he appointed his new management team. It has been described in many words and at many places the imperative need to have a 'competent purchaser side' to
have better ultimate controls and make the purchaser/provider model successfully deliver the expected service provisions in an efficient manner. The novel and bold step that Mr. M took here was to appoint a marketing executive with no previous Local Government experience to head the Service Planning and Commissioning Group. Strategic importance of this step is considerable. As O’Faircheallaigh and Graham (1991) argue, from a service delivery perspective, the most important issue involved in employing private sector models relates not to these areas, but to the use of a ‘marketing approach’ or ‘marketing techniques’ in service provision.

The organisational changes had an impact on the productivity as well. The size of the workforce dropped from 850 to 640. A significant project (duration over a year) about work redesign was taken up and encompassed both the sides of the organisation. The terms of reference were extremely wide. Staff worked and achieved without the assistance of management or outside facilitators. Staff were given complete freedom to investigate and choose work methods from the market place, and to form ideas of how to become competitive. The continual assessment of specifications was in place whereas before the reform process the specifications were non existent.

Council conducts annual community surveys and focus groups to learn more about community views and trends. The Market Research Unit ensures that services are catered to customer values and tools such as CITYFIX assist in identifying community concerns. Annual survey reports are supporting documents linked to the Management Plan.

Typical of a frame breaking CEO, Mr. M enjoyed the vibrancy of his big picture, although when it came to finer details during the later years he seemed to be approaching the
boredom threshold, and in June 1998 when Council resolved not to proceed with the corporatisation of the service delivery group against Mr. M’s recommendation, Mr. M most likely thought of moving to a chosen more vibrant environment than the one he was in. Ultimately he left the Council in early 1999.

Mr. C, was Mr. M’s preferred successor, took over as the new General Manager. During the interview, Mr. C stated that there wasn’t any major change in the direction since Mr. M left, and he was in agreement with the plans that Mr. M had in place. Mr. C came from a marketing background and had successfully worked with multinational companies therefore he could understand the direction Mr. M was taking. On being asked why he chose to join the Local Government Mr. C replied, “.....to change that widespread perception of the people about Local Government (efficiency of public sector)......, that’s a challenge and that’s why I came here.” As stated in previous paragraphs, Mr. C had told Mr. M that there were some areas where they went too far and that made it necessary to regroup certain business units. Accordingly, Finance, Information Technology, Records and LIS [mapping], which had been with the provider side, were to be brought to the client side of the organisation.

Civic Services operated as a category 1 business since its annual sales turnover was greater than $2 million. According to NSW Government rules this required competitive neutrality principles to apply. Obtaining the best possible return on investment and achieving the optimal structure for Civic Services Group was given considerable importance. To achieve these goals integration of management planning, improved contract management and accountability were being given proper attention. Civic Services Group is predominantly providing services to this Council and is also winning contracts and expanding the range of external customers.
7.4 PROCESS:

Mr. M’s two pronged approach, convincing and making the Council a partner in the process (two trips to New Zealand to convince the councilors and the creation of councilor dominated tasks), and fiercely implementing his agenda through his management team consisting of entirely new recruits, became instrumental in laying the foundation of success.

Another development that catches our attention is the appointment of a proven private sector marketing talent to head his purchaser side of the organisation. It has been stressed time and again, for the success of an organisation based on a purchaser/provider model it is compulsory to have a well-developed purchaser side. Perhaps such a step catered to a considerable extent the community consultation needs very early in the process. The steps, which would follow, would automatically mean that the services are in line with what is required and what the community was willing to pay. Is this not what our definition of “Best Value” says today? Most of the organisations that have gone for such a purchaser/provider model have either stressed managerial skills or functional skills (based on the professions such as engineering, parks and reserves or contracts management) to head the purchaser side. Enjoying such a background, Mr. C did observe “it does not matter which industry you are in, it’s the people issues and the general management issues.” Viewed from this perspective, the creation of a Market Research Unit and the introduction of a Work Redesign process assumed significance.

The element of “Work Redesign” was a very important step introduced at the commencement of the process. It gave ownership to the staff of the mission tasks and a sense of pride in what they were doing. It is not management philosophy and sacred text
books that matter to the ‘doers’. What they look for is “how is it going to affect their daily operations in the workplace and how different it is as to what they have already been doing, and most importantly the feeling that the ‘new thing’ which they were to do was in essence their creation.” This must have been the second most challenging hurdle for Mr. M and Mr. C after the creation of “councilor dominated tasks.” The noteworthy feature of these two steps is in the realisation that, if these two “energy sources, councilors and staff”, were not engaged constructively and actively in the change management process, then these very elements would have possibly contributed in the dilution/delaying of the process and in the worst case scenario, the goals for the reform process started by them would have become a distant memory!

The way of drafting specifications was by emphasis on the end products or desired results, rather than operational procedures. Mr. C said, “…it took their provider side some time to understand the fact that they set out not to have prescriptive specifications. Council chose to make a steady but determined progress in this regard for example for total grounds maintenance it was preferred to go from ward to ward beginning with the East Ward. That was the first big change that the provider side had the trouble to come to grips with. The preferred way was not to say to mow the football field once a month or once every three weeks but instead preference was on specifying that grass on the football field will be say between 70mm and 100mm, on a cricket pitch it would be between 30mm and 50mm. So it means that no mowing will have to be done for two months in the middle of winter where as in the past they used to go there and mow it whether it needed mowing or not. All the specifications at this Council are non-prescriptive, and it had been one of the biggest learning curve that the service provider side had to come to grips with.”
Mr. C agreed that this was his principal focus when he took over as the head of Service Planning and Commissioning Division stating, “We have our own market research department, comprising of people that have come from the market research industry. They spent a lot of time out there with the users of the services, so if it was grounds maintenance it included everybody from people that sat at the bus stops where there was grass surrounding it, to sporting facilities, senior citizens centres etc. just finding out as to what they saw as acceptable service levels and from there they built the service level specifications. Same with Waste, this Council used to have 240-liter bin and a crate for recycling that’s all that they had. Again the marketing research department went out and formulated this through market research, the Waste Services of the Council. Council now has 120 liter bin, a green waste bin, a recycling bin and twice a year call in waste disposal service.”

In response to another question, whether the specifications were written by staff from within the Council or whether they were purchased, Mr. C said, “It was a combination of both. For instance assistance was obtained from an outside organisation for waste specifications. The East Ward mowing contract was totally internally done, the provision of food for meals on wheels tender was totally in house. Apart from the waste services all the contracts were done in house.”

It must be noted that the two axes, Markets Research Unit and Work Redesign, helped by plotting and creating a “new life” at Case Study Council: 4. The Market Research Unit ensured that community needs and expectations were installed as “drivers” of the process in the beginning, creation of CITYFIX at the intermediate level in the process, and completion of the loop was achieved through the mechanism of annual community surveys. The coherent functioning of “self managing teams” is achieved through the
creation of such mechanisms. The appointment of Mr. C (a proven marketing executive with an international private sector firm) at the helm of the Service Planning and Commissioning Division and his ultimate elevation to the position of General Manager ensured that the process was streamlined in its application and concurrent controls necessary to keep the process on track, were always there.

On the practical side of contract implementation the General Manager agreed that the compliance with the requirements of specifications and quality control procedures poses challenges. Whether the specifications were drafted by in-house staff or had been formulated with the help of external agencies, there were always going to be obstacles in reaching an agreement over their implementation. This is interesting from an administrator’s point of view, as he has to guide not only the provider side of the organisation as to which path they were to follow, but also to inspire the purchaser side in how it was going to monitor the implementation process. Mr. C cited the example of the grounds maintenance contract and outlined that they incorporated into it a payment incentive bonus if the contractor reached a score of 94 based on a scoring system. Earlier in the place there was no way the contractor was going to be anywhere near it. This was attributed to the change of work practices to some extent. Over a period of time, monitoring and the understanding of what the specifications actually meant, the team had been constantly achieving their bonus levels. It took a little while really for them to understand on the ground what those specifications meant.

In the Waste Contract, Council had four services. In the tendering process the internal service provider won two of them, and two were won by an outside contractor. The outside contractor was awarded the green waste and the annual pickup. The internal contractor was awarded domestic waste and recycling. The Council had more trouble
with the internal contractor than with the external contractor, due principally to the lack of flexibility the government experiences with staffing levels, industrial relations and also the inability or the slowness to actually treat the client as a legitimate client – Council is trying to take that step into the world of being a legitimate contractor. On being asked if there were any other problems with the internal service provider, apart from those already mentioned by him, Mr. C said, “No. Probably the Waste one has been our biggest problem. It’s more a relationship problem and it comes down to the lack of understanding because the people within the waste services, I think, have only worked for public authorities, and it is the difficulty they have in being driven by the dollar and almost being petrified of doing the job to the satisfaction of the client, which may mean additional expenses. They draw their tender response, that would give them that much on the bottom line, and their view is that there are contractors out there who make losses or don’t make the profit that they originally budgeted for. So there is an inability to understand that.”

Expressing his views further on the subject Mr.C continues, “Firstly we set out our competitive tendering guidelines and procedures, so we documented how we would go about this process, we then put together an index of our services. We did basically, a stock take of our services. We then proceeded to put together a program of all our services, construction, and reconstruction, line marking, urgent programs, resurfacing all the way down to major bushland areas, facilities management, swimming pools, sports fields, furniture maintenance, gardens, mowing, litter bins, irrigation etc. We decided how big that contract would be, for example, line marking would be citywide line marking. Others were ward based. Length of the contract and the type, whether schedule of rates or lumpsum and then we would work out when we would go out for the tender for each of these. So how long it would take to write the profiles of these projects and go to the
tender. Every one of our service profiles follows the same format. The current level of
service, costing, funding, strategic issues, customer values (coming from market research
– customer guarantees in other words based on customer values) what we consider we
will provide and the performance indicators. We write the specifications as the part of a
service profile and that can be developed into a proper specification.”

The Council had taken out the top award and also a recycling honour in the Annual Waste
Minimisation Awards by the NSW Waste Board and was runner-up in two other categories.
The Council won the Inaugural Waste Management Award for top overall council and the
Recycled Organics Award for Green Waste. It was runner-up in the Service Provision and
Communications Awards. Judges were impressed with the Council’s “Waugh on Waste”
campaign using brothers Steve and Mark Waugh, who donated their time. This campaign
has won previous Local Government Communication Award.

The management at this Council in many ways was writing a new chapter in the history of
the Council. On being asked if he had specific views and ideas in the way the staff was
being recruited, qualifications experience etc. Mr. C said “We had a bit of restriction
placed on us earlier on, in the sense that Council had a no forced redundancy policy which
slowed down the process. It got down to the point that if one of our business units lost a
tender we would have to pay twice, the external contractor for doing the job and the
internal staff sitting on their back doing nothing. So that slowed down the momentum of
the change management process. But when it comes down to the technical qualifications
of the staff we spent a lot of money earlier on retraining exercises ranging from running a
chainsaw to a much more technical job. More talent in the form of planners etc. was
brought in. Previously there used to be a few engineers doing investigative and
processing jobs and were not all that great. Asset management programs were non
existent. So on one hand the client side grew with the recruitment of highly qualified people, and there was a decrease in staff numbers on the provider side. The Council had considerable involvement with the Olympics, in fact one of the games venues was in the Council area and Council demonstrated that it could match the stringent requirements of time cost and quality standards expected on such occasions.”

Further discussing the role of engineers in the Local Government Sector, particularly their ability to respond to the performance challenges offered by the private sector, Mr. C felt that they were finally coming to understand his way of thinking. Prior to becoming the General Manager he had been the Group Manager of Service Planning and Commissioning and he had no problems with the engineers work and their output. The biggest frustration he used to have, and had succeeded in overcoming to a certain extent, was Local Government Engineers when putting together their budgets seemed to overestimate what could be done in a year. This was visible in many Local Governments and became a reason for financial problems. There was little financial management and engineers seemed to be taking advantage of this flaw.

Mr. C remained at the helm of this Council for more than a decade and has found the purchaser/provider model resulting in a better management of interfaces between the engineers, planners and the provider sides.
7.5 DISCUSSION:

7.5.1 Awareness of the reform process

While the Case Study Councils 3 and 4 both opted for the purchaser/provider model going for the frame breaking approach, there were many dissimilarities surrounding the reform processes. Both the Councils removed the existing General Manager from his position and started their search for the new General Manager propelled by a common desire to adopt administrative reforms, however Case Study Council: 3 had more or less a prescription of reforms ready for the new General Manager whereas Case Study Council: 4 (this Council) not having a prescriptive formula for reforms had head hunted the new General Manager, employing a management consultant for the process. The young new General Manager Mr. M, was General Manager of a NSW Council at that time and Deputy Shire Clerk in another NSW Council prior to that, had to convince both the consultant and the Council about the appropriateness of his proposed vision for Case Study Council: 4. So unlike Case Study Council: 3, the reform process at Case Study Council: 4 was primarily a brain child of Mr. M.

Commenting on the reform process initiated by him Mr. M observed that at Case Study Council: 3, they went too soon with the competitive tendering process. About his proposed approach at this Council in an interview with Dr. Jones of the University of Wollongong, Mr. M states “Our approach here is to be OK, put everyone on notice, we are going to operate in a competitive environment and allow our staff a bit more time to prepare for the challenge and to be quite genuine, invest time and effort into promoting competitive environment, and I think most of the Council recognised, as I explained to them, look in the days of councils having been able to mandate job security,…again…it
disappeared very quickly. Now our choices are to put our head in the sand and hope it all blows over and slaughtered around the trap like many Victorian Councils have, or to get ahead of the game, prepare our staff and give them every opportunity to survive and secure true long term job security by being competitive. And I think most of them accepted as being sincere and recognised that as something that needs to be done…"

The thoughts expressed by Mr. M in the above paragraph give us a background on which efforts were made to make staff at Case Study Council: 4 aware of the reform process. Of considerable significance are the words, Mr. M expresses “…allow our staff a bit more time to prepare for the challenge…” and also, “…prepare our staff and give them every opportunity to survive and secure true long term job security by being competitive…”

The thought processes that Mr. M was having or says he went through, differentiates the characteristics of the foundation of the reform process at this Council from Case Study Councils 3 and 5, which too had the visible similarities of principal tools deployed for the reform process (i.e. purchaser/provider model). While this was Mr. M’s approach to his staff in creating awareness about his reform process, it is interesting how he dealt with the established senior management staff and conveyed his vision. In Mr. M’s words he told the staff, “it has got nothing to do with your skills, experience and confidence, but we’ve got a change of focus here. We are no longer focused upon the technical side of things like building roads, ensuring public health and town planning, our focus at this point is different.” In this way a clear unambiguous message about the forthcoming changes was delivered to established senior management staff (four Directors). They saw the writing on the wall, took the redundancy packages and left. In this way a practical congeniality for the introduction of the reform process, using a mixture of accommodation where possible and ruthlessness where necessary.
7.5.2 Market driven reforms

With the newly elected Council eager to embark upon a new trend setting reform path, the first task the new General Manager Mr. M had, was to convince the Council about the wisdom behind his philosophy of market driven reforms. With the successful completion of phase one of ensuring the political support Mr. M, who had a history of working for NSW Councils and during that period had formed his views about the reforms, had given a thought to the implementation process and how to ensure that these reforms so introduced became a lasting process. Mr. M now began phase two of the reform process, an indication a firm belief in market driven reforms. This phase two, in terms of the structure, saw itself encroaching on individual work teams, flattening of the structure beneath those levels, and engagement of associates to help create self-managing work teams. For every business unit a work re-design team had been formed. There were 21 work re-design teams and their initial brief, together with the associates, was to review their operations and report back to management and their own staff. As Mr. M himself had stated in an interview that they wanted this to be a consultative process and one which people had dived in with a sense of ownership. These teams were asked to report back on the purpose of their business unit, who their customers were, and giving a focus to what was being created. This involved accommodating the new structure based on self-managing teams, new positions and responsibilities within that structure, requiring delegations looking at business units, and also analysing the workload versus required resources. The Additional tasks required of these work teams included, reporting back on the skills needed to develop in their area, the financial implications, training for the new arrangements, and work processes including an implementation strategy that was going to lock in each individual work team. Mr. M spent a lot of time with the associates finalising this program and the manner in which he prepared the blueprint for each element of the
Chapter 7: Case Study Council: 4

reform process collectively with the participants demonstrates not only the visionary skills but a practical genius in implementing the design prepared in such details. The clarity and the details with which Mr. M presented his vision stands in stark contrast to other NSW Councils where such a reform route had been adopted. Also evident in the Victorian Councils, which had the ideals of implementing private sector business practices, to the extent of reporting and intervention in Council management thwarted any real notion of liberation management, particularly in the area of strategy formation (Van Gramberg and Teicher 2002). Mr. M revealed that they had done a lot of research on teams as a prelude to launching the process. Resisting a great temptation to bring the manager in and tell them to work out what was appropriate for their business and make it happen, Council Management preferred to adopt a consultative process for the obvious reason that the team members were the people who knew much more about the problems and opportunities. The need was to harness that knowledge and talent, and in the process let these teams take ownership with the obvious benefit of their commitment driving them forward.

Mr. M also referred to the competition policy document prepared for the Council, this was loosely based around some of the Hilmer policies and which explained the strategic context of the purpose for which it was written. The policy talked about competitive tendering practice, creating of the contestable environment and the steps necessary for equipping them to remain competitive for the future. The notion of the reason for the Government intervention in society, the understanding of the public-good concepts, externalities concepts, comparative concepts all gave meaning to the business focus Case Study Council: 4 was trying to create. The aim was to emphasise the need to get inside the customers’ mind as the basis for doing business. A list of 122 activities and services destined to be opened up gradually for competitive bidding had been prepared. These
were to be based on customer focused outcome specifications, arrived at after an intense market research exercise. Plans were drawn to suitably train and equip work teams to operate and perform in a competitive manner, and to take the ownership of the end product.

7.5.3 Organisational dynamics

The meticulous planning and the step by step system followed in the implementation of the reform process of such a magnitude with Mr. M as the sole crusader in the beginning, shows us the intellect and pragmatism defeating a visionary architect. The manner in which a consultative approach was followed and steps such as formation of work teams, use of market research in preparing the agenda for the scope, and quality of services on offer and their specifications, indicate the weaving of two key elements included in the planning, design and implementation of these reforms. They are:

- Creation of a rigorous verifiable basis for selecting service indicators.
- Existence of a rigorous verifiable basis for developing the business rules related to all aspects covered by these indicators developed through a comprehensive market research exercise, which also included harnessing the skills of tradesmen who were expected to carry out the services.

The choice of these indicators with the base on which they were formed, i.e. validation of the business rules created the mechanism which gave decision makers vital feedbacks on program operations and also guiding future decisions. Provision of the system in receiving feedback continually, adds another dimension to the familiar tendency of viewing this as a cause and effect chain. This is the principal factor contributing to a system dynamics approach which also serves as a driver of organisation dynamics. “The
decision support tools which can address each feedback dynamics are essential for managing complex environments. In the business environment this translates to the deployment of ‘management flight simulators’ which can allow managers to test the dynamic responses to strategic decision making” (Lindard and Dvorsky, 2002).

7.5.4 Decision making progress

The ending of uncertainty, a tendency to accommodate or agree, arrange or choose, and a process of compromising or resolution, are a few words/phrases used when explaining the process to make decisions. In the organisational context it basically means the clarity of vision with which the “mission” is conveyed or explained to the organisation. If that can be described as the first phase then the second phase deals with the evolutionary consensus about the manner of proceeding further and accomplishing the tasks emerges from those to whom the ownership of the mission has been successfully transferred. Together these two phases constitute, in simplest terms, what a decision making process means in the organisational context. Considered from this perspective both Mr. M and his follower Mr. C were passionate about change and decisively moved at optimum speed to implement the reform agenda which was essentially their brainchild. A combination of prescription, persuasion, convincing and sharing not only allowed the ownership of the process to various levels in the organisation, but also evidenced in parallel the evolution of collective decision making process.
7.5.5 Organisational culture

“The contemporary definition of organisation culture includes what is valued, the dominant leadership style, the language and symbols, the procedures and routines and the definitions of success that characterises an organisation. Organisation culture represents the values, underlying assumptions, expectations, collective memories and definition present in an organisation” (Angel A Berrio, 2003). The process of changing structures and processes was the focus of attention when looking at an organisational wide change. With that change management process more often than not receiving lesser than the desired outcomes attention has now been gathering on finding out what extra needs to be done to make the whole change management process a success. This is where the organisational culture comes into play. Like a skilled surgeon wanting to make the surgery a success tries to prepare the patient psychologically for it is proven that a patient’s confidence in the medicine and the surgery with which he/she is going to be treated plays a significant role in the success of the treatment, likewise a change agent in order to succeed must make an accurate assessment of the prevailing culture especially as to what motivates the staff in coming to work and what are their beliefs about the manner in which they carry out their jobs. This is what Mr. M did at this Council as a prerequisite for introducing his version of reforms. His assessment outcome, was a prevalent culture not conducive to the core values that his reforms wanted to achieve. “Changing the culture of an organisation is a slow and gradual process, requiring a very high degree of top management commitment. However when an organisations culture becomes a retarding force, reshaping it is perhaps the only viable alternative” (Lahiri, 1992).
The participative consultative approach adopted by Mr. M, especially the creation of work re-design teams along with other steps like establishing the organisations architecture and housing with his chosen occupants, gave an unmistakable meaning to the message that he wanted to give to the organisation and went a long way in changing the employees attitude of Continuance Commitment to Affective Commitment (based on Meyer and Allen’s three component model of commitment, 1991). Primarily it was the correct assessment of the existing organisational culture and transforming it to its desired form was the important managerial action that aided Mr. M in writing his success story.

7.5.6 Organisational controls

Establishment of custom made architecture, and housing it with staff expected to loyally and skillfully discharge their duties in a trustworthy manner, along with the separation of duties, supervision, feedback mechanism (review and delegation), formed the essential framework for organisational controls that were put in place at this Council. The efforts that went into creating the work teams, work re-design process and adopting guiding specifications encompassed a very wide field from engaging the consultants in the field, study of similar practices elsewhere including Victorian organisations and councils in New Zealand. The whole spectrum covered a wide area following a static and dynamic analysis equipping the management at appropriate levels with cardinality controls with intervention stages and room to maneuver if changes were necessary typical of concurrent controls. This process complimented by the appropriate administrative behavior made the control process effectively cover the organisation as well as the community that it served. This also explains why the management at this Council could effectively govern without being over intrusive to the internal as well as external suppliers and also those who were being served. Especially the self corrective mechanism in the Council’s traditional
outdoor operational areas, for example, spotting the pot holes and fixing them before the community can notice is just an example. Insertion of such elementary level self corrective habits combined with the well conceived and precisely implemented reform process could not have achieved its success without an effective organisational control system such as this.

7.5.7 Leadership and management

Mr. M came to Case Study Council: 4 as General Manager after serving with other NSW Councils and had an opportunity to study the merits (or otherwise) of such reform efforts in Victoria, UK and New Zealand. He also had the opportunity to study and analyse the reform process already implemented at Case Study Council: 3, Wollongong and Mosman Councils. This gave him a fairly good idea about the factors which were primarily responsible for less than desired outcomes of reforms at these Councils. This knowledge helped him to prepare his version of reforms with all the details and timelines. Among the skillful acts that he deployed was to make sure that parameters which served as obstacles to his counterparts at other councils were ironed out in the very beginning with the removal of old guards and restricting the freedom of staff to think only along the direction of his suggested reforms, and in the process funneled their creativity in the direction pointed by him. In this way he successfully curtailed the negative influence of undecided or less motivated staff. On the other hand he made every effort that the skills and abilities of motivated and inspired staff were fully harnessed and made them the proud owners of the process.

Other examples of his leadership like the clarity of vision, charismatic leadership trying to win over all stakeholders and staff displaying a mixture of statesmanship, firmness and
flexibility are discussed in other paragraphs and for fear of repetition are not mentioned here again.

7.6 CONCLUSION:

Reforms in public sector management have three areas of particular significance. The first area involves changes to the structure or machinery of government, the second area relates to the management techniques utilised and the third area relates to budgetary processes and financial management (O’Fairchaellaigh and Graham, 1991).

Examining the developments at this Council in the light of the above significant areas, it can be stated that Mr. M arrived with a certain philosophy of how things were to be done and what type of structure and personnel were required to carry out the mission inspired by him. It was his vision which was primarily responsible for the reforms at this Council.

A feature of the reform process worth noting at this Council was the requirement of a new organisational structure, and the replacement of the old guard by the new management team. This is sharp in contrast to developments in other councils especially where the long serving CEO’s have been there.

Creation of a Market Research Unit and the process of work redesign immensely helped in giving a concrete shape to the reform process and delineating the path to progress. Important factor being the management of user/community and Council interface, the implementation of the best value approach in arriving at the agreed targets/goals which the community desired and was willing to pay. The long term service delivery vision of the Council had the proactive market approach at the core, which emphasised the
identification, aggressive pursuit and reinforcement of new market services. The selection of service providers (internal or external) was carried out in a perfect business like manner. Many councils have been trying to manage their affairs by creating business units similar to the private sector, but the success has not been all that easy to achieve. Here at this Council the CEOs with private sector background, have shown this can be done and in a meritorious manner. It is in this particular area dealing with the implementation of the reform process that Case Study Council: 4 stands out in sharp contrast to other councils where the process either got diluted as it progressed or sometimes even lost the its way. One would have hoped to see that the success story at this Council would have opened the gates for the appointment of new CEOs having wide ranging and successful private sector experience. Here is a classic example of a visionary CEO with a clear broader picture and a clear concept about how to translate such a vision into reality.

The Senior Management Team at this Council after introducing the change agenda and the machinery to facilitate it, successfully transferred the ownership of the change management process to the ‘doers’ in the organisation during the very early stage. While the ‘doers’ were busy looking at and trying the new ways of doing the same old things’ the management complemented the process by putting in place concurrent or steering controls necessary for fine-tuning wherever was required. This proves that quality leadership was available at the top and leaders were encouraged to evolve taking responsibility and delivering results in different areas.

The availability of Mr. C (a proven marketing strategist) first as the head of Service Planning and Commissioning Division and then as General Manager, made sure that not only the momentum with which the process began was maintained but also ensured strategic support which in turn facilitated operational success.
8

CASE STUDY COUNCIL: 5
Reforms based on the Purchaser/Provider Model focusing on Business Units – Long Serving General Manager from within the Council. Winding back the reforms by the new General Manager who succeeded him and was externally appointed.

8.1 INTRODUCTION:
Situated north-east of Sydney on the Northern Beaches, this council is the perfect destination to enjoy the harbour and the ocean beaches, coves and inlets to swim, sail and surf. As the locals know, the area is more than Sydney’s premier beach resort. The Council covers an area 16.26km² and has a boundary 39.4km, of which 29.9km is a water margin. It has a rich and diverse character of residential, business, industrial and natural landscapes. Both the natural and developed land uses, contribute to making it an attractive place for permanent residents and visitors alike. There is a population of 36,544 people.
Significance of this Council as a Case Study Council:

- Reforms introduced in 1989-90 and organisational review carried out in 1990 due to financial crisis.
- Reforms again introduced in 1997 with a purchaser/provider type of organisational model focusing on business units.
- The long serving General Manager leaves in 2002. He left a council consisting of a group of councillors holding the balance of power that did not support him during his term in office.
- New General Manager introduces his preferred organisational structure replacing the existing purchaser/provider model and also brings about a significant change in the organisational culture.
- This being the only case study council where the researcher had the opportunity of actually living with the change management experience and see the events on a daily basis watching the transcendence from the organisational vision and mission to the actual deliverables.

The main components of the reform process carried out at this council have now been described under the headings:

m. **CONTENT**: What happened (Paragraph 8.2)

n. **CONTEXT**: Why it happened (Paragraph 8.3)

o. **PROCESS**: How it happened (Paragraph 8.4)

In this chapter most of the details given under the paragraphs ‘**8.3 Context and 8.4 Process**’ have been taken from a series of interviews with the General Manager Mr. W, Director of Service Delivery and Business Mr. Y, Manager of Asset Management & Contracts Mr. J, Mr. S and Mr. C, Manager Library Services Ms. B, Manager Children’s’ Services Ms. T and the literature made available by the council. With the researcher also working at this council as an Engineer, there was an additional benefit of living with the change management experience in understanding the perception that
staff had without being a political ally of any administration. The fact that the researcher was twice awarded Council’s Gold Award for the best performing employee (year 2000 and 2004) bears testimony to the fact that the researcher could remain impartial. This impartiality earnt the researcher respect from both General Managers. The information and data obtained in this manner has been analysed and further discussed in paragraph ‘8.5 DISCUSSION’ under the following subtitles:

<table>
<thead>
<tr>
<th>PARAGRAPH</th>
<th>SUBJECT</th>
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<tbody>
<tr>
<td>A</td>
<td>Awareness of the reform process</td>
</tr>
<tr>
<td>B</td>
<td>Market driven reforms</td>
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<tr>
<td>C</td>
<td>Organisational dynamics</td>
</tr>
<tr>
<td>D</td>
<td>Decision making process</td>
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<tr>
<td>E</td>
<td>Organisational culture</td>
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<tr>
<td>F</td>
<td>Organisational controls</td>
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<tr>
<td>G</td>
<td>Leadership and general management</td>
</tr>
</tbody>
</table>

8.2 CONTENT:

Evaluating the financial situation this Council was in during 1987-88, Council’s senior management team foresaw the need to take serious remedial action to bail the Council out from the financial crisis. Agreeing with this in principle, the elected Council recommended the senior management to devise a plan to address this situation rather than appointing external consultants. What followed was, that due to the diligent efforts of the elected council, the senior management, the staff and the unions worked out an agreed remedial plan which explored new ways of carrying out the tasks and implementing structural changes in the process.
The new Local Government Act was introduced in 1993; its requirements acted as a trigger for the restructuring of Council. This resulted in a change to the traditional functional model. Mr. W as the General Manager had consistently been attempting to lift the organisational performance levels. Council published a document “Working together – A new way forward – 1996” which said, “While continuous improvement processes are important, it should be acknowledged that this process of ‘Incremental Change’ can be the enemy of innovation. Sometimes there will be a need to more strongly intervene to achieve innovation and significant change”. In the third restructuring process which was implemented in June 1997, council adopted a Purchaser/Provider model and reduced the number of Directors from 4 to 3. Unlike Case Study Councils 3 and 4, which also adopted the Purchaser/Provider type of organisational structures and appointed new Directors, this council retained all three of its Directors (Director of Engineering & Technical Services having left earlier on being appointed as General Manager for another council). How far the reform process had been successful this time, is another question and is considered later in this chapter. However it must be noted that in the 1997 reform process much effort was put into researching what was ideal, and necessary for this council, and a long consultative approach was adopted. The detailed description as to how the reforms were to be introduced had been submitted to the Council (Working Together – A New way forward – 1996). This document, the blueprint for reforms discusses among other things the background of the review process, factors influencing the need for change, details about various organisational models, development of guidelines to restructure and the implementation process. This was followed by another document “New Organisational Structure – Implementation Strategy” (1996) and it gave activity and a time schedule of program implementation, communication strategy, typical questions with answers to name a few. Another document with the same title describing Phase Two of the process was published later and dealt with additional topics, providing necessary details and a scheduled time frame.
Although the 1997 reforms aimed for a major overhaul of the way in which this Council conducted its business, the events that followed, especially the manner in which the agenda was implemented, indicates a fundamentally different experience than other Case Study Councils 3 and 4, which too had adopted a purchaser/provider model.

In 2002 when the General Manager’s employment contract with this Council was coming to an end, changes in the senior management team took place. The General Manager and his Director for Service Delivery and Business left the organisation. (Please see Appendix: A for a report in local newspaper, page xii). The new General Manager Mr. H joined the Council. He had his own functional style and started introducing 'change' which saw a new prescriptive style of management emerging. Also there were marked changes in the service delivery and procurement areas.

8.3 CONTEXT:

This Council was faced with a projected budget deficit of $2.67 million in 1991. Commenting on this and the efforts made to resolve this crisis the Mayor Mr. G wrote, “We met this crisis with a fast-track project involving job redesign, amalgamation of departments, trade union and employee cooperation, competitive tendering and training aimed to close skill gaps, which emerged when jobs were changed, to set the climate for smooth organisational change and to introduce some autonomy in our on-the-job training….. What we have done is to make a big start and set strong guidelines for the future management and direction of the Council”.

Commenting on the organisational changes introduced under his leadership, the General Manager, Mr. W outlined, the Council’s restructure (1988-90) was internally driven by factors relating to financial issues, such as reducing costs and outgoings,
reviewing workplace practices including introduction of job skills training programs, and the introduction of internal and external competition including competitive tendering in selected areas.

The requirements of the Local Government Act 1993 introduced the new dimension of accountability and competitive provision of services in the manner councils had been carrying out their business. AAS 27 accounting standard was one such tool. While the reforms introduced in 1988-89 reversed the financial fortunes of the Council (projected deficit in 1991 turning into surplus) the operating results of later years (1994-95 to 1997-98) again show the budget in deficit.

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Result</th>
</tr>
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<tbody>
<tr>
<td>1994-95</td>
<td>( $ 714,855) Deficit</td>
</tr>
<tr>
<td>1995-96</td>
<td>( $ 536,449) Deficit</td>
</tr>
<tr>
<td>1996-97</td>
<td>( $ 885,350) Deficit</td>
</tr>
<tr>
<td>1997-98</td>
<td>( $ 574,000) Deficit</td>
</tr>
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**Fig. 8.2 Operating Result – Simple ‘Cash Basis’**

It was amidst this situation that Council embarked upon a major reform initiative in June 1997, introducing in the process a new purchaser/provider type of organisational model.

On 1st May 2000, the General Manager presented a report to the council which outlined council’s current financial position (excellent cash reserves but they had been significantly reduced over past two years), and again emphasised the continuing difficulty with council’s annual operating budget where “Normal Operating Costs” exceeded “Normal Revenue” growth. Costs continued to grow at a higher rate than
rate revenue; however the council was fortunate that the new revenue from banking fees was expected to offset that imbalance for the coming year. The report also highlighted that council could not responsibly undertake the many new projects contained in the budget ‘bids’ without first addressing the need for supporting revenue.

The real problem was with rate pegging being held below real cost increases, council’s principal source of revenue was increasing at less than the cost of wages, salaries and employment costs (council’s major expenditure area).

The General Manager reported, "It is critical the council each year balances its budget in real terms (i.e. excluding extraordinary one off type financial windfalls). However, there is no reason why council cannot save its money over a few years of surpluses and then spend those moneys (or part of a windfall) in a subsequent year and incur a deficit for that year. This is a matter for council………. I consider it critical for council to ensure that it adopts a Surplus Budget for 2000/01 and balanced budgets in subsequent years - and ensures that there is tight control over expenditure throughout the year in order to achieve that outcome. This strategy will require hard decisions both now and in the future. It will not be easy - but it can be achieved."

Commenting on the ever tightening noose of fewer resources and increasing expectations the General Manager said, "During the next decade, local councils will in my opinion, need to produce ‘miraculous’ operational cost savings; find new sources of revenue or say ‘no’ to demands for new services. This Council has healthy significant cash reserves - but our operational costs, like all local councils, will continue to be a problem. It is going to continue to be difficult financially for local governments". Therefore numerous internal and external factors propelled the organisational review in 1996, besides the fact that the Council wanted to be reckoned a leader in becoming
more efficient and competitive in its operations. The objectives of this review as cited in Council document “Working together - A new way forward, 1996”, were stated to be:

- Best facilitate competitive and quality services whilst reconciling Council’s democratic and social roles; and
- Be prepared for the continuing and growing Local Government Reform that was being imposed by Federal and State initiatives and their pursuit of competition and deregulation.

The document “Working together – A new way forward, 1996” also notes that under the proposed change of structure the organisation would be more business oriented and will not be limited by competition and economic rationalism. The desire for this arose from the documented concerns that Council had, viz:

- Lack of single (divisional/individual) accountability
- Lack of a coordinated and strategic focus in the planning and design process
- Too much time being consumed in accomplishing the tasks
- Need for improvement in Asset Management
- More inwardly focused organisation
- Lack of proper communication
- ‘Two hat” syndrome prevailing among several managerial positions
- Overlapping of planning and service provision functions
- Obstacles in pursuing a businesslike approach and competition
- Organisational culture more ‘process oriented (how we do it) rather than outcomes oriented (what we want to achieve)
- Procedural delays (too many boundaries to cross) and structural restraints upon staff professional development
The results of these reforms introduced at various stages at this Council and the developments that took place following the appointment of a new General Manager in 2002, are considered in the following paragraph describing how the process has been carried out.

**8.4 PROCESS:**

Writing on the reform process introduced in 1988-89 in the ‘Contracting Casebook’ (Domberger & Hall, 1995) describe the financial crisis the council faced in 1990. A corporate style organisational structure was adopted in 1988-89 to provide the stimulus for a gradual change of work practices and an improvement in the quality of services. This effort, as the article describes, focused on processes rather than outputs and how to increase revenue rather than on reducing overheads. Principal contributors to the cost structure i.e. inefficient work practices and inappropriate supervision, escaped examination. The council used the 1990 financial crisis as a springboard for introducing major structural change. The introduction of competitive tendering and contracting reversed the fortunes, and the projected 1990 and 1991 deficits became surpluses. This favourable trend continued in 1992 and 1993. These reforms saw a rise in productivity, 17% reduction in staff numbers, and a significant drop in operational costs. On the difficulties of managing the reform process, Domberger and Hall (1995) quote the General Manager saying, “It would have been quicker and easier to implement changes during the transition period if personnel advisers, preferably from the Council’s management team, had been available to talk to staff. They would have helped to ensure more thorough communication across staffing levels”.

It must be said about the reforms/organisational reviews carried out under Mr. W’s administration, that a consultative approach had always been followed in a democratic way. Elaborate and detailed documentation had been prepared. These documents
such as “The (City Name) Experience – Managing Training in Local Government”(1996), “Working Together – A New Way Forward”(1996) and “Implementation Strategy”(1996) bear testimony to the pains taking efforts made in preparing for the change. However what is of particular interest to the researcher is what quality outcomes could be achieved from such a clear and detailed blue print for the reform process. Mr. W himself wrote in 1996, “Whatever the change, the important things are the outcomes and the way we manage the implementations”. The Council adopted a new purchaser/provider type of organisation model as shown in Fig. 8.3 on the next page.
Council's New Organisational Structure (June 1997)

- Council Committees
- Mayor and Councillors
- Organisational Support Services
  - Strategic Planning
  - General Manager
  - Director
    - Finance & Governance Division
    - Service Planning & Commissioning Division
- Director
  - Service Delivery & Business Division
    - Group Manager
      - Finance & Information Technology
      - Customer & Corporate Services
    - Group Manager
      - Planning Design & Environment
      - Asset Management & Contracts
      - Community Services Development
      - Land Use Management
      - Culture Information & Community Services
      - Construction & Maintenance
      - Waste & Cleansing

Figure: 8.3
As seen in this organisational structure layout, engineering, asset management and design functions went to the Director of Service Planning and Commissioning who was neither an engineer nor a planner/designer. He had to rely upon his managers for expertise in those areas. The first manager for Asset Management was Council's previous manager for Parks and Gardens. The engineers responsible for the infrastructure, building and assets, were made to work under a new boss who had expertise in managing parks and gardens. This created a vacuum at the senior engineering level in the management of assets. What became visible to all was the striking contrast between the preparations which preceded the adoption of new purchaser/provider model and a complete lack of “knowledge building effort” vital for carrying out the engineering/asset management service procurement capacity on the purchaser side of the organisation. The absence of an adequate senior level engineering expertise in the purchaser side of the organisation emerged as the first set back in the implementation phase. The knowledge available at the Senior Engineer level positions (two at that time with one being not even a qualified engineer) was grossly inadequate. The disastrous effects were soon to be seen, especially the void in the professional management area at the top level in the Service Planning and Commissioning Division, in continually assessing the situation and exercising steering controls concurrently. Allowing managers freedom to operate and pursue an agreed reform path is one thing, but being a helpless spectator when things go wrong is quite the opposite. This becomes very evident from the frustration expressed by the Director of Service Delivery and Business in his recorded interview, (transcript Appendix: C, page xiv). As the implementation phase of the new organisational model progressed further, some of the developments indicating how the process took place have been noted below:
• The Group Manager of Assets authorised the works depot (provider side) to share the allocated budget equally with the provider side. The lack of engineering knowledge and management ability for asset management functions (purchaser side) resulted in the provider side spending far more than 50% of the budget sharing arrangement without any control from the purchaser side. The fact was the purchaser side had no knowledge based expertise to specify what and how things were to be done. The very concept of the purchaser/provider model went out the window at such an important stage in the very beginning of the implementation phase.

• The Group Manager of Assets, himself not being an engineer, relied on the Group Manager from the provider side for the recruitment of engineers. So those who had to exercise the authority and exhibit knowledge to carry out purchaser side functions themselves, ended up being good disciples of their supposed followers (the provider side of the organisation).

• The fact remains that all three Group Managers for Asset Management left without completing their terms. The first one left after about a year of being in the position. The second Group Manager was told that his contract was not being renewed and the fate of the third was no different.

• During the crucial beginning period of the new era under the reform process introduced in June 1997 not only the provider side controlled the governance process of the purchaser side but no serious effort was made to address the knowledge vacuum that existed. No strategy for training to address the need evolved and money that was spent for training did not produce any visible result. The money spent on training for Contract Management on select staff (up gradation from AS 2124 to AS 4000) and TAMS Asset Management Programme had no
visible result or benefit brought to the Council. The Council continued to follow old contract documents and with senior managers setting the trend in this matter, the rest had to follow. The dream of being a leading Council at the forefront of the reform process could be seen melting here. TAMS Asset Management Software had been purchased from the NSW Government and all sections in the Asset Management Group, viz. infrastructure and services, buildings and maintenance, parks and gardens were supposed to use the system. Printed modules from the supplier were distributed to all the sections, although no effort was made to make meaningful use of the system. No person in management ever bothered to find out why this was not happening. The system remained on the computer of the Senior Engineer in assets, whose figures about the cost of the assets (provided by the consultants) and subsequent linear depreciations each year, remained more of an interest to the Accounts Section rather than being part of an engineering use for the planning and implementation of an Asset Management Strategy.

- In the light of the performance of the Asset Management Section in the purchaser side of the organisation, one needs to have a look at the proceedings of the management workshops which were arranged before arriving at this model. During May – June 1996 an interview had been conducted with each Director as a part of early consultation processes. It is interesting what Mr. J (who was later to take over as Director of Service Planning and Commissioning in the new structure) had to say in that meeting. Mr. J had said that there was no need to restructure and that the “contracting in and out of services” in the current structure would provide the same efficiency as Business Units. He saw many problems associated with the development of business units, so, “why fix it when we aren’t broke and will do the job just as well”. (Quoted from “Working Together – A New Way Forward – 1996). The question then arises, if the Director of such an important Service Planning and Commissioning division was convinced about the needlessness of
the new organisational form and processes, how would he then inspire and motivate the division, besides ensuring the crucial requirements of the purchaser side knowledge, what was to be specified to the service providers, quality control and supervision. As noted earlier, it was the provider side which started dictating terms in these areas enjoying the unrestricted freedom and ultimately no pressure for performance, let alone the competition for service provision.

- On the service provider side the division of Service Delivery and Business was led by Director Mr. Y, who was one of the two directors who had very enthusiastically embraced and supported this reform process from the very beginning. In his view change in organisational culture, better quality outcomes for the community, improvement in the procurement process for plants and equipment (justifiable purchase/hire), capturing the costs for services were among the achievements of the reform process. Also in his opinion at the time of introduction of the new structure, as far as interaction between the purchaser and the provider sides were concerned, the documentation received from the planning and design section was positive and provided necessary details. This was not the case with the asset management section. There were no details and no specifications. Truth be told any details which were provided were on the back of an envelope! As far as the work coordination between the asset management section (purchaser side) and construction and maintenance section (provider side) was concerned the Director felt that staff above the line (purchaser side) had no idea what needed to be done. The only staff who knew their role were those below the line (provider side). This reinforces the observation in earlier paragraphs that there existed a big void in the “knowledge” available in the Asset Management Section entrusted with the responsibility of planning and purchasing services.
• Concerning the managers on the service delivery side the Director felt that both Construction and Maintenance, and Waste and Cleansing sections were being managed by people of the old school. One of them really couldn’t embrace the change despite the fact that organisational culture had changed and had to be removed through the process. On the same subject, in the Construction and Maintenance section, the Director himself had to take the initiative (instead of the manager) of approaching the field staff, but it was too late by the time he could do so. He did not hide his frustration about this and can be followed up in Appendix: C page xiv, an interview with the Director Services Delivery and Business.

• Summing up the objectives and outcomes of the reform process on the whole, Director of Service Delivery and Business felt that after such a marathon effort in the planning of reforms, Council couldn’t quite get there. Citing reasons for this he said that perhaps the organisation was not big enough and or did not have the critical mass to sustain a purchaser/provider model. Other shortcomings were about the role of the engineers. While an effort was made to place talent where it was needed, this resulted in horizontal integration among the engineers however much was left to be done with regard to the vertical integration. The Director also observed that during the last two years or so (interviewed on 7th January 2003), the staff at Works Depot started to drift back to their comfort zone. Motivation to continue to demonstrate operational effectiveness was not apparent. When staff realised that they were not required to provide the level of details, they felt that they were not scrutinised as much as they used to be and the motivation for effectiveness started disappearing. (transcript of recorded interview with Mr. Y, Appendix: C page xiv)
8.4.1 Events following the appointment of the new General Manager:

Mr. H, General Manager of another Sydney council succeeded Mr. W as this council’s General Manager in 2002. Soon the difference in the working style of the two became evident. The authority which the Directors and Managers were enjoying started disappearing, and instructions started emerging more often from the office of the General Manager. The organisational culture experienced a shift from the democratic style functioning to a more autocratic style. To begin with a new organisational structure (said to be that of the previous Council from which he came) was circulated. This structure showed Divisional Managers leading various divisions. There was no place for directors even though they were in existence. What followed in reality was that, of the three existing directors from the previous organisational model, The Director of Service Delivery and Business left early in 2003. Director of Finance and Governance was made the “Manager” of that division (Director title taken away), and the Director of Service Planning and Commissioning used the title of Director of the renamed division of Corporate Planning and Strategy (although council’s documents continued to show the position as Manager of Corporate Planning and Strategy). No official announcement regarding new titles of existing directors was ever made and changes were silently being introduced. This confusion lasted several months. A fear based approach, though as it may appear, it gave management the room to make adjustments rather than face severe resistance. Whatever the case may be, this stands out in sharp contrast to the method of introducing changes during the previous regime which was more democratic, more transparent and consultative. This seemingly ad hoc trend in recruitment to senior positions continued. Three of the four team leaders in the Land Use Management section were made managers. One being named as Manager of Development Control, another was named as Manager of Standards and Compliance, and the third Manager of Regulatory Services with council rangers working under him. Officer for car parks was made the Facilities Manager.
None of these positions were advertised publicly even though some new managers were offered the roles which were much different to their existing roles. The Manager of IT services lost his job. Land Use management and IT functions came directly under the General Manager with managers of those sections reporting to him. In the IT section the Network Administrator was promoted as Manager of Technology Infrastructure. He left after some time and his position was filled by an internal staff member after the position was advertised. Previous, the Technology Infrastructure Manager, who had resigned, rejoined the Council as Chief Information Officer. The new position of Chief Information Officer was never advertised publicly. Instructions started flowing from the General Manager to staff directly in other departments as well. For example a Senior Engineer was asked to take out a fluorescent light tube from a light fixture on the sloping ramp of a car park. This would have required a ladder, an assistant to support the ladder on the sloping ramp, tools to open the fixture besides the requisite necessity of being a qualified, experienced tradesperson to work on the live electrical line. When the engineer asked the council's electrical contractor to do the job, he was questioned by the General Manager as to why he did not carry out the job himself (documentary evidence available). This and several other incidences inculcated a feeling of fear and paved the way for the compliant behaviour by the staff in the new organisation culture that was slowly but aggressively being propagated. A clever tactic of appointing handpicked loyalist as managers ensured that there was enough support for the new culture which was slowly but surely replacing the previous democratic and consultative environment in which the staff had their voice heard. In parallel with this a new concept of “key staff meetings” were introduced, the invitees to these meetings were handpicked by the General Manager. This created a feeling that in the eyes of the General Manager certain staff were key staff (no regard to hierarchy!) and the rest were supposed to be compliant followers. Once the compliant culture had firmly set in, variations (by rotation amongst sections) to key staff meeting invitees were
introduced. However by this time the possibility of resistance by anyone had disappeared due to the fear driven culture.

**Procurement of Materials / Services:** Before Mr. H took over as General Manager, the section managers and directors were authorised to sign purchase orders for their respective sections and divisions. This way each section and division kept a control over their budget and carried out the tasks for which the budget had been provided following a consultative approach. This practice was done away with by the new General Manager as one of the early changes introduced by him. He introduced a new system in which staff had to fill in a requisition form, then get the concerned manager’s signature who then sent the requisition to the General Manager for approval. It was only after the General Manager’s approval, or his authorised delegate working in consultation with him, that the purchase would be made. The director or the new divisional manager thus hadn’t any control of everything that was being procured by their staff. Only one authority, that of the General Manager remained. Previous standard practice of getting three quotations etc became subjective. One example being the procurement of a lift (design, supply and construct) for the council chamber buildings can be mentioned here. The quotation was obtained by the General Manager and a staff member was asked to submit requisition for a single quotation (over $90,000 value) and the lift was there! Under normal circumstances the person doing such a job would lose their employment under public sector rules, but now, in the new culture this council had, a person refusing to comply with instructions to such a job would lose their employment.
Construction Projects: In addition to the financial controls for all purchases/procurements coming under the direct control of the General Manager, the other notable change that took place was the management of construction projects also came under the direct control of the General Manager. The General Manager did not believe in spending much time on the documentation process. Coupled with this were the frequent changes which make one wonder if external providers were being
used. This meant the council would have faced a barrage of variation claims. Two projects are worth mentioning in this context.

1) Corso Redevelopment Project: While the concept design for this project was prepared by an Adelaide based consulting firm, the detailed design was carried out in house. Council had already got a design engineer who joined the project team. The project manager, a project consultant and a junior engineer all were appointed by the General Manager. Of the four dedicated full-time staff working for the Corso Project, three (having previous acquaintance with the General Manager) were direct recruits without the positions being advertised publicly. This project faced considerable criticism with regards to its design of pavers and their drainage system. Soon after the showers/rain, the pavers would be dislodged from their position. The question arises who was responsible for the drainage design and overall design of pavers? The situation was so alarming that the construction of new pavers, as well as repairs to the construction defects, proceeded at the same time and the contractor received payment for both for jobs and construction. Under normal circumstances a contractor would be held responsible for the repairs during the defects liability period. This was not the case here as the contractor had complied with all the instructions given to him and the work was carried out under council’s full supervision. (Please see Appendix: B for Local Daily articles commenting on this and other management matters, page xiii)

2) New Depot Construction Project: This project like other projects carried out directly under the command of the General Manager was an in house design and construct project using chosen contractors as and when required. The main criticism being faced by this new building was the claim it was to be built specifically as environmentally friendly. No central heating or air conditioning was considered necessary for this building. Who checked the adequacy of the design in such an organisational structure should be of interest! The fact is staff began complaining
soon after occupying the building. First it was the unbearable heat and then the freezing cold in the building, which caused these complaints. As a belated remedial measure, ceiling fans were provided to survive the heat. The solution was not very effective. With all spot fire management principles failing to solve the problem, split room air conditioner unit were later installed at various places in the building. The question does arise as to why this important design aspect did not receive any consideration in the planning stage?

8.4.2 Unstable organisational structures:

An unmistakable impression about the contrast in two successive General Managers’ style for organisational restructuring became obvious to all. While the General Manager Mr. W made elaborate consultations with the staff, unions and the Council regarding the manner and the purpose behind restructuring, Mr. H on the other hand preferred to introduce changes through the back door in a quiet manner. The structure introduced by him in 2003 is shown in Fig.8.4 Previous Director of Service Planning and Commissioning did not accept the title of Manager of Corporate Planning and Strategy (new name for the previous division of service planning and commissioning), so he continued to use the title of Director after successfully resisting the efforts to rename his position. On the other hand the Director Finance and Governance, Ms. V, succumbed to the pressure and accepted the title of Manager of the Corporate Services Division (previously Finance & Governance). She ultimately left the organisation not long after.

Previous car park officer, who was handpicked by the General Manager Mr. H, was first made the Manager of Facilities and then promoted as Divisional Manager of the Environmental Services (Director level position). A few months later he resigned his
position and after a gap of several months rejoined the Council as Manager of Business Units (without any public advertisement for the position).

The Divisional Manager of Human Services and Facilities was chosen to succeed the Divisional Manager of Corporate Planning and Strategy. The other two managers in the division of Human Services and Facilities viz. Manager Library and Community Services (Ms. B) and Manager Children’s Services (Ms. T) aspired for the divisional manager’s position. They had proven track record of many years successful working at this council and it was largely due to their efforts that their departments came into prominence and carved a name for themselves by the efficient management of their respective departments. When Ms. B and Ms. T found that their claims for the Divisional Manager’s position were ignored, and instead a manager in the General Manager’s office Ms. L, with no prior experience in the management of Community Services was appointed as the Divisional Manager, both Ms. B and Ms. T left the organisation.

Among the other promotions to managerial positions without public or internal advertisement were the positions of the Manager of Financial Services (previously Financial Accountant) and Manager of Community & Environmental Partnerships (previously Team Leader Environment). It appeared as if there was race to cash in the loyalty for Managerial titles!

This was followed by the creation of two Deputy General Manager positions, and both the positions were filled internally without any announcement or advertisement for these positions. The Director of Corporate Planning and Strategy, and Director/Manager of Environmental Services were the beneficiaries for promotion to Deputy General Manager position. These promotions took place with only a few weeks between them. Gradual changes to the organisation structure have been a
steady continuous process under Mr. H as General Manager. Urban Services section in the Corporate Planning and Strategy Division was merged with Civic Services section, and the combined division of Civic and Urban Services was placed under a Divisional Manager. One noteworthy feature of the new senior managerial positions was most of the new recruits have been the General Manager’s previous acquaintances from councils where Mr. H had worked before. These positions included present Deputy General Manager (People, Place and Strategy) who first came as Chief Financial Officer and then got promoted as Deputy General Manager, Manager – Major Projects, Divisional Manager – Civic and Urban Services, consultants working on a regular basis in Engineering and Town Planning areas and Records Management. These appointments coupled with the other staff, senior and junior, who demonstrated their loyalties to the management created an impenetrable shield at the top level. The remaining staff, senior or junior, obviously were left to continue what was expected and comply with instructions from above. A long serving (qualified engineer) Manager of Construction and Maintenance was asked to look after Waste and Cleansing Services and in his place a qualified stone mason working as Works Superintendent was promoted to Manager of Construction and Maintenance position with experienced engineers appointed to work under him! The appropriately qualified Waste and Cleansing Services Manager was made Manager of Environmental Projects and asked to look after Council’s car parks and Councils free bus service that operated on certain routes in the municipal area. Even at the time of writing this report (March 2011), the Civic and Urban Services Division remains highly unstable. Previous Manager of Urban Services and Manager of Capital Projects were pushed to leave the organisation. Manager of Infrastructure Services also left. These vacancies have not been filled and have been vacant for more than nine months.

Late last year (2010) there was a big news item in the Local Daily about the Ombudsman Report in to the working of the Council especially the conduct of the
General Manager. Among the items mentioned in the media report was the appointment of an unqualified officer (from within the Council) as Manager of Regulatory Services, and council officers involvement in getting him further employment outside this Council, after he had to leave the council following revelations about his bogus qualifications. A few of the headlines in the local daily are quoted below:

**Date: October 14, 2010**  
Front Page Article with General Manager’s photograph entitled “(GM’s Name) under siege” Bold heading: “We reveal the report _____ Council wanted kept in the dark”

Page: 5 Heading: “The report _____ Council didn’t want you to see” “GM’s hostility to complaints slammed”

**Date: October 23, 2010**  
Page: 50 Article with headlines: “Loyal servant or controlling puppet-master?” In the interview with the General Manager he is quoted as saying “I am not a control freak, by any stretch of imagination”

**Date: November 10, 2010**  
Page: 9 Article with headline: “Call for GM”s resignation”

*Documentary evidence of above-mentioned newspaper articles available*
On the 1st March 2011 the Council’s official website states (reproduced without any comment or changes except suppressing council’s identity),

“Councillors’ IMPLEMENTATION WORKING GROUP for OMBUDSMAN’S RECOMMENDATIONS

23 Nov 2010

8 November 2010

Council at its meeting of 8 November 2010 established a Councillors' Implementation Working Group (Working Group) to monitor and to provide feedback to the Ombudsman on the implementation of his recommendations arising from his investigation into the ........ Council’s handling of complaints.

Meetings of the Councillors’ Implementation Working Group are open to the public.

February 2nd 2011

The next meeting of the Working Group will take place on Thursday February 3rd 2011 from 7pm in the Council Chambers located at ------------------------. The meeting of the Working Group is open to members of the public to attend. Included on the agenda for this meeting are the following items:-

• Discussion of the Compliance and Enforcement Policy
• Tabling of the Draft Procedure for Misconduct Complaints and Assessment prepared by Fraud Prevention and Governance

What is important here is to spare a thought that in such a subservient and fear driven culture, what would be the state of the working environment for staff who want to work with devotion and pursue a merit based approach!
8.5 DISCUSSION:

8.5.1 Awareness of the reform process

The reforms carried out prior to 1990 is a classic story of correct diagnosis and combined effort by the elected council, the senior management, the staff and the unions to remedy the financial situation. Going a step further and in a desire to establish the council as a leader among Local Governments and set an example by efficient management practices, the Council in June 1997, moved to adopt a frame breaking approach for reforms by splitting the organisation into purchaser and provider sides. The design was grand, senior management team working in cohesion with elaborate, dedicated efforts to consult the staff as well as make them informed by a well documented blue print and timeline for reforms were made available. This stands out in sharp contrast to the efforts made by Case Study Councils 3 & 4 where more or less a prescriptive approach was adopted by new General Managers to introduce reforms. Herein lies the difference, a practical reality which suggests the exhibition of vigour and determination by the externally appointed General Managers, as compared to the soft stance taken by the long serving existing General Manager from within the Council. This, despite what the merit based circumstantial demand of the organisation may be, merit here is interpreted in terms of the unbiased policy imperative irrespective of the existing affiliations or coalitions within the organisation. The document detailing the philosophy and the process of reforms at this council clearly say, “While continuous improvement processes are important, it should be acknowledged that this process of ‘incremental change’ can be the enemy of innovation”. This demonstrates a firm desire communicated to the staff that the council was in for a ‘big bang’, the purchaser/provider model. The process of reforms was flawed from the very beginning of the implementation stage due to the incompetency of the purchaser side
of the organisation. In so far as the efforts to create awareness of the reform process are concerned, the pre-planning stage of the reform process speaks of the good and dedicated efforts in that direction.

Post 2002, commencing with the arrival of the new General Manager saw the dismantling of previous reforms, organisational structure and culture all through undeclared or publicised intensions, but in a predominantly autocratic style.

8.5.2 Market driven reforms

It was during the reform exercise of June 1997 that a sincere, well planned effort was made to introduce the market driven reforms. The first task of creating an appropriate mindset and taking staff into confidence even to the extent that no staff lost their job because of the organisational restructuring, augured well within the organisation. This Council differs from Case Study Councils 3 & 4, where either the staff had to leave their jobs or the threat of their losing the jobs loomed large over their heads. Whether it was the element of continuity or the empathy for the staff in the heart of the long serving General Manager, the fact remains there were no redundancies. It was the lack of knowledge and expertise in the purchaser side of the organisation especially in the engineering management area that was responsible for many deficiencies observed. This led to a situation in which the non-engineers holding the Director and Manager level positions became dependent upon the middle level engineers for expert solutions and planning, the capacity for which was basically non-existent. Worse still, the manager from the provider side (with a dynamic and enthusiastic director to guide and control that division) started calling the shots in matters of recruitment, specifications and decisions relating to the purchaser side of the organisation. So that part of the organisation which had pivotal responsibility of defining and shaping the
nature and qualities of services to be provided by Council, became a virtual slave of the provider side of the organisation. This not only created a ‘great comfort zone’ for the engineering service providers, but also emerged as the most damaging factor contributing to the disastrous outcome of the so very well planned reform process which was a result of painstaking efforts made in a democratic style befitting a Westminster type democracy. When the specifications were not there, no asset management policy in existence, and the failure to introduce market driven reforms, was obvious.

An unwanted outcome of the lack of specification and guidelines from the provider side was that the engineering operational teams on the provider side of the organisation got an unrestricted freedom of operational working, especially without concern for the in-house activity costing, a tendency which to date has remained unchallenged. Whether the organisations are split in purchaser/provider units or not, the fact remains that there are undisputed essential elements associated with the successful planning and provision of services. This in general can be ascribed to any organisation objective i.e. First, clear definition of goals furnishing the time-cost and quality requirements preferred by the organisation for its services. Second, the intermediate stage of planning needs the talent and experience to specify the products/services, and also ascertain the feasibility or deliverability aspect associated with the mission objectives. Availability of suitable talents at this stage ensures emergence of a blue print for efficient utilisation of resources and sets the stage for economically desired and justifiable outcomes. The third essential element for the organisational mission objective is the capacity for operationalisation and delivery. In absence of the first two elements, this third element of operational capability with whatever degree of efficiency it may have, has very real potential of backfiring, operating in reverse gear. It can not only dictate terms regarding the functions associated with the first two elements, inherently building into the process a biased view of a bottom up vision, but a sense of
profound helplessness with regard to the conceiving and delivering of desired objectives. This is what has happened at this council. Even today the organisation in the engineering design and delivery matters is being dictated by operational work teams, having a blank check with regard to the cost and quality parameters. Market driven reforms can never take off the ground in the real sense.

8.5.3 Organisational dynamics

As discussed in chapter 2, the fundamental requirement for the success of the reform process anywhere, is that the senior and lower managers must be in congruence in relation to the stated goals and objectives of a new policy. The influence of this nature at successive stages in organisational hierarchy assumes significance. The implication for success or failure is associated with the hierarchical levels. The efficient and all round display of visionary capabilities higher up in the order, gives better control over the process and enhances the ability for continual monitoring and application of concurrent controls so that the outcomes do not deviate too much from the desired objectives. On the other hand if ‘faults’ take place at upper levels of the organisational interfaces the disastrous effects and loss of control can be very defeating for the organisational objectives. As noted in the earlier paragraphs, Mr. J, who was entrusted with the responsibility of leading the purchaser side of the organisation as Director of Service Planning and Commissioning had, during the planning and consultative process preceding the reforms, opposed the adoption of a purchaser/provider model saying “why fix it when we aren’t broke and we will do the job just as well”. Compare this statement with what the General Manager Mr. W, the architect of the reform process had to say at the same stage. Mr. W wrote in 1996, “whatever the change, the important things are the outcomes and way we manage the implementations”. The difference between these two statements says it all. The most
important responsibility of changing the organisational culture and creating a vitally needed knowledgebase for a division that was strategically very important, was entrusted to a director who himself was a ‘non-believer’ in the necessity of reforms. His most important task was to create awareness about the new mindset for looking at the things in a different manner then the old ways, and align the staff with the new vision before transferring the change ownership lower down the hierarchal levels and other parts of the organisation could never commence. Worse still, the visionary General Manager also failed to diagnose this ‘organisational cancer’ and treat it in time before it became too late. The failures of the purchaser side have been stated in the previous paragraph on ‘Market driven reforms’. It requires a visionary crusader to free the organisation from such inefficient work practices which in the first instance took place and then spread through the organisation, primarily due to the incompetence displayed at the Director level. On the other hand, as can be seen from the transcript (Appendix C, page xiv) of the interview with the director of the provider side of the organisation, Mr. Y was enthusiastic, dedicated and capable of implementing the reform process. This resembles a situation where one wheel of the organisation moves in reverse gear (purchaser side) and the other wheel in the fast forward motion (provider side). Resultant effect of this type of momentum is that the cart of the organisation skids or goes around in circles in somewhat an uncontrolled manner. It is during the implementation stage that the reform process got derailed which otherwise had a very good planning exercise carried out in a democratic manner.

Even today (March 2011), the organisation suffers from a weak side responsible for the planning and specifications for services and a provider side, working under the same common Divisional Manager leading both the sides, being largely unmonitored for its performance. This is also reflected in measures such as the lack of cost control mechanisms for in-house construction and maintenance activities in an era when
market driven reforms thrive to enhance organisational performance in a cost effective manner.

### 8.5.4 Decision making process

The funding imperatives were the driving force for the decision making process during 1989-90 reforms and responses to the Local Government Act 1993, and recommendation of the Hilmer report combined with the desire to be a leading council created a ‘management dictate’ and guided the decision making process for the reforms introduced in June 1997. The democratic process of governance did exist and there was room for a dissenting voice to stand up and argue its case as a merit based approach. This was evident from certain events that took place. The manner in which Group Manager Waste and Cleansing attempted to highjack the planning functions for the purchaser side was halted by the General Manager Mr. W himself. Unlike the present environment (2011) there was always room for polite and logical representation against some management decisions during the period 1997 to 2002. However as noted earlier, the lack of experience and a knowledgebase in the purchaser side failed to arrange the collection of information, data, facts and ongoing consultation with and within teams giving an idea about their prevailing beliefs. Under normal circumstances the analysis and processing of information so gathered would have paved the way for the appropriate decision making process. If this was the situation on the purchaser side of the organisation, the provider side was itself running in an overdrive mode. In the absence of knowledge based guidelines and specifications for services, the provider side made its own decisions, given a license to act as per their desire and taking over some of the purchasing functions themselves. As can be seen in Appendix C, the Director Mr. Y stated, usually all that was received from the purchaser side was a note or a sketch on the back of an envelope! So the ‘management dictate’ which emerged as a platform for the decision making process
could not lead to the necessary steps in logical sequence, such as questioning why a decision was required, what was the outcome of the analysis and processed information, establishing goals, search for alternatives, validity and so on.

Post 2002 emerged as an era of prescriptions and compliance. Decisions were made at the top level and the degree of compliance became synonymous with organisational performance.

8.5.5 Organisational culture

The personality of an organisation as reflected in its culture is based on four traits; involvement, consistency, adaptability and mission. “Two of the traits, involvement and adaptability are indicators of flexibility, openness and responsiveness with the other two, consistency and mission being the indicators of integration, direction and vision” (Denison and Mishra, 1995). Consistency and mission are very much dependent upon the fondness of the CEO or top management (if they are indeed working as a team) for their preferred norms of day to day behaviour in carrying out the business. This is a pointer indicating emphasis on compliance or creativity. Autocratic norms demand compliance while open merit based approach would leave the door open for creativity and in parallel with it comes the flow of trust. The employees’ tendency would be to assess the congeniality available between these two extremes to find a foothold for their openness, flexibility and responsiveness to gain ground and develop further. In proportion to the congeniality to the employee and depending upon the type of commitment that he/she has (affective, continuance or normative commitment), his/her response and strategy to organisational commitment will take shape. Viewed from these analytic considerations, one can see that during the tenure of the General Manager Mr. W the employees, by and large, had effective commitment whereas after Mr. H taking over as the General Manager the employees
largely turned to continuance commitment. This indicates that it is predominantly the compulsions faced by the employees to ‘remain in the jobs’ that leads him/her to come to work and do whatever that is needed to stay employed. The affective commitment during the time of Mr. W was independent of the leadership and personality traits of the directors. So many times and at so many places the management declares that it is working like a well bonded team. This so called bonding together reflects the political compulsions rather than the translations of true ideals into reality. This is a classic example of Mr. W allowing uniform democratic norms to prevail throughout the organisation and employees could make their voice heard on merit based principles even though it may be directed against a group manager. The irony is that Mr. W could not do much to address the knowledge and managerial deficiencies in the purchaser side of the organisation.

8.5.6 Organisational controls

Organisational controls do not operate in water tight compartments having separate and distinct identities. Though we have broad areas like strategic controls, management controls and operational controls, when it comes to implementing them they are so interrelated, and can cause a ripple effect right through the organisation. During the time that Mr. W was the General Manager, strategic control process worked well during the planning of the reform process. Doubts remain whether everyone in the management team had the same perception about management controls. The process of applying management controls could follow the strategic control process (with only 50% achievement rate applicable to planning stage) at half the efficiency bar, and following a further downward trend during the phase when operational controls needed to be applied. This happened in very much a mere image, like fashion reflecting what is already described under ‘organisational dynamics’ and ‘organisational culture’.
The period under Mr. H as General Manager has been that of always leading to one source, that is, Mr. H as the sole commander with all the events and processes to be interpreted as per his definitions, summing up all the controls into one.

8.5.7 Leadership and management

The previous paragraphs have revealed the intent and the manner in which change management exercise (introduction of reforms by Mr. W and unwinding of the same reforms by Mr. H) was carried out. For a researcher both the processes visibly introducing and implementing reforms and their unwinding, pose an equally challenging task for analysis and interpretation. Though these two processes are diametrically opposite, both Mr. W and Mr. H exhibited one characteristic in common. Both of them relied heavily upon their senior management teams to carry out their agendas. Mr. W had a senior management team of directors who were appointed following a democratic process and all of them (Mr. W and the Directors) had been serving at the Council for many years. Mr. H created a senior team of compliant deputy General Managers and Divisional Managers. Whether it was a case of implementing a new policy initiative or an administrative action or a large scale introduction/unwinding of the reform process, both the General Managers had no strategy or imperative need to attach some significance to the utilisation of middle level management. This middle level management is the vital link connecting the visionary planners with the doers in the organisation. It is this pivotal location in any organisation which plays a catalytic role in the making or breaking of any management initiative. It is here where the successful transfer of change ownership or the miscarriage of it takes place. Change demands tender care.
In case of Mr. W, the non-attachment of significance to middle level management prevented any meaningful constructive feedback from the doers and middle levels to the senior management for appropriate consideration and decision making. This is why the inactivity in the purchaser side and a false sense of operational command and control emerged from the provider side and could indeed never be rectified. In the case of Mr. H, the middle level management never gained any importance or significance when it came to policy implementation or feedback. In fact feedbacks were never requested. What was required was a report on the degree of compliance only. In the middle level, especially those who were not management, found it extremely difficult to survive at times.

With regard to Mr. H's administration it can be said that while most of his decisions and actions were not quite so visible, they did serve as clear indicators to employees about what he truly believed and intended. “During times of increased turmoil, every major decision is a signal to employees of your strategic intent. No matter how big or small, every decision is a chance to show the direction you are taking the organization. Without trust, the cost of sustaining relationships is steep. As trust grows in leadership, employees’ defensive postures fade and productivity soars.” (Rideout and Rewers, 2009). This statement is applicable equally to Mr. W and Mr. H’s administration and in general to all the cases where reforms are applied.

8.6 CONCLUSION:

The reform measures adopted at this Council prior to June 1997 were necessitated by the financial crisis. The motive behind the June 1997 reform was to establish the council as a leader among the local governments and set an example by efficient management practices. Elaborate preparations and a consultative process that preceded the introduction of reforms bears a testimony to the fond desire to make the
General Manager’s dream a reality. As discussed in the previous paragraphs of this chapter there were certain factors which prevented this dream from becoming a reality. They were:

- Lack of managerial skills (especially in the purchaser side of the organisation) capable of handling the change process. This is in sharp contrast to the excellent preparations made prior to the introduction of the change process. As Colin A. Carnell (1999) writes, “People in change need empathy, information, ideas, milestones, and feedback. They often get authoritarian management, avoidance of key issues, ‘rah rah’ management, no clear milestones and no feedback.” This is what exactly happened in the Service Planning and Commissioning division after the organisational restructuring in June 1997. The Divisional Director not having the fundamental knowledge about engineering and design matters, relied heavily upon his business unit managers especially in the Asset Management and Contracts Section. This section couldn’t even adhere to the change management time line that was prepared during the planning stage. While the director level leadership exhibited authoritarian management style, the key issue of strategic agenda implementation remained neglected as there wasn’t enough skill based managerial leadership available. One after another, three successive Group Managers of Asset Management and Contracts left the organisation. They preferred not to face up to their mistakes and did not possess the necessary interpersonal skills. The irony is that these managers had to leave the other organisations also in which they became employed after leaving this council.

- Contrary to the purchaser side of the organisation, the provider side had dynamic leadership at director level which not only enthusiastically pushed the change agenda but also in the process, did not hesitate to get rid of “an incompetent” business unit manager. This contrast in the vision and ability of director level
leadership (Service Planning and Commissioning and Service Delivery and Business) halted the forward march of the organisation as a whole but the active dynamics at the top level in the providers side, saw it as driving the process from the “guard’s compartment” rather than the engine (purchaser side) pulling in the forward direction.

- As seen in the previous two paragraphs and the organisation which desired to march forward got stuck in the spiral motion, the new General Manager in 2002 (Mr. H), a fond believer of ‘autocratic style of management’ found it easy to dismantle the organisational set up without indeed ever making his intentions public! The council now has loyalist managers at the top (brought from the General Manager’s previous councils and also those from within the council who preferred to cash in their loyalties), and a compliant organisational culture was firmly set in.

- Change management process at this council tells us about the effects on the organisational culture by diametrically contrasting leadership styles of the General Managers.
9

CROSS CASE ANALYSIS AND DISCUSSION

9.1 INTRODUCTION:

Continuing to carry out the corporate functions in the same basic manner with just some cosmetic changes would be akin to just changing clothes and thereby the appearance superficially but with no change in the personality and the manner of perception. Such an act would not in any meaningful way be looked upon as an attempt to reform. It is more a proclamation of a desire that the outside world should feel that the entity presenting itself is different. When it comes to dealing with the outside world especially in the public domain, the process of presentation and recognition is more in terms of business ‘what is in it for me’ and has less or nothing to do with the emotions. This appears more as a business proceeding and much less as a social outing in a closely bound group of people. If this preliminary exercise in ‘change’ is going to be successful, it should appear as a happy experience for the community of people, if not, it may sound a discordant note and upheavals of one type or another can be expected. So whether it is a not for profit organisation or a business set up, dealings with the community are bound to be looked upon in business terms
ensuring ideally expected performances desired by the customers. Hence the phenomenon primarily rests upon the wishes and thinking of those who are being served. In an ideally democratic set up the relationship is governed by a covenant we call the constitution or a set of rules for conduct of business as agreed by all the participants. In simple terms it is the manifestation of tax payers’ desires within this framework and the attempts to fulfil them. If there is a change in the expectations of people in the community, then a reciprocal change must occur to fulfil the community’s expectations. This reciprocal change effort by the organisation in the public or private domain, corresponds to what we call a reform effort. Success will obviously come to those who, besides being experts in the technical aspects of the service they provide, are experts in managing the interfaces with those whom they are serving and would intelligently deal in a judicious economical and meritorious manner with people in their own organisations. These parameters dwelling on the human values and visionary leadership adorn both the internal as well as external interfaces of the service planning and providing organisation.

Local government managers’ functions bear a similarity to managerial functions anywhere else, the environment in which they operate is quite unique considering the nature, type and processes through which they receive their input. The transformation process they have to manage with this input before delivering the multilevel outputs to community, organisational hierarchical levels and other stakeholders through prescribed system of operations, is a unique category by itself. This on the one hand requires their possession of requisite technical skills concerning their professional fields such as community services, children’s services, library, youth activities, town planning, engineering and operational fields. Going further from this stage is what shapes the success of the transformation process, the human skills and foremost of all the conceptual skills required at every stage of the functional planning and delivery process (based on Robert L. Katze – ‘Skills of an effective administrator’).
Many organisational managerial positions are seen to be filled based on demonstrated abilities in the technical field, but not enough consideration given to the human and conceptual skills. Worse still, how many on the interview panel may even be considered to be fully aware of the significance of evaluating the possession of these skills by perspective managerial candidates. How many of the human resources officials in local governments can even claim to be possessing in real terms the abilities and desires to measure these skills in potential candidates. This leads to a further question, how many of the Local Government General Managers can be said to understand and possess the significance of these vital human resource qualities? It is the understanding and application of these human resource functions by the General Manager followed by his/her efforts to suitably constitute a knowledgeable and efficient human resources team in the organisation, will send an important message to staff, at all the levels as to how the team is going to function and what qualities will be appreciated. This first simple step of ‘walking the talk’ at the commencement of an organisational reform process has the potential to bring miraculous results slowly but surely. Once this is done, the next equally important task is that of illuminating every interface within the organization with this initial spark emanating from the Human Resources Department. Once the awakening takes place within all the organizational units it will set the stage for effective transition management where ultimate ownership of change and leadership will be displaced by the middle level managers. This is that vital component of the organizational machinery which can accelerate or derail any major change management effort.

9.2 PRELIMINARY OBSERVATIONS:

- As stated in previous chapters, this study pertains to the reform processes adopted by NSW Councils and to what extent these reforms have delivered the intended objectives, the method of implementation of these reforms and factors
Chapter 9: Cross case analysis and discussion

contributing to their success or otherwise. The combination of contextualist and realist interpretation provides insight into areas sometimes having low visibility and intricacies of the mechanisms that drive the Local Government Reform Process. The theory has been allowed to emerge from the data collected and the instrumental method gives rise to the grounded theory. Figure: 3.1 in Chapter: 3 ‘Research Methodology’, shows us the graphic view of the International, National and Local Government Sector developments which have cast their shadows and contributed to the necessities for reforms in NSW Councils. Chapter: 2 a Literature Survey has noted these developments. The unique situation existing at individual case study councils have also played their role as mentioned in the chapters on these councils.

- As far as the deliverables are concerned there is a good amount of similarity among all case study councils as they are all from NSW and operate under the same framework of legislations. With the deliverables being the same and permitted freedom to choose the reform path (choice of mechanism / design of service delivery and method of implementation), one wonders what is it that creates contrasts in the quality of outcomes and contributes to the success or otherwise of the process being followed at that particular case study council. The research problem for this study has to be viewed in this context. The problem as stated in Chapter: 1 is through what processes have local councils in NSW Australia attempted to manage the transition from traditionally bureaucratic organisations, to organisations that efficiently and effectively meet the need of their customers, provide democratic governance and supply competitive and value for money services to their respective communities? The emphasis is on “processes”, the manner in which they were designed and implemented. If there were no flaws in the design and implementation of the processes, the outcomes at each case study council would have revealed a
strikingly similar degree of success for the simple reason that expected outcomes (service deliverables) were supposedly similar. In fact the results of these case study councils can be measured, not just along a single linear dimension of varying degrees of success (or failures) dealing with the quality and quantity of services delivered, although other important parameters dwelling at the interface between the CEO and the staff, amongst the staff themselves, the CEO, elected representatives (policy planners), the council and the community. The manner in which the interactions take place at these interfaces provides a much needed insight into the quality and quantity of emerging outcomes. This helps in understanding the intricacies of the mechanisms that were deployed to deliver the outcomes. The available literature deals with various theoretical forms of these processes and detailed descriptions of the intended functioning of these mechanisms used in the process but there is a large void visible in the literature when it comes to the craftsmanship required to carve out a “creature” in which a soul can be put and the creature made to “live”.

- An assessment of the picture as presented by the Case Study Councils in their published literature are a part of public relations exercise, and the exploratory discussions with the key players at these councils, reveal two things: first, a concept plan of how things were intended to take place and second, an attempt to justify the deviations from the chosen path. Both these factors take us adrift from the purpose of this study. To fulfil the purpose of this study it was necessary to examine the sincerity of purpose, the factors driving the process and penetrate beneath the surface of the picture presented as part of the public relations exercise and associated efforts to justify the developments. It was obvious to rely on realist interpretation rather than only a contextualist picture presented by the Case Study Councils.
• A paper produced by the Centre for Strategic Management (2000) entitled “Leading and Mastering Strategic Change – to create and sustain your competitive edge” tells us about the goals of strategic change hence defining strategic direction and ensuring successful implementation. Following figure 9.1 is reproduced from this publication:

![THE ICEBERG THEORY AND SYSTEMIC CHANGE](image)

Strategic Change requires a major focus on structure and processes as well as content in order to achieve the content/results desired.

[Source: “Leading and Mastering Strategic Change SM - to create and sustain your competitive edge” by the Centre for Strategic Management (2000) 1420 Monitor Road, San Diego, CA 92110-1545]

**Figure: 9.1 Strategic Change**
An interesting aspect, as seen in figure 9.1, is that of the total efforts put into the planning and implementation, 13% are visible and a greater majority of these efforts (87%) hardly have any visibility. Among these are the processes and structures. Especially from a researcher’s point of view this makes it compulsory to stay at the case study organisation and live with the change management exercise in order to have an unbiased understanding of how actually the process is planned and implemented. This in many a case, differs from the official version of the change management process. It’s a fashion (in intellectual terms) to present such exercises with a sprinkling of popular management buzz words which gives it a quicker acceptance rather than a scientific analysis projecting a strategic thought process. The intention behind procuring a job and working at Case Study Council: 5 throughout the change management process (commenced in June 1997) was to gain an insight into how things are achieved (or not achieved!). Strict professionalism was the code of conduct for the researcher (as seen by the fact that the researcher was awarded with Gold Awards during the tenures of both the General Managers for excellent professional work as an engineer). All care was taken to ensure that as researcher independence was maintained without becoming anybody’s ally and this can be seen from the in-depth merit based analysis of events taking place at Case Study Council: 5.

Structures (framework): A thought needs to be given to the structures or deep foundations of the change management process. The foundations remain buried in the ground without being visible usually. These have been described under the “Process” in the individual chapters on each case study council. The elements like restructuring the organisations, jobs redesigning, activities like benchmarking or business process re-engineering, effective management of resources have been common in different versions of the reform processes. A
distinct feature that draws one’s attention is that the characteristics exhibited by these same elements at different organisations reflect the personality of the driver of the reform process at those organisations. Be it either the elected council proclaiming the need and the type of change as its policy, or the concepts put forward by a visionary General Manager, the person at the helm of affairs (General Manager) has his stamp on the process. Mahatma Gandhi used to attach a great importance to the purity of the mechanisms/resources deployed for the achievement of goals. What does this ‘purity’ signify in the context of our local government reforms? As stated in the previous paragraphs, use of popular management buzz words has become a fashionable trend. Given the undeniable influence of the personal characteristics and the leadership style of the General Manager on the whole process, we have seen that existing structures have been completely redesigned (e.g. frame breaking approach), or made sufficiently subservient when the compliant organisational culture is the only way the General Manager knows how to function. Strategy aimed at professional excellence or quality outcomes from a longer term perspective takes a back seat in such an environment. ‘No strategy’ in such an organisational environment is not much different from the ‘subservient leadership’ exhibited at Case Study Council: 2 prior to 1995. To an autocratic leader, creativity appears somewhat as a nuisance obstacle in one’s path. Definition of goals and methods emerge from the leader only. ‘Competitive performance’ perhaps looses its significance in such a scenario. Prof. Hilmer (1995) stated that “an assessment of effective competition requires a pragmatic analysis of a particular situation a resort to a theory or general philosophy.” Absence of a detailed analysis based on the economics of a competitive performance, coupled with the fondness for autocratic style of functioning, results in a ‘strategy void’ especially considering the long term interests of the community. Given the short duration nature of political time frames, the fear is
that it may result in an absence of sound framework/structures for contemporary local public administration.

- As Pettigrew, Whipp and Rosenfeld (1989) observe, “...an important input in the equation leading to the maintenance and improvement of competitive performance is the way firms:

1. Identify and assess the changing economic, business and political environment around them, and
2. Formulate and implement strategic and operational changes to improve performance.”

Considering this, the local governments can be aiming at the competitive performance that should be targeting two goals. First being the elimination of inertia usually associated with the public sector management and the second being the efficient management of service planning and delivery process. In any industrial competitive performance scenario measures adopted to gain competitive success look at the basic ingredients required for the sectors production process, efficiency of the manufacturing process, quality and cost of the product, and reaching the customer with the product that he anticipates (service delivery) and is willing to pay for it. The similar nature of tasks facing all local governments (traditional functions like roads, water, drainage, community services like libraries, senior citizens’, community and youth centres, development and regulatory services) would also suggest a similarity in the basic ingredients required (human, finance and materials). It is the manner in which creativity is introduced in the planning and commissioning of these tasks that makes the first fundamental difference in the competitive performance exhibited by individual local governments.
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- Chapter: 3, Fig.3.1, examines the contextualist parameters at the local government (firm and sector), state, national and international levels which created the necessity for the competitive provision of services. While the base of competition in the time slot following the introduction of the Local Government Act 1993 and the National Competition Policy hasn’t shown any appreciable change for councils in NSW, the patterns of strategic change has exhibited many varieties. The dominating/inspiring thoughts mooted initially by the source of strategic change at these councils had to come face to face with the organisational and environmental factors, sometimes operating at different wavelength than the founding framework of thoughts forming the backbone of the strategic change management process. In many a case, this phenomenon has been responsible for a variety of patterns emerging at the Case Study Councils. Fig.3.2 from Chapter: 3, reproduced below, reminds us how the case selection process for case studies progressed, and the reform process at these councils has been analysed and discussed in the next paragraph.

![Diagram showing case studies and strategic approaches]

- **Benchmarking Councils**: Council: 1
- **Frame breaking approach + Purchaser/Provider Model**: Council: 2
- **Focussing on Business Units + Purchaser/Provider Model**: Council: 3, Council: 4, Council: 5
9.3 CROSS CASE ANALYSIS AND DISCUSSION:

The individual chapters on each case study council narrates the ‘CONTENT (what happened)’, ‘CONTEXT (why it happened)’ and the ‘PROCESS (how it happened)’ of the reform process carried out by these councils. This is followed by a paragraph on ‘discussion’ which is a narration, largely within case analysis based on seven principal elements pertaining to the reform process considered and analysed in this study. Figure: 3.3, Chapter: 3, showing the elements is reproduced here. Repetition within case analysis discussion in chapters on respective case study councils has been avoided, however, further discussion of the seven principal elements in the context of local government reforms, along with a cross case analysis, is done in this chapter to see if a conclusive reasoning trend explaining the unfolding of events emerges.

![Diagram of reform process elements]

9.3.1 AWARENESS OF THE REFORM PROCESS:

Wettenhall (2011) states, “However well-intentioned are public sector reform movements, they are often compromised by misunderstandings about meanings and directions and by the organisational amnesia that comes from too rapid change and too little attention to the past (pp.80).” This very well underpins the significance of one of
the first concept thoughts crossing the mind of the ‘change agent’ about his/her responsibility to create an ‘awareness of the reform process’ being introduced in any local government. There is an imperative need to eliminate the misunderstandings about meanings and directions of the reform process even before the idea about the reform process being introduced is first floated amongst the staff of the organisation. Any deviation from the ideally desired action would amount to the first erosion of the reform process before even it takes off the drawing board. At this stage the reform process is very much like an infant child requiring intense parental care if the change agent wants it to emerge and develop strongly and be able to resist the uncongenial forces present in the environment.

‘Awareness at this first stage’ of the reform process involves not only the education and confidence building exercise across the organization but also carries out the most important task of laying the foundation for future strategically important functions such as achieving action, maintaining momentum and effort, decision making and coalition building. These last named four functions are of so much importance, it is during this stage the essential manoeuvre of aligning the middle managers with the reform process is carried out.

Creating ‘awareness during this second stage’ involves convincing the middle managers within all the departments, motivating them and also begin the gradual transfer of change ownership. These middle managers if successfully aligned with the organisation’s mission and augmented by the motivation leading to self enthusiasm, would serve the purpose of booster rockets during the midflight. In addition they can help carrying out necessary corrections in the directional alignment with the initial feedback received through the system. These two stages during the organisation reform process, dealing with the structural framework and processes, consume about 87% of the efforts required to bring about the strategic change as shown in Fig.9.1.
While the decision making relevant to the situational context would be a regular ongoing process, more importantly it is the ‘coalition building’ effort that takes place during these initial stages. Once this is done, attention is then focused on the operationalisation of the reform plan. This involves ‘achieving action’ and ‘maintaining momentum and effort’ as the progress is made. It is necessary to ensure that everyone is fully aware of what has to be done, why it has to be done and also to what specifications and performance standards it is to be done. The purpose ‘awareness’ assumes this meaning during the operational stage. The purpose of ‘awareness of the reform process’ has to spread the knowledge about objectives and accountabilities which can facilitate the whole of the organisation’s approach and develop mechanisms, structures and cultures which can aid this process. Having seen what can be described as ideal awareness of the reform process in a local government, attention is now focused on the comparison of how all case study councils have met this essential requirement.

Case Study Council:1 (CSC: 1) as noted in Chapter 4, had made an excellent start to their reform process by inviting the ‘doer participation’ in the consultation process from the very beginning. The participation base was wide and included not only the senior management and unions but also the staff at every level. Such an act, while spreading the knowledge about what needed to occur in a participatory style inviting input from all was a very good exercise respecting human values. Participative consultation was also done at CSC: 4, however the participation was about the prescriptions supplied to them. So the input of the consultative process was funnelled specifically into the procedures and qualitative aspects as opposed to the freedom for the evolution of ideas granted at CSC: 1. This in turn put pressure on senior management at CSC: 1 during the operational stage, which was marked by a much better sense of joint ownership and pride, whereas at CSC: 4 the process relied more on the driving force from above. The task of senior management to retain the
ownership of the process became more like guiding and controlling the trajectory of the projectile they had launched. The difference in the ease of controlling the process at CSC: 1 and CSC: 4 is evident.

At CSC: 3 while the General Manager made attempts to befriend the doers especially the outdoor staff, the process was heavily prescription and coercive, resulting into widespread dissatisfaction and staff turnover. The fourth phase of the reform process at CSC: 3 had necessarily been the reversal of phase three. Obviously the consultative approach was pursued but it was more like making a patient stand up from sick bed and start leading a normal life again. There were many organisational deficiencies too, especially in the finance section. A collaborative approach was a must so the spreading awareness throughout the organisation became the preferred way for the only available option to bail the organisation out of chaos. The story at CSC: 2 is not much different than at CSC: 3. CSC: 5 presents a classic case of contrasts and raises a question about all pervading reliability and wisdom. While the reform planning stage including consultations and workshops resembles a scenario of a learned professor addressing a lecture theatre packed with students, but hardly a quarter of them knew what was being taught! While the lecturer was very knowledgeable, how to make students motivated and enthusiastic about the lesson was being left to the second string of senior management, where at least half the organisation was left to enjoy the status quo. From this we can conclude:

- **Democratic consultative process for creating awareness results in more meaningful participation and can invite evolutionary ideas contributing to the building of an organisation wide coalition for achieving action.**

- **Lesser the prescriptive nature of the consultation more will be the creativity and thereby easier and effective transfer of change ownership.**

- **Senior management’s task of controlling the process would tend to be non intrusive and relatively easy if the response from lower down the hierarchal**
levels is spontaneous and springs from the appreciation shown towards human values.

- One of the very first needs to be satisfied by the change agent is to ensure that the entire senior management dwells at the same level of intellectual and operational capability.

9.3.2 MARKET DRIVEN REFORMS:

Australian Public Service Commission’s Management Reform Agenda focusing on managing for results and devolution, has led to improved business and corporate planning, better performance management, increased use of competition and better management of people as well as finances. This has its roots in the National Competition Policy which supported the introduction of market principles and enhanced competition in the delivery of public services. Different public sector agencies in Australia, with wide ranging necessities, such as funding crisis and pressures for New Public Management (NPM) have attempted to plan and implement reform agendas aiming at these objectives. In reference to this context O’Flynn (2007, pp 354) states, “the introduction of NPM to some extent has been attributed to the weaknesses of the traditional bureaucratic paradigm of public administration (O’Flynn 2005, Stoker 2006) and it encompassed a critique of monopolistic forms of service provision and an argument for a wider range of service providers and a more market oriented approach to management (Stoker 2006, pp 45)

The application of market driven reforms, especially the form and the method of application are varying. Some councils going for a purchaser/provider model splitting the organisation in two, while other councils go for incremental reforms. The manner in which market driven reforms have been implemented at the case study councils brings to the surface the most important requirement that the change agent must be knowledgeable about the meaning and the intention of the market driven reforms.
Various constituent elements in the operational stage, beginning with the education and alignment of the staff with the reforms, ironing out the resistance and building coalition, judgement about what is to be done, how it is to be done and the correction of directional deviations etc. require the wisdom, craftsmanship and possession of appropriate leadership skills, able to respond effectively to the demands of the contingent situations, is a fundamental necessity for making the change process a success. The assessment of organisational capability and cultural setting was skilfully done at CSC: 1 and they went for the evolutionary reforms following a very effective consultation process. It was during this stage, as part of a spreading awareness of the reform process, the initial steps of transferring the change ownership were put in place by not only educating the staff about the change in the approach to design quality as well as the corresponding change in the operationalisation process. It is here, that a visionary craftsman like the change agent, will skilfully handle the human factors in management, enabling the ease with which a consultative process can proceed and minimising reliance on prescriptive formulas. In this way the staff knew what they were to do and the purpose and they took ownership of the reform process at an early stage. This is also reflected in the economy of resources and explains why the objectives of market driven outcomes could be efficiently achieved at CSC: 1. Sharp in contrast to this, though CSC: 2 after initial turbulence opted for evolutionary reforms, the approach to the creation of consciousness through Works Benchmarking Project went in parallel with the fast tracking of the implementation stage, making the use of prescriptions necessary. This state of chaos, staff’s uncertainty about jobs and their future, are similar scenarios at CSC: 2 and CSC: 3 (before the beginning of the fourth stage of the reform process). CSC: 4 relied heavily on the prescriptive approach with regard to job design and operationalisation process, it must be said that altogether a new approach was being advocated by the management which had at the back of its mind the disaster that followed at CSC: 3 following a similar frame breaking approach to their Market Driven Reforms. As noted in chapter:8 CSC: 5, the Council, though
having a purchaser/provider model was having a very inefficient purchaser side in the organisation whose main task was to be knowledgeable about what it was purchasing and how. The process of change ownership took a reverse turn there. From this we can conclude:

- *Whatever be the nature of the reform process (evolutionary or frame breaking) the foremost requirement is that the change agent has to have adequate skilled staff which have a very clear idea about the quality and the quantity elements of the reform process. This includes knowledge about specifications vital for organising market driven reforms.*

- *The organisational culture, council’s financial position and available skill base all play their role in the selection of the reform route aiming to achieve market driven reforms. However, these reform routes are mere templates and do not alter the fundamental nature of the elements of operational process. Success lies in skilfully assembling these elements in as humane a way as possible.*

9.3.3 ORGANISATIONAL DYNAMICS:  

Organisational dynamics is that intangible aspect dwelling within the hearts and minds of organisational members, relying heavily on the practice of human judgement and spontaneouity in its manifestations. Once understood and accepted by the members of the organisation it has the potential to contribute immensely in the decision making (more in an obvious complementary manner) and problem solving areas. It can be augmented, and if necessary, inspired by a capable leader, however it can also happen to be a prevalent state within an organisation. This in turn can have a say in the rate of consumption of a leader’s innovative creativity in either organisational design or strategic change management or more often than not in some cases a combination of both. The facilitation of organisational change objectives and their chances of success are linked directly to the degree of dynamism present in the organisation. The lesser
the amount of organisational dynamism present, the more the demand will be on a leaders/change agents transformational capabilities. One of the very first strategic decisions that a change agent has to make is to correctly assess the prevalent status of organisational dynamism, and then like an astute captain of the ship, has to generate from within a mix of personal qualities which can generate appropriate behaviour conducive to nourishing the interpersonal group behaviour and ultimately the organisational dynamics. Failure to do so, would in that proportion, create and spread infectious turbulence, disharmony and in the worst case scenario, even ‘cancer’ to parts of the organisation. Unfortunately if this does happen, a major surgery becomes inevitable. This explains the significance of organisational dynamics beginning at intrapersonal to interpersonal, and then onto the groups-as-a-whole, and finally to the organisation as a whole.

Considering the organisational dynamics at the case study councils and environmental complexities that the change agent had to face at each of these, it can be said the General Manager and the senior management at CSC: 1 could successfully organise the Council’s response to the state of instability caused by market conditions and threatening vulnerability, due to impending reforms in a much more balanced, practical and down to earth manner. They advantageously used their strength in communication skills to identify the core values and in a simplistic manner could workout the operational processes. It is generally observed that a good majority of Councils response to such situations fall within the extremes of totalitarian dictates or passive submissions. At CSC: 2 the staff had felt compelled to their jobs thus ending the state of uncertainty which generated a dynamics based on the common desire at all levels in the organisation. CSC: 4 was led by a big picture man who had all his plans for the change process ready and was roaring to go. He was not prepared to tolerate opposition, and a well thought out communication process was implemented with a mixture of prescriptive compulsions, however inviting constructive and creative
suggestions. The process of organisational dictate accompanied by the promise of peaceful and rewarding experience following the wilful compliance, laid the foundations for organisational dynamics fitting with the culture that was induced and the skill base provided. The change implementation process at CSC: 3 at times appeared more like a terror plot. Though its shape (planning framework) of the change process was very similar in content to CSC: 4 and CSC: 5, it suffered from lack of dynamism and precision in timing. This was followed by judgemental errors so the resultant dynamic was that staff had little respect for the organisation (CSC:3). CSC: 5 on the other hand suffered from a symptom which could be attributed to long serving General Manager whose lack of fundamental courage to carryout necessary surgical operations when required, especially when their chosen reform path is anything other than evolutionary.

The situation at CSC: 3 with regard to the staff morale and ‘do it this way only’ approach created panic among the staff. Wherever some sort of coercion of staff takes place, the subsequent search for the new General Manager highlights the need for a ‘healing touch’. This again emphasizes the fact that ownership of the change management process be spread over the whole organisation. This only becomes possible when excellent communication takes place at the interfaces between the General Manager and the senior management and between the senior management and other levels in the organisation. Such an act as convincingly demonstrated by the General Managers at CSC: 1 and CSC: 3 (fourth phase of the reform process) exhibiting participative leadership style had brought forward rewarding results such as staff involvement in the job design process and experimental interdepartmental posting for technical staff for better understanding of the job design process. CSC: 4 too had very successfully used the element of staff involvement in the work redesign process.

The circumstances before the General Manager Mr. M’s arrival at CSC: 4 and how he formulated his response to those elements explain how the reforms were introduced
and carried out at that Council. The necessities of reforms were experienced equally strongly at CSC: 2, CSC: 3 and CSC: 4 at various points in time. The General Managers, all meritoriously fitted the prescription for the incumbent; even then the outcome in all the three cases was markedly different. With one voice the organisations were described moribund, hopelessly out of touch and doing nothing constructive! (Jones 1999). All three councils required “Business Process Reengineering (BPR)”. Bender, Boulter and Goodstadt (1998, pp5) say “BPR has been seen as an external-consultant-run, one-off…re-examination of the business’s existing processes…externally done; instead of continuous, done-by-yourself and focussing on process detail, as in benchmarking. BPR may represent a necessary evil – for when you have not been continuously benchmarking and improving and have consequently got behind – but not a desired long-term alternative. Benchmarking in contrast, involves the people in your business in looking at your business, and outside, and comparing all the time.” The General Managers at CSCs: 2, 3 and 4 all were external recruits attempting to fix the problems of those organisations which did not carryout benchmarking as a continuous ongoing process, and as a result turned into what critics describe as moribund organisations.

It is also necessary to understand the nature of the Business Process Reengineering (BPR) being described as a non-desired long-term alternative. In regards to BPR, take note of what happened to the most successful external appointee, Mr. M in this case, he left after only being four years in the job! He did not shy away in admitting that he wanted the challenge at CSC: 4 to provide him an opportunity of launching himself at a desired altitude in the private sector. The contingent factor was, the leader and the developments that followed, needed to be viewed in this context. When this is the case it is futile to argue about the fondness and characteristics of the followers of the frame breaking approach. Most of the studies and literature is represented as after the event analysis leading to certain traits of the leaders. While we can always analyse the
factors leading to certain results in organisational theory, what remains to be explored is for what particular reason a leader accepted a certain challenge? On what foundations (in the organisational context) did such a leader construct his vision? If these foundations get eroded (as possibly was the case at CSC: 2 and 3) what happens to the process? There are a wide variety of reasons ranging from local politics to basic assumptions instrumental in inspiring the change process in the first place. Perhaps therefore, it may not be advisable to make a definite conclusion based on the contrast exhibited by the evolutionary and frame breaking leaders i.e. in the majority of cases frame breaking leaders are ‘job hoppers’ and evolutionary leaders are not. If a leader accepts a difficult challenge only to increase his “value” in the market in favour of a more desired placement in future then, it is understandable that a frame breaking approach may be pursued if necessary without much hesitation. If this were not the case, imagine the same leader being attracted because of the nature and type of the challenge and achieving good degree of success in the process; it is quite possible that this very leader will be tempted in assuming the organisation as his offspring! If that be the case, he may possibly be inclined to stick with that organisation. How this affects the application and monitoring of concurrent and feed forward controls is interesting. CSC: 5 prior to 2002 is a good case for consideration from this perspective. Leavy and Wilson’s (1994) suggestion of business leaders being tenants of context and time may perhaps become more acceptable if personal motivational reasons are also included as a situational parameter in addition to context and time. This also provides enough food for thought as to how the recruitment process for the appointment to a General Manager’s position for a local government should be shaped and conducted. The factors which might have weighed heavily upon the minds of the selectors for new appointees to General Manager positions at CSC: 3 after the departure of Mr. W and at the council where Mr. H served before coming to CSC: 5 throw some light on the role played by the personal characteristics of
General Managers in shaping the organisational dynamics in their local governments (Fig.9.2).
Elected Council / General Manager Interface: This in effect is the interface between the legislative and executive wings of a council. Clever management of this interface fast tracks the task of accomplishing the organisational objectives. As seen at CSC: 1, 3 and 4 and the change management process at CSC: 5 during 1989 – 90, observer processes such as councillor driven tasks, participation in the objectives of the reforms and charting the implementation path are a few examples. However blind allegiance to the elected council sometimes results in the downfall of the council and the General Manager together (CSC: 2 – 1995) or the General Manager (CSC: 3 – October 1995). From this we can conclude:

- **The mindset with which the change agent is approaching to carry out the reforms, his/her personal characteristics and a judgemental ability about the affordability, sustainability and practicality about the elements of the reform process can prove to be very crucial for the organisation.** Preconceived notions about various reform tools or organisational models which are a cultural misfit for their own organisation can bring disastrous results on application. An intelligent diagnostic analysis of the existing situation and the exercise of human judgement is a must before the reform process can be conceived and implemented.

- **Before the process of the transfer of change ownership can be effective, senior management should have a clear idea of the elements/characteristics (a varying mixture of technical and leadership skills) that should be available at the interfaces between the teams in the organisation.** This, by and large serves as a principal source of organisational dynamics. The ‘negative balance’ at this strategic junction can be seen as the blame game starting for the non achievement of goals and can be counterproductive to organisational dynamics.
In a local government context the skilful management and integration of design and construct teams (purchaser/provider functions) would be very ideal for organisational dynamics and self correcting mechanisms.

9.3.4 DECISION MAKING PROCESS:

Decisions are made up of a composite of information, data, facts and beliefs which by themselves serve no good purpose till a proper analysis and processing occurs using the intellect and managerial skills carried out in response to the complexity of the contingent situation. The quality and reliability of the information on which the decision making process is based are important. This is however a more simplistic and theoretical view of the decision making process. Simon (1957, pp.125) states, “The relationship of authority can be defined, therefore, in purely objective and behaviouristic terms. It involves behaviours on the part of both superior and subordinate. When and only when, these behaviours occur does a relation of authority exist between the two persons involved. When the behaviours do not occur there is no authority, whatever may be the ‘paper’ theory of organisation.” This statement needs to be examined in the context of the decision making process as seen at the case study councils.

There is a general tendency to assure that power is proportional to the position in the organisational hierarchy. However, the decision making processes at the case study councils tells us that although the formal organisational stipulation for residual power can be one thing, the reality emerging from the informal organisation can be quite different or at odds (in varying degrees) with the organisation presumption. Of particular interest in this regard is CSC: 5 where the General Manager Mr.H fond of compliant behaviour from the staff, had devised a new intermediate tier of controls. He promoted the secretaries in strategic locations within the organisation (e.g. a
As it turned out, the General Manager tried to exercise control over all his managers and senior staff through these secretaries. Instead of talking to the managers and the senior staff either directly or through their seniors, the General Manager would gather all the information from these secretaries about what is happening, who is doing what in a very public manner. These secretaries would boast publicly about their contacts and conversations with the General Manager, for example, a secretary would say to her divisional staff that the General Manager Mr. H telephoned her the night before from London at 11.00pm (Australian time) and inquired about what was happening on different issues and activities in which different staff were involved. Such a deliberate action strengthened the power positions of these secretaries to an unprecedented level, something which has never been provided for in the organisation prescription and never to be found being practised at any other council. Needless to say, the secretaries enjoyed their enhanced power position and the staff started being fearful about this trend, and were helpless to do anything about it. The managers became subordinates in real terms and the secretaries in many instances would dictate decisions which managers were normally supposed to take. The point to make here is that the reality emerging from the informal organisation can be strikingly different from a normal position found elsewhere and also as provided by the organisational provisions. This completely changed the definitions of superior and subordinate at CSC: 5. It takes us to the basic personality traits of the General Manager in whom the Local Government Act has centred abundance of power when it comes to the day to day administration in the organisation. Such tendencies thrive more on the silence of laws rather than the prescription of laws and can be a very handy tool for authoritarian General Managers. Nigro (1965 pp. 178) lists five common errors in decision making, which are:

- **Cognitive nearsightedness**
- **Over simplification**
- **Over reliance on one’s own experience**
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- Preconceived notions
- Reluctance to decide

We have already considered what constitutes the ideal platform for the decision making process and the characteristics associated with it. This information, if viewed in the context of the reality emerging from the informal organisation, the personality traits of the General Manager and five common errors associated with the decision making process can give a clear indication about what has been happening at the case study councils. One of the sure indicators of this is how smoothly and efficiently the transfer of ownership of the change management process takes place in the organisation. The other aspect which emerges as a mandatory requirement is described as the feasibility aspect in the chapter four on CSC: 1. While someone has to pay a price for a wrong decision, what escapes attention many times is the interconnectedness of various strategic manoeuvres, making them appear as complementary to each other in a whole of organisations approach. Such an act though, always needs adjustments in line with the organisational culture and the leadership qualities available. This has been amply demonstrated at CSC: 3 (in the last phase of reforms) and at CSC: 4.

Also some other examples at the case study councils suggest that at CSC: 5 a strategy ‘void’ and a crippled decision making process affecting the morale and performance of the staff is revealed. If the previous General Manager Mr. W’s purchaser-provider model was not desired by the new General Manager (he disbanded it step by step), then which new method or organisational path did the new General Manager suggest? Expectations from him were to either suggest modifications to the existing path or reveal his new path as was done at CSC: 3 by the General Manager Mr. B after the departure of his predecessor. The striking contrast at CSC:5 is the absence of ‘strategy’. Attempts specifically seeking an appointment with the new General Manager Mr. H at CSC: 5 to know his views on strategy and his vision for the Council did not succeed (documentary evidence available). The very gradual process of abandoning
the old organisational structure commenced but the new structure lacked any logic behind its creation. Nor was any effort made to explain the new structure to the staff, no staff consultation took place and amidst this the new structure precipitated as a prescription. Creation of ‘Facilities Management’ section within the Human Services and Facilities Division is a point to consider. This section predominantly carrying out building construction and maintenance functions was lead by an officer who was responsible for council’s car parks but did not have any engineering background. After the departure of that Facilities Manager, Council’s Waste and Cleansing Coordinator became the new Facilities Manager. He is now helped by two trades’ staff and the whole section has been transferred to works depot severing its ties with the Human Services and Facilities division. No formal announcement was ever made to this effect. The question that arises is: “are there any ‘strategies’ which govern the creation and locations of positions and relevance of their functions to the supervisory levels available to them”’? If this is not the case how can a council improve its competitive performance? The present composition of the Facilities Management Section suggests that it is primarily meant for breakdown maintenance. The section has no capacity to produce long term strategy and maintenance plans. Organisation had this capacity available in the previous Asset Management Section during the time of the previous General Manager. What followed from this is in an organisation dominated by a compliant culture it is easy to forget the significance of self correcting mechanisms (audits), creativity and a scientific way of work design for the delivery of tasks. In real terms it is the soundness of the decision making process on the part of the source of the autocratic culture (General Manager) on which depend the quality of efficient service delivery. Though the manner in which the staff is subjected to deliver these outcomes largely remains unchecked because of the fact that the General Manager has all the authority to hire and fire the staff without any interference from the elected council.
From this we can conclude that:

- Clarity of vision regarding the organisational objectives and a participative approach would facilitate the evolution of consensus in the implementation of the reform agenda creating a platform for sound decision making and enabling an effective transfer of change ownership.

- The feasibility aspect associated with the concept planning of the reform agenda, if managed skilfully, will automatically pave the way for pragmatic decision making. Failure to do so can ultimately lead to a fragmented scenario where teamwork and dedication become illusive.

- One of the important variables playing a crucial role in setting the stage for the decision making process is the personality trait of the General Manager which directly influences the superior-subordinate equation in the informal organisation. This is a parameter which is discussed less and feared more in behind the scenes decision making process.

### 9.3.5 ORGANISATIONAL CULTURE:

Organisational culture is that essential element in the life stream of an organisation which has a potential to enhance or eradicate the effectiveness of the organisation as well as of the individuals making it. As noted in the individual chapters on case study councils the very first task to which an astute General Manager will devote himself in the beginning of a reform process is to assess what the prevalent state of organisational culture is and to what extent his/her own personal attributes would be able to guide and shape any modifications required in that culture to facilitate the implementation of his/her reform agenda. He/she should possess the necessary transformational qualities to bring an appropriate change in organisational culture which is a slow and gradual process demanding a very high degree of commitment.
These actions are observed by employees very carefully and define cultural parameters like whether risk-taking is desirable, how failures are regarded, what degree of open communication is encouraged, what actions are likely to bring dividends in terms of raises and promotions etc. (Lahiri 1992 pp 21). The degree of control with which a General Manager is able to navigate the organisational cultural realignment and rejuvenation process will be a certain indicator as to the ease or difficulty with which the reform process can proceed. There initial indicators will also indicate the timings at which further steps can be introduced and linked together. CSC: 1 has provided a classic example whereby the staff is made to realise at a very early stage the essential principle of team dynamics that all of them needed each other in order to survive and prosper. The best results which can be achieved by an evolutionary approach can be seen here at CSC: 1 and very much reflects the transformed personality of the organisation. CSC: 1 and CSC: 4 are good examples of sincere efforts being made by the leadership to change the organisational culture after making a clear assessment of the availability of resources, congeniality of political support and a correct diagnosis from management perspectives about the organisational ills and appropriate remedial measures in the form of reforms to be applied. All these factors combined, lead to the setting up of a balanced and feasible organisational dynamics stage. It is here that the change agent (General Manager in the case of local governments) must be able to fully understand and appreciate the stable and structural aspects of culture and bring into action an appropriately designed mix of his/her personality traits referred to as ‘charismatic intervention’ by Weber (1864 – 1920) not only for the introduction but also the handling of the successive stages of cultural change dynamics. Organisational culture is the embodiment of many a concept and with proper nurturing and care emerges as the personality of the organisation with symbolic attuning to the type of leadership available.
The difference in the approach to creating new awareness of the organisational culture at CSC: 1 and CSC: 4 can be explained by their sizes. CSC:1 being a rural council and not having abundance of resources had to go for simpler yet effective ways, where the process had to be evolutionary allowing room for all to understand and accept the required discipline for the drafting and implementation of reforms. On the contrary CSC: 4 perhaps due to its size necessitated a time bound initiative without allowing too much freedom for open ended discussion. This brought in the prescriptions, however leaving the doors open for suggestions aimed at prefixed management suggested outcomes (market oriented strategies and delivery processes). In addition the space available in the organisation between the extremes of compliance on the one hand and creativity on the other also plays a part in shaping the culture of the organisation.

The events taking place at the case study councils raise the question, “Have local governments really responded to the challenge posed to them by the provisions of Local Government Act 1993, Hilmer’s National Competition Policy and AAS 27 requirements?” As the simple principle of surveying says the work has to be accomplished going ‘from whole to part’ and not ‘from part to whole’. Conviction of purpose, dedication and professional expertise, just to name a few among the ingredients required for preparing the blue print for the path to implementing local government reforms. This can be done without the availability of vast resources (e.g. CSC: 1) and by the passionate driving force of the leader (CSC: 4). CSC: 5 indeed had all the willingness to pursue a dedicated reform path for the June 1997 reforms, however faltered in the implementation process. CSC: 2 and CSC: 3 are further examples of proof that despite having a strong will and dedication for implementation, reforms do require the craftsmanship of a charismatic leader who would not hesitate to perform major surgeries however painful they may be. This is especially important when the organisation has become accustomed to a certain culture. May be the long years of association of the General Manager coming in the way of showing necessary
ruthlessness when required. The events at CSC: 4 suggest the appointment of a new management team and the disbanding of the old guards, did prove to be a successful strategy. Prevalent organisational inertia and a breathing space, just when it is necessary for such inertial forces to regroup and implement their agenda for survival, dictates the amount of force and type of strategy the situation demands from the leader (General Manager). If such groups can mobilize sufficient strength they can practically dethrone the leader (CSC: 2) or it may become too hot for anyone to handle (CSC: 3).

From this we can conclude:

- **The sequence in which the unfolding of events took place at CSC:1, CSC:3 and CSC:4 tell us about the successful utilisation of staff in defining the core organisational values which played a major role in the shaping of the organisational culture.**

- ‘Consistency’ and ‘Mission’ are very much dependent upon the fondness of the CEO or top management (if they are indeed working as a team) for their preferred norms of day to day behaviour in carrying out the business. This is a pointer indicating emphasis on compliance or creativity. The employee’s tendency would be to assess the congeniality available between these extremes of compliance and creativity to find a foothold for their openness, flexibility and responsiveness in their commitment and behaviour.

- **Besides the decision evolution process, knowledge and where it resides in the organisation contributes significantly towards the organisational culture.**

### 9.3.6 ORGANISATIONAL CONTROLS:

‘Control’ in simple terms is a device which can help prevent deviations from an ‘ideal state’ and facilitate the adoption of ways or use of mechanisms which can help restore
the desired ideal state or can come as close to it as possible minimising the loss or damage as much as possible. The first necessity therefore is to ensure that the chosen ideal state is flawless and the process of shaping it, itself serves as an ideal model. This first essential evolutionary stage called development of strategy for the achievement of ‘mission’ or ‘objectives’ utilises that awareness called strategic controls and helps the emergence of a well defined and adequately detailed blue print or action plan showing how to achieve the mission objectives.

This first phase is followed by what is referred to as ‘management controls’ which try to deliver the objectives along a guided path, the principal strategy and the sub-strategies which flow from it. Once embarked on the journey, this stage assumes the significance of a ‘master control room’. The difference in the exercise of controls and ownership of change management process is noteworthy. The ideal change management process tries to orient the process along the desired alignment and intensity and then gradually tries to release it from the management clutches, hoping to see it evolve as a self propelled unit running on its own. Control process on the other hand never likes to lose track of the trajectory and the projectile it has launched. It necessarily has to ensure that the capability to avert an unwanted disaster is always available at hand. This means that it is more like a missile guided along its path and less like a homing torpedo which finds its own target and hits it.

Following the completion of the strategic planning stage and the commencement of the implementation stage, comes the delicate stage during which the mid-level leadership mobilises itself and along with it the vast majority of human resources deployed to achieve the goals. This has the potential to make or break the process in the sense that all skilful planning, preparations and midfield display of intellect and energetic action is meaningless if the effort does not translate itself into the goal. The other significance of this stage is, when the management wants to complete the process of
transfer of change ownership on the one hand, but on the other hand, management faces the challenge of affecting the operational controls concerned with individual and group performance. This makes it imperative for management to be fully knowledgeable about the state of proceedings and the degree to which it requires to exercise, share or delegate controls. The feedback process becomes more relevant at this stage than at any other stage, as it is during this stage where the feed forward controls (if any) have been utilised, concurrent controls are affected and the foundations for future feed forward controls are laid. Needless to say, self correcting mechanisms need to be automatically built into the system at every stage of the process. From this and the events that took place at the case study councils, it can be concluded that:

- **Flawless strategic planning is instrumental for the introduction of an effective control system and its spread throughout the organisation. Any shortcomings would adversely impact upon the exercise of controls.** As seen at CSC:3, among the principal factors which contributed to the flawed beginning and consequent ineffective control system where the existence of a conflicting mix of senior managers, hasty commencement to the competition process with inadequate prior preparation, incorrect choice of priorities leading to the fragmentation of the organisation. It was during the next phase of the reform process which began reversing the actions of the previous stage that the simultaneous process of ongoing learning and validating the core principles facilitated the evolution of a new organisational control system.

- **At CSC:4 the whole spectrum covered a wide area equipping the management at appropriate levels with cardinal controls with intervention stages marked and room made available to manoeuvre if changes were necessary, typical of concurrent controls.** The process was complemented by the appropriate administrative behaviour. This also explains why the management at this
Council could effectively govern without being over intrusive to internal or external contractors.

- If at the interface where the transfer of change ownership takes place, the organisational control process is left completely at the mercy of middle managers and doers in the organisation, there will prevail a situation where the middle managers and doers in the organisation will be left to devise and put in place concurrent controls only addressing the requirements of that temporal stage.

**9.3.7 LEADERSHIP AND MANAGEMENT:**

Among the visible features of leadership are the acceptances as a credible source exercising influence, ability to inspire and direct all those under his/her command and effectively put into action all resources available for the attainment of goals. All change management exercises are not always similar and have sometimes many other factors contributing to the need for change in addition to the proclaimed principal factors necessitating the change. While some tend to suggest that leadership is more like a group phenomenon rather than an individual one, the fact that draws attention is, considering the unique aspect associated with every change management exercise, it is the strong emergence of an individual with a vision and resolve possessing a mix of enthusiasm, intellect and uncompromising firmness that shapes the management of the transition stage. While it is accepted that leadership complements management and does not come as a substitute for it, it however emerges as the first essential requirement for a General Manager initiating the change. Without the well balanced mix of leadership characteristics, a General Manager would not be able to cope with the change. The question of dealing with the organisational complexity using managerial skills comes after the change. This suggests that however good a
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manager the change agent may be, he/she ought to possess the properly balanced mix of leadership traits first before he/she plans to initiate a reform process.

Brookes (2008, pp12) writing about the public leadership challenges says, “management is more of a mechanical concept whereas leadership is not. This does not mean that leadership (New Public Leadership – NPL) can substitute management (New Public Management – NPM). The best results in a change process would ultimately result from a successful integration between the two but with NPL encompassing the needs of NPM. Another important point to stress is that good managers need not necessarily be good leaders and vice versa. There can be a separation of roles in the sense, as long as managers and leaders work together in order to achieve collective goals and objectives.”

What Brookes has stated in the above paragraph reinforces what has been stated earlier, that great care needs to be exercised in entrusting a General Manager of a local government to plan and carryout the reforms. The success of the whole mission (reform process) depends upon what leadership qualities and managerial skills he/she possesses.

We have seen that CSC:1, CSC:4 and CSC:5 did an excellent job in the detailed drafting of the reform agenda appropriate for their councils, however only CSC:1 and CSC:4 could bring their mission to fruition and CSC:5 failed at the beginning of the transition phase of the reform process. The best analytical talent has to be put to good use in assessing the current state when planning a reform agenda. It is the vision, foresightedness, and maturity to implement directional alignment corrections based on the feedbacks being received are but a few of the qualities required to successfully plan and steer through the transition stage. The skills, efficiency and pragmatism displayed during this stage contributes to the quality, sustainability and efficiency of the reform implementation process. Looking at other case study councils we observe that:
The approach to creating a proactive, congenial environment is to lead by example, walking the talk. Few case study councils have been able to demonstrate this. It is one thing for the council to have impressive mission and vision statements and publicize them, however better results are produced if the senior management is able to convince the staff at every level in the organisation by their own actions demonstrating excellent communication and competency in their professional fields. While communication is vital at every step it is the competency in their professional fields which on one hand gives subordinates an assurance that they are not destined to turn around in the cul-de-sacs while accepting new challenges but would also propel them to be adventurous and daring in the pursuit of their goals. Charismatic and participative leaders can create wonders in this way. While CSC: 1 and CSC: 4 among the case study councils have demonstrated this, CSC: 5 despite charismatic and democratic leadership prior to 2002, lost the momentum when the immediate level of leadership below the General Manager could not fully (as a team of equally competent directors) match the General Manager’s leadership and dedication. The democratic style of leadership could be counterproductive if compulsory major surgery in the form of the removal of incapable leadership is not performed in a timely way. True, in this modern day environment when the General Manager too has a time frame for his performance (some years of service contract) the need for having loyal supporters is expected. An important point for a researcher is to note where the actual dilution of organisational goals takes place. Is it the less capable leadership unable to generate and maintain momentum for change or the consequent strategy of the ‘doer’ for the creation of a comfort zone? In fact the more management is conscious about its ‘fear zone’ for survival; the more the doer is active for the creation of its ‘comfort zone’ for continuity. The transformatory leadership styles of the General Managers at CSC: 1 and CAC: 4 coupled with their ability to form a quality alliance with the next level of leadership (senior management) ensured that
the management vision could be transpired down the hierarchical level without any dilution. As the response starts rising enthusiastically from the lowest levels in the organisation, the emergent process witnesses the generation of a sense of pride and ownership at all levels in the organisation. CSC: 1 has achieved this with the simplest means and a very good participatory senior management which could alter the mix of leadership styles to suit the environment and a communication style devoid of avoidable sophistication. At CSC: 4 the appointment of the Group Manager Service Planning and Commissioning (later General Manager) in the next level of senior management, by the then General Manager was a clever and strategic manoeuvre. Not only their combined leadership echoed the same sentiments throughout the organisation, it also sent a clear unambiguous message to the other levels in the organisation about the path to which they were heading. Though initially it may appear to some as prescriptive in nature, it has the dual advantage of fast tracking the process and also providing an opportunity to the staff of having their own creative vision in their work areas and promoting ownership of the tasks in proportion to their ‘management’ and ‘doer’ responsibilities. This indeed is a very productive work place reform technique, which by providing a broad blue print for the future enables the fast tracking of the process and at the same time sets in control mechanisms to prevent slippages from the desired ideals, retains the element of creativity, makes room for the ownership of the tasks leading to job satisfaction and the pride of association that goes with it. The operational process, if viewed in isolation at different organisational work spots, may appear as a transactionary style of resource mobilization, it in essence is a transformatory leadership laying the foundations for long term organisational goals. This is evident from the fact that the Group Manager of Service Planning and Commissioning since initiating these work place reforms, later took over as the General Manager and has been carrying on the mission in this style successfully for years thereafter. The phenomenon highlights the ‘confidence’ within one’s own
self and a ‘resoluteness in approach’ that a leader has to have to provide ‘parental care’ to the reform management process. It would be incorrect to assume that a certain thought process inspires transformation in the organisational performance. On the contrary it is the clear perspective of the desired outcomes and a resolute, steadfast approach for the accomplishment of goals, which inspires certain behaviour from the leader. This includes establishing secondary leadership. In its comprehensiveness, this behaviour includes a varying proportion of a mix of professional expertise, sensitivity and sustainability in the approach bringing to fore an appropriate leadership style and a communication process conveying the true measure of firmness and flexibility which were going to be available or confronted by all in the pursuit of the organisational goals. What difference this next level of leadership can make becomes clear when we compare CSC: 1 and CSC: 4 on one side and CSC: 5 on the other. The environment and the level of sophistication in the process at CSC: 1 and CSC: 4 are dramatically different but having once established their direction of the reform process both the councils demonstrated a remarkable degree of rhythm and homogeneity in their actions in the operational characteristics shown by the senior management (General Manager plus the immediate next level of senior leadership) in moving together as a team like a well oiled machine. At CSC: 5 (June 1997) the input, enthusiasm, preparation of detailed documentation for the change process after extensive consultation with the staff at all levels, convinces that elaborate preparations to ensure the success of the change management process were done. What followed was at the next level of leadership, it was only the Director of Service Delivery and Business who could match the General Manager’s vision in the implementation process by making every effort to bring about the transformations. Though not all his efforts succeeded, as admitted by him in an interview documented in Appendix: C. Sadly, it was the Director of Service Planning and Commissioning who only ended living up to his own well known rhetoric “why fix it, when we are not broke!” He said this
during the extensive consultation process that preceded the reform process
(‘Working together’ (1997) CSC: 5). The result was that Service Delivery and
Business Director’s units (especially the Works Section) ended up dictating terms
and giving directions to the Asset Management Section in the organisation from
whom they should have been getting instructions and specifications for work. The
slightest disharmony in the rhythm among various units of a forward moving
organisation can bring catastrophic results. Unless the enthusiasm, intellect and
dynamism of the General Manager are adequately matched by the immediate next
level of leadership in local governments, the outcomes are bound to be less than
satisfactory. It is at this interface that the continual process of organisational audit
and necessary remedial measures (steering and concurrent controls) takes place.
It is a very vital interface contributing to the organisation’s search for excellence. It
is mandatory for local governments to recognise the importance of this interface
and adequately strengthen it, with the desired degree of autonomy and at the same
time having one’s own capacity for leadership and intellect. These two qualities,
functional autonomy and leadership combined with intellect must act in unison
always and everywhere in the organisation. Communication is a compulsory
common thread linking all the levels of the organisation. Where these
organisational environmental characteristics exist, results like CSC: 1 and CSC: 4
can be seen. Any deviation from these ideal combination reveals results which are
found wanting in proportion to the void or lacking particular ability in the local
governmental set up.

From this we can conclude:

- The challenge of sustaining the initial momentum of the reform process is
  where the ‘Leadership as Caretaker’ phenomenon comes into action.
- The significance of ‘embracing the others in the organisation’ rather than
  ‘transferring the change ownership’ to the next level has been successfully
carried out at CSC: 1. What the organisation needs is a ‘Leader’ to transform the mission statement from words to focussed efforts.

- The process of sharing and gradually transferring the change ownership if done skilfully results into the creation of a guarded creative autonomy as demonstrated by CSC: 1. This requires courage as well as confidence to implement, making the leader available to the extent necessary without the danger of being over intrusive and instilling self-confidence among the team members. Strategies, structures and procedures can play their role but a much bigger impetus is given by the type of leadership available and organisational culture that is in place.

- When the leaders themselves lose the momentum for reforms or are not available at the right place at the right time then a situation develops in which compliance with specifications or maintaining a status quo becomes the ‘mantra’ of the day. Team spirit gives way to isolationist and a play safe attitude.

- A leader can inspire the thought process and encourage work habits which can lead to an understanding and creation of organisational values. The skills of leadership become evident when the organisation reaches a stage which encourages the doers to create their own values and propagate them further. The practice of ‘organisational inner democracy’ is an indicator of its health.

- At CSC:4 the art of curtailing negative influence and a designed measure to contribute creatively in the process is skilfully demonstrated despite adopting a frame breaking approach with necessary prescriptions.

### 9.4 IMPACT OF HUMAN RESOURCES ON THE ORGANISATION:

- Human resource personnel’s competency in ascertaining the impact of General Manager’s personal characteristics, leadership style (demonstrated as opposed to claimed) and to what extent General Manager’s skills (technical, human and visionary) are matching with the council’s requirement:
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The changes at CSC: 5 following the appointment of the new General Manager in 2002 saw emergence of an authoritarian (autocratic) leadership style which required compliant behaviour everywhere in the organisation beginning with the immediate next level. Not only at the next level had there been an increase in the creation of divisional / executive managers, it also contributed in the creation of compliant culture throughout the organisation. The number of managers mushroomed and the organisation became top heavy. The engineers were told that there were too many for a small sized council and the staff started leaving and going elsewhere. The subsequent events showed that space was created within council by the exit of terror stricken staff and these positions were filled by staff predominantly from those councils where the General Manager had previously worked. This phenomenon is quite at odds with the requirement of a local government’s essential need for competent professionals capable of producing proven results for competitive performance of the organisation. The recruitment of competent staff from within in the professional talent pool (public or private sector) is a necessary first step for an organisational journey towards excellence by improving competitive performance. The very purpose of the Local Government Act 1993 giving sweeping powers to the General Manager in the domain of hiring and firing of staff is not only defeated but cleverly manipulated for his/her own survival. Necessity to iron out the possibility of any differing view from arising is seen by the events that unfolded at CSC: 5. The question is how to ensure that this does not happen. For the purpose of this study it can be noted that it is essentially the personal characteristics of the General Manager which can play a decisive role in bringing home the advantage of appointing creative professionals utilizing the authority vested by the Local Government Act. Like any other weapon this too is a double edged sword. It depends how creatively this authority is used. Much depends on a General Manager’s perception of his own safety (fear) and how
it can affect his prolonged continuance in office. As noted in previous chapters, there are cases where incompetent managers get appointed and it takes time for their incompetence to be noticed and they leave when the going becomes difficult for them. The organisations get locked into a period of inactivity or retarding progress and have to bear with such losses. What occurs in such cases when the manager in question happens to be a General Manager? Also another trend visible with the process of recruitment is that those authorities instrumental for the recruitment of such non-performing managers usually try to give the benefit of doubt for quite an extended period in the vain hope of performance improvement or miracles to happen. This is sometimes made a prestige issue as well. If there are rival factions in an elected council and the recruitment or continuance of a General Manager is made a prestige issue by these factions under one pretext or the other, imagine what can happen and who pays the price. *Denial of such a reality or reluctance to embrace the truth can cost the organisation very dearly and is very contradictory in nature to several efforts being made by local governments to improve their competitive performance.* It makes no sense in the making of legal frameworks (local government acts) and introducing advanced management techniques or technically superior methods in professional areas if the individual characteristics (the definition and interpretation of organisational values and vision) of the person at the helm of affairs (General Manager in the case of local governments) are at odds with the reality. For the sake of argument it can be said that an elected council has to act judiciously to remedy the situation. However, if the council does not act, giving preference to the merit of the situation, it is the community which pays the ultimate price. The fact remains that whosoever may be a referee or player in such circumstances, considering the provision of the local government acts (the authority vested in the General Manager and the freedom granted to him in the operational matters) makes it clear that it is an absolute necessity that a General Manager’s personal vision, mission and set of values are
consistent with those of the organisation, and democratic procedures are Australian. A mismatch in these areas may soon resemble an environment in some third world countries where real democratic elements and human values may find themselves struggling for survival under the very guise of democracy! Just as we know that in the tendering process, that the procedures should not only be transparent but must also be seen to be transparent, likewise in administration, the procedure must not only be democratic but must also be seen as democratic.

- **Significance of senior management’s team dynamics (General Manager and next level in hierarchy) based on the ideal matching of intellectual ability, communication, commitment and creation of value based organisational culture:**

  The importance of matching the ‘quality’ at the interface between the General Manager and his immediate next level of leadership is further explained by the developments at CSC: 5 (prior to 2002). During the period from June 1997 to 2002, the Director of Service Planning and Commissioning made three appointments to the position of Group Manager of Asset Management and Contracts. Of this the first one left after being in the position for approximately a year. His tactical and policy blunders have been described in the chapter eight on CSC: 5. The next appointee to the Group Manager position was told that his contract was not being renewed. The story with the third appointee is no different. This also explains what grievous harm can be done to a local government when a less than ideal interface exists between a visionary General Manager and the next immediate level of senior management. Also we can see that at all other case study councils existence of a stronger interface at this level facilitates an orderly and quality outcome in proportion to the strength it has achieved.
9.5 CONCLUSION:

The analysis of the reform process carried out at five case study councils as seen through the prism dispersing the reform process into seven elements is described in the preceding paragraphs. The significance of these seven core elements and the role played by them has also become evident. With the constitutional provisions governing the reforms remaining the same, the difference in the outcomes at each case study councils can be attributed to the efficiency and the characteristic manner in which these seven core elements have been managed. While the leadership and management at these councils have played their role in the circumstances existing at their councils, the reaction of the vast majority of the staff exhibited a pattern which can be explained by the model proposed by Jaffe and Scott (2006) as shown in the following figure.

![Fig. 9.3 Reactions to change (Source: Jeffe and Scott, 2006)](image)

This four phase model of denial, resistance, exploration and commitment is a good indicator of reactions to change by the staff. Individually or collectively, staff can be positioned at any part of the curve and their usual tendency would be to observe/interpret/consult about the behaviours of other staff who are positioned at a different location on the same curve. Taking into consideration their observed patterns
of behaviour the leader (General Manager) has to amend, realign if necessary and intensify his/her efforts to bring best possible results for spreading the ‘Awareness of the reform process’ campaign. The clarity of vision, an absolute must preceding this stage would combine with the maturity, resolve and display of appropriate leadership for the success of spreading this awareness throughout the organisation. And as a shadow development, this will establish an appropriate ‘Organisational culture’ and set the stage for the consolidation of ‘Organisational dynamics’. Successful management of this stage lays the solid foundation for the reform process, allowing the shaping of the ‘Decision making process’ and development of ‘Organisational control’ as off shoots springing out from the trunk of the reform tree. ‘Market driven reforms’ as the founding concept and ‘Leadership and management’ are very much present in the leader (General Manager) even before the formal declaration to introduce the reforms.

The merging of these seven core elements, in the order and manner stated above will reveal to the world dwelling outside a leader’s mind, the emergence and propagation of the reform process. As discussed in detail in the individual paragraphs on these seven core elements the manner in which this concept thoughts/plans are put into focus and operationalised, will decide the degree of success or otherwise of the reform process.
10

RESEARCH QUESTION, ANSWERS, COMMENTS AND FUTURE AVENUES

10.1 RESEARCH QUESTION AND ANSWERS:

Through what processes have local councils in NSW, Australia attempted to manage the transition from traditionally bureaucratic organisations to organisations that efficiently and effectively meet the need of their customers, provide democratic governance, and supply competitive and value-for-money services to their respective communities?

- What has been the strategy behind the choosing of various organisational models?
- What degree of success has been achieved in different cases?
- What are the principal factors inspiring different change approaches?
- Can performance improvement be achieved without radical change or restructuring? If so under what conditions?

Figure: 10.1 Research Question
What has been the strategy behind the choosing of various organisational models?

Councils have adopted different approaches in order to transform themselves into efficient customer focused organisations. While some have adopted radical frame breaking approaches and others have tried to follow the incremental way to minimise the impact of organisational changes and limit the disruptions by adopting various ways of benchmarking the service delivery process. There have been many factors behind selecting the preferred type of organisational structure. The General Manager’s personal leadership style and the prevailing situation at the council, have played an important role behind the type of organisational model chosen for that council. At CSC: 1 the need to fast track the decision making process saw a reduction in the number of directors but also helped as a cost cutting measure. In contrast CSC: 5 adopted a frame breaking approach by following a purchaser/provider model although the General Manager did not exhibit the ruthlessness required to perform a major surgery for strengthening the purchaser side of the organisation. Essentially an evolutionary pattern appeared at CSC: 5 despite choosing the purchaser/provider model. CSC: 3 and CSC: 4 both had purchaser/provider models but there was a big difference in which these two councils implemented the change management process. This was also instrumental in the outcome of the reform process at these councils. CSC: 2 had several external consultants to advise on the reform process, ultimately the evolutionary path (back to the corporate structure) prevailed.

Summing up the factors which have been instrumental in bringing success at the case study councils, it can be concluded that, an accurate assessment of the prevailing situation, an unbiased analysis of factors leading to that state and a correct estimation of the gap between the existing and target situations at that council within a specified time.
frame are major factors contributing to the choice of the reform path appropriate for that
council. This includes the type of organisational model and the reform path. In addition
the General Manager’s personal characteristics especially the ability to walk the talk
(resembling a missionary torch bearer) along with his/her senior team also plays a pivotal
role in shaping the nature of the reform path and the type of organisational structure.
Skills, maturity and the resolve with which this strategy is put into action will give a
General Manager confidence and control in implementing his reform process along with
the ability to fine tune the proceedings as and when required.

What are the principal factors inspiring different change approaches?

1. **General Manager’s own career objectives** (where he/she wants to take the
   organisation in a certain time frame and why). Do these have anything in
   common with the **organisational objectives**? What is the **vision of the elected
   council for the city**? While deciding as to who should be the General Manager
   of a council in need of reforms, the tunic harmony arising from the process of
   seeking the answers to these three questions will indicate to what degree the
   possible new General Manager is in tune with the council’s objectives. One of
   the big challenges in doing so is to ascertain if there is a mismatch in what a
   prospective candidate for a General Manager preaches to be and what his/her
   past record proclaims. Human Resources process faces its toughest challenge
   at this stage as General Managers, contrary to the widespread perception, are
   not always ‘transportable entities’.

2. Once the General Manager is appointed based on the above stated criteria,
   then his **personal characteristics** play a vital role in the next step. It is of
interest to know what mixture of personality traits this General Manager is possessing. What leadership style does he/she have? Is it the autocratic or democratic, bureaucratic, or subservient, people oriented or task oriented, transactional or transformational style of leadership that he/she is exhibiting? What mix of these qualities the General Manager possesses? Are these traits the same as what the organisation needs? How is he/she going to create a second tier of senior leadership which can have the capacity to act as a booster, take independent actions and be complimentary in nature with the General Manager? How good a competent professional combination they can demonstrate together? Is this combination adequate enough to satisfy the organisational requirements in every demanding situation? Answers to these questions will play a complimentary role to the process stated in paragraph:1 above.

3. Combination of above mentioned two factors will pretty much furnish the embryo of the change approach to be pursued. It is now up to the elected council, the General Manager and his senior management team to get together and give shape to the change approach.

What degree of success has been achieved in different cases?

While evaluating the degree of success achieved in different cases one has to take into account the following factors:

1. With all case study councils being from NSW and operating under the same framework of rules, the outcome from each of these councils was expected to be similar in theory. However, what made the difference, was the situation
prevailing at each of these councils at the time of the beginning of the reform process. CSC: 2 had the worst scenario in the sense that the organisation had come to a virtual standstill situation. Before the organisation could be put on the right path and efficiency brought into its planning and operation processes, extra effort was required to motivate the staff, generate confidence in them and take them together on the journey to reform. This task of bringing the organisation back onto the launching pad saw several organisational models being tried in quick succession, consultants being appointed and two General Managers required to contribute to the process before one of them could finally stabilise the ship. At CSC: 1 it was the vision of the newly promoted General Manager which could launch the organisation into a new era altogether. At CSC: 4 the case was similar except for the fact the General Manager was a new recruit. So was the case at CSC: 3 in the sense that the General Manager was a new recruit from outside the council. CSC: 5 had the long serving General Manager who wanted to respond to the new challenges facing the local government sector by doing things differently than in the past.

2. Having noted the difference in the starting positions at each of the case study councils, the next step of the commencement of the reform process highlights the different reform routes chosen by these councils. While councils: 3 and 4 took the frame-breaking approach, the difference in the method of implementation brought contrasting results. CSC: 3 abandoning the chosen organisational model and the General Manager who initiated the process decided to leave, the Council then embarked upon the corporatisation path under the new General Manager. In difference to the path breaking approach, the application of the benchmarking process at CSC: 1 was smooth and streamlined; CSC: 2 also after the initial period of turbulence chose to focus upon the benchmarking process as its main tool for the reform process. The
reform path at CSC: 5, especially the application of frame breaking reforms resembled more like an incremental process which perhaps couldn’t overcome the inertia associated with the prevailing systems. One thing that emerges clearly from these councils is that whether it was a General Manager’s own choice for the reform route accepted by the council or a council’s prescribed path accepted by the General Manager, the General Managers in all the cases were fully supporting the reform routes being followed at their councils.

3. The challenges faced by the local government sector in recent times have forced all councils to focus on resource management and introduce competitive methods in the delivery of services and the discharge of their functions. In their efforts to be more businesslike, the traditional concepts about local governments have undergone many changes. Initially it was the new public management (or planning, programming and budgeting systems) which had made its mark. The response to the new challenges also saw changes in the representativeness, responsiveness and participation at these councils. Viewed from this combined perspective of historical functional expectations and also the new challenges, it can be said that councils: 1 and 4 could achieve their targets of the reform process meritoriously. While the experience at CSC: 4 tells us about the visionary intellect and the competent manner of the application of a large scale frame breaking approach; CSC: 1 is a case of strong, smooth, streamline, simple yet professionally competent pursuance of the reform path. The ripples of the unsettling impact of the manner in which the reforms were applied at CSC: 3, took time to heal; CSC: 2 in much the similar fashion could reach its goals albeit at the second attempt. The excellent planning for the reforms and visions of the General Manager could only see the dilution of the targeted goals due to the difference in the capability,
consistency and the type of leadership available to the different divisions at CSC: 5.

4. As stated in the previous paragraph though there was a huge variation in the nature of reform paths at CSC: 1 and CSC: 4; the outcome of the reform processes at both these councils was great and meritoriously comparable. The application of the reform process at CSC: 1 was smooth, simplest in its form and the communication process very clear, simple and all encompassing. Similarly after the initial turbulent period at CSC: 2, success was achieved without radical change in the structure created as a part of reforms by the previous General Manager Mr.B. Common to both these councils was the considerable emphasis put on the benchmarking process. Radical change in the organisational structure was introduced at CSC: 3, CSC: 4 and CSC: 5 but due to the difference in the implementation process it was only at CSC: 4 that the process could achieve outstanding success.

Can performance improvement be achieved without radical change or restructuring? If so under what condition?

What becomes evident from these councils is that once the appropriate strategy has been chosen it is the dynamism of the senior management team, especially the General Manager, which emerges as a principle contributor to the success. Among the characteristics needed is the ability to convince every layer in the organisation about the need for change and how it is going to be achieved. The success of this parameter is directly proportional to the ease with which the ownership of the change process is transferred to the successive layers of staff hierarchy and also their acceptance of accountability for their roles in the organisation. The organisational
model has a very limited impact in the sense that it is a tool in which the General Manager is very comfortable with and feels confident to carry out the reforms. Any particular organisational model does not emerge as a necessary prescription for the desired degree of success. It is more like a bat that a cricket player feels comfortable with at the time of batting and it does not substitute the player’s skill or abilities. It is the dynamic leadership at the top and a sense of belonging and pride experienced by others in the organisation which facilitates the accomplishment of goals. The leadership of Mr.J at CSC: 1 and Mr.M at CSC: 4 are examples of this even though both councils had different organisational models and different approaches to the change management process. This also proves the fact that performance improvement can be achieved without radical change or restructuring provided there are skills and personality traits available to transform the organisational culture suited to the type of change being proposed and appropriate for the organisational objectives. If there is a General Manager who, in addition to being a dynamic leader, has the skills comparable to conducting an orchestra, the timing, rhythm, speed and tuning as well as the precision of a surgeon well informed about the minute details and in complete control while the operation is being carried out, there is no reason why there should be any compulsion for radical change or restructuring. In essence these factors are directly dependent upon the situation that prevails before the commencement of the reforms and also on the type of leadership available, not just with the General Manager, but the elected council as well. This available leadership will decide which reforms will be carried out and ensure that it is well within the ability of these leaders to design and implement a feasible reform agenda. As in the game of cricket, it is the nature of the wicket (pitch in the centre of the ground) and the type of the opposition to be confronted, that the fielding captain decides what type of bowler should be used. It is no good insisting on a fast bowler if the wicket favours spin and the opposing batsmen are vulnerable to spin bowling. Choice of organisation model and reform path bear a similarity to this.
10.2 FACTORS WHICH HAVE IMPACTED THIS RESEARCH:

The researcher had a very successful career (22 years) as a field engineer working on multimillion dollar construction and project management works in the private sector prior to joining the NSW local government sector in 1997. This coincided with the beginning of the reform processes in response to the NSW Local Government Act 1993, recommendations of the Hilmer report and efforts to rejuvenate the NPM process. There was always a thought in the inquisitive mind as to what can be done to match the private sector’s efficiency in the public sector, and the reform processes more or less were attuned to this. While this was the obvious motivation for research, the nature of responsibilities entrusted in local government placed the researcher near the service delivery end providing a close proximity to the obvious conflicting interfaces namely; planner / doer, architect / constructor, social-community planners / engineers, and CEO-Senior management-middle management / doer. These opportunities of observation were not that obvious in the private sector where the focus was more on action and accountability before anything else. While this explains the interest in the research field, the static environment of the public sector, well known organisational inertia and emphasis on procedure rather than outputs were a few hurdles to cross.

In such research, there is an expected challenge to find the truth which lies between the surface visibility and the idealist/desired perspective projected by the administrators in local government. As discussed in chapter: 3 Research Methodology, the realist tale emerging from ‘live with the change management experience at CSC: 5’ was very helpful. The original thought was that there were enough theories and technical knowledge already in existence with regard to the services that local governments deliver. The question then was, how was this study going to add any value to the existing body of knowledge. This obviously led to the service delivery end of the
organisation where the researcher commenced his ‘live with the change management’ experience and progressed successively through supervisory cadres to managerial positions. Service delivery end is meant to indicate that work area where there is lesser amount of managerial responsibility but a greater amount of doer responsibility. The position titles are not usually indicative of the reality on ground. Working upwards from the service delivery end provides an opportunity to think how things can be done differently (and more efficiently with a practical field orientation aimed at efficiency in the operational process and economy of resources) and one gets a chance to implement those ideas when he/she gets promoted to successive higher levels. This process of going upwards from the delivery end in an organisation, when viewed from the perspective of the doer/manager proportions suggests that the percentage of labour (doer) continues to decrease and is accompanied by a reciprocal rise in the managerial capacity. In the reverse process which starts from the top and progresses towards the delivery end reliance is more on the application of pure theory based knowledge (defining a 100% ideal state of outcome or the form of end product/delivery). The process goes top down and witnesses the slippages from desired outcomes due to various reasons at different stages. It begins with a 100% managerial component and gradually that goes on reducing with a reciprocal rise in the labour component. This raises the following questions to a mind which is oriented more towards the applied (usage) part of the theory:

1. Why are things being done in a certain manner, which given the freedom to choose could be done differently with end quality considerations guiding the operations?

2. To what extent and why, there has been a perceived unavoidable gap that existed between the ideal professional ways and established ongoing practices? What contributes to the creation of this gap?
While this is how the simple thought process progressed in the beginning of this research, and the obstructions to idealism started being visible from a closer perspective. The fact is that there is already considerable literature available about management knowledge and procedures. Have we used it efficiently and diligently? One needs to consider why and where the quality of achievement/objectives suffers or what hampers the achievement of desired goals. So while the thought the process has begun from the user end and has gone forward, the questioning and data collection process has covered all strategic areas considered as a whole of organisation. The process of analysis (discussion) has brought about the synthesis of these two streams. As is often said, if there has to be an ideal success, both the planners and doers must meet. The findings are as presented.

10.3 FUTURE AVENUES:

This study commenced with the emphasis on the applied aspect of the theoretical knowledge and its application where it matters for example the council and community interface, where the services are delivered drawing on theory, as and when and as much as needed. In all probability it is easier to reach an agreement with regard to the type and quality of services being offered by the councils, is it not in those ‘black holes’ familiar to public sector organisations where the efficiency disappears in varying degrees. This is where democracies become known and perhaps accepted as deficient. Do we have to be content with what has been achieved and remain happy with the highest standards displayed so far? Explorers of this phenomenon may have to show courage and resolve of a higher order, counter allegations of personal bias (where do we draw a line?) to complement the theoretical knowledge. Is it the backing of the law or a new awareness and emphasis on human factors, human resources which need to be thought of? The short comings in the technical skills area have not really hampered the progress, for the service delivery systems have usually been built
around existing knowledge. With all other essential requirements arranged, somehow the focus has to shift on the 'meeting of the minds' increasing the importance of the psychology, individual character and the concept of life that a leader (public sector executive) may have. It is the human skills and visionary abilities which need to be explored, and ways of their facilitating the objectives that need further consideration. At least it is worth an attempt to think in this direction. Rather than a subject of abstract knowledge it may become more a matter of application. Surely the performance gap between the public sector and the private sector can be bridged, and every effort must be made to achieve that.
APPENDIX: A

Article that appeared in the local newspaper when the General Manager of case study council:5 left the council in 2002. (the identities have been suppressed)

---------- Daily
Edition 1 -WED 13 MAR 2002, Page 004
GM calls it a day

DETRACTORS will cheer at the shock news that ----------Council's general manager ---------- will clear out his desk after 13 years in the top job.
They will savour the exultation of victory and secretly call each other to offer congratulations on toppling such a sturdy kingpin.
You may also be assured they will play no significant role in making sure council is able to attract a replacement who will live up to every high expectation.
Neither will they accept any responsibility if ----------’s successor does not measure up and ----------’s fortunes suffer as a consequence.
Nobody could put up an argument that ---------- is epitome of the perfect general manager. He is autocratic, blindly so at times.
He is also unlikely ever to accused of being diplomatic and his blunt approach to some issues borders on being downright rude.
But in broad brush terms, ---------- term at the helm of ----------Council will be remembered in the history books as a chapter of outstanding achievement marked by honesty, integrity, admirable business nous and an unswerving determination to put the welfare of ----------ahead of all else.
His loudest critics are distinguished by the fact they lack almost all these qualities.

Column: Leader
APPENDIX: B

IT WAS a night of demands, deadlines and high drama at Council's Monday meeting as councillors declared war on lack of transparency, council staff and each other. General manager was given seven days to reveal all on stage one of The Corso upgrade and must now also provide a report into the council's finances following revelations last week $5 million is invested with a company tied up in the American mortgage crisis. Mr. was told to produce the long-awaited Shackel report into paving problems, a detailed budget and a timetable for the completion of the first stage - which is six months overdue. ``These are critical questions. This mayoral minute seeks answers,'' Mayor said. Cr offered some support for the embattled manager who is fighting for his future, calling the motions a ``witch-hunt''. The Daily revealed recently the council could lose hundreds of thousands of dollars after giving control of more than half its investments to funds manager, Grange Securities, which invested in securities affected by the US mortgage crisis. Questions remain over a potential conflict of interest over the fact that Grange both sells to and advises the council on shares. Cr said: `Anybody who says that such a huge drop in value is 'OK' is off with the fairies. The investment in the Federation Fund is looming to be a first-class stuff-up. `On anybody's terms this is a dog of an investment, a shocker.' The involvement with Grange Securities has been in investment reports since April, but Cr said because he and fellow councillors were not consulted directly they did not fully understand what they were voting on. Council staff admitted while they did not brief councillors they were fully briefed by Grange about Federation. The Local Government Association and State Liberal MP called on the State Government to put tighter restrictions on councils' investments yesterday. Director-General of the Department of Local Government Garry Payne told the Daily yesterday his department could not name or ban specific investments or fund managers but was looking into the conflict of interests involved with some outside advisers. 

Caption: 

--- Daily
Edition 1 -WED 22 AUG 2007, Page 004
---'s deadline

THE Chamber of Commerce is enforcing its boycott of commercial rates as the council applies to Local Government Minister Paul Lynch for a reduction. If Mr Lynch agrees, the business rate will be recalculated and reissued and any business that has already paid will be reimbursed. But chamber president said the move, which comes after the ordinary commercial business rate rose by 13.6 per cent, was not good enough. ``If they made a mistake why do they have to go to the minister?'' Mr asked. ``I am not recommending anyone pay it until they fix it.'' Mayor has pointed the finger at council staff over the `blunder', saying they didn't fully consult with councillors. ``I and the other councillors were as shocked as the business owners to hear that their rates had been increased by nearly 14 per cent,'' Cr said at last week's council meeting - where a rates review was unanimously supported. ``It was never explained to us that commercial ratepayers would be facing a hike of nearly 14 per cent. Certainly if I had been aware that a rise of that scale was on the cards, I would have fought it before it was implemented.'' Cr said the miscalculation was `another example of the elected councillors having to come in and fix a problem created by the bureaucracy'.

--- Daily
Edition 1 -THU 16 AUG 2007, Page 004
Bid for new business rate
APPENDIX: C

Transcript of the tape recorded interview with the Director Service Delivery and Business, case study council:5:

Date: 7th January 2003
Place: Office of the Director SDB, -------- Council

Director Service delivery & Business (DSDB)
Researcher: MAHENDRA SHARMA (MS)

MS: Thank you -------- for your time, and we begin with the first question, the document “working together and a new way forward” mentions about Council 5’s staggered of significant organisational change and claims the important fact during the organisational change in 1997 was that -------- Council wanted to be a leader and to come to the question; as one of the two directors who strongly advocated the organisational change and enthusiastically participated in your implementation, what are your views about the achievements of this change in management process commenced in 1997?

DSDB: OK, well as you correctly said Mahendra, I was one of the two directors and we were very keen to see change in the structure and the way we operated in Council 5 we were a fairly traditional council prior to 1997 and in as much as engineering and technical services area were we had environmental services area we had a community services area and a corporate services area. The way we were doing things was very traditional and very routine, but it didn’t lead to very good interaction or crossing between one particular division and another. At the same time in the previous 2 years there had been major local government reform in Victoria and also particularly in South Australia and one of the things that Victorian councils were doing was in addition of being reduced in number from 210 down to 76, would have been to be confronted with compulsive competitive tendering (CCT) and CCT was making them consider what business they wanted to be in and weather they remained that business and if they remained that business weather they would run it with in house staff or they would externally contract it. Now to do that, that was forced upon them down in Victoria there was always a prospect that that may well flow over into New South Wales and what I felt was that it would be a good idea for us to be leading the pack rather then being following and being forced into a situation, we should get on look at our structure, look at the way we provide services and then potentially market test ourselves and show that we are competitive, so what we did was in working together a new way forward we identified the structure of a provider that fund of a provider split set about creating three divisions rather then four. It got rid off the old guild mentality so it didn’t have a department full of engineers and a department full of environmental planners and a land use planners and strategic planners and community services people and finance and IT people. What it did was looking at taking some engineers and putting them in different areas such as planning, designing and environment for engineers, asset management for engineers and land use management had an engineer. It also looked at putting community services in a different structure so by you would have the service deliverers on one side and the people for the policy for service delivery on the other. You would also have service legal agreements being established where by the funder would split by the level of service they wanted and if they were willing to pay for it and then the provider side would actually go ahead and provide that particular service. So I think the achievement of that particular process was that it changed culture of the way this organisation and tradition carried out its business it required us to revisit and rethink and reappraise everything we do to make sure it was relevant and it was cost effective and it was what the community wanted that as a compliment to that I think certainly at least initially there were really positive changes that came out of it and created a better quality outcome and created a better product for the community then maybe what would have previously provided for, provide a bit of integration in the environmental area, environment was getting lot of attention at the time. Traditionally engineers will go ahead and just construct without thinking of any environmental complications of what they were doing. The other thing that was happening at the time was that the engineering area seem to be providing a lot of plant equipment without looking at weather that they really needed plant equipment so they by having unused trucks we started looking at how much usage that plant was getting and weather we needed to buy a new one or we kept the old one going longer or weather we got rid off it all together and only brought in a plant by hiring from a hiring company when we required it, so their just a few of the positive achievements that I get out if it.

MS: That is more of a journey on the philosophic path and also how the internal mechanism of the plant or anything that we were… (the method of functioning) but as far as the products delivered to the people are concerned (or the measurement of that) the quality, the initiative was that --------Council wanted to be a
leader in its singular capacity of --------- as a leader in itself, that's one thing and as compared to similar experiment or with same type of organisational structure say in Bankstown etc. how would you rate this experiment?

**DSDB**: The experiment was good because for the first time we really started to cost what we use doing and being able to demonstrate first of all to ourselves then to our council and ultimately to our community now that we were providing, well first of all what they wanted but then also cost competitive compared to an external provider we started to capture all the cost and identify them and be able to clearly lay on the table this is what this particular service cost you, if you want to get that externally from a private contractor it would cost you “Y” but they were doing it for “X” and the debt between the two is the savings, the rate pay which will enable us to do more work at the same time.

**MS**: For the second question can you please provide the exact details for specific efforts made by senior management in SDB to transfer the ownership of the change management process from the management to the doers in SDB and what degree of success has been achieved?

**DSDB**: I suppose if your saying how do we bring the staff along with us or are we saying just how the doers, the people down at the depot the services providers?

**MS**: Yes.

**DSDB**: How do they embrace it?

**MS**: That's right.

**DSDB**: Well I believe they were quite cynical to begin with. They felt that this was just another management restructure for the same management restructure. Certainly the outdoor staff being parks and gardens and more practically construction and management and waste and cleansing were a bit hesitant in embracing the change, they didn’t like the idea of not being part of either control of the engineering section because that’s what they have known all along the lines but they also appreciated and at the end of the day when I sat down and spoke to the supervisors in both areas and ultimately also the supervisors in parks and gardens because they came across into engineering previously they were in community services but I sat down and spoke to all of them and stressed upon them that this change would be all in company but it would also be embracing their particular views on what they wanted to achieve and the restructure. There were comments passed that under the old structure they were given direction and went on and did it but at times weren’t satisfied with the type of direction they were given or felt they were being treated as a bottom end of the organization. What I tried to do is indicate to them that whilst you were still being given instruction but it would be coming from another area of the council that they would have more say in how it would be done and they would be expected to operate like a contractor and if there was a problem with the contract then they should be able to get back to the client effectively and question the quality of the documentation etc. Now that was one of the big problems in as such as when they were all part of the division in the technical services division, the engineers in the design would often go to the site and just plan it on the site. When we went down to fund the providers’ group one of the points I kept stressing to them was that we the organisation wanted them to be treated like contractors. They wanted them to operate and be considered as external contractors. The problem with that of course is that meant the documentation that was submitted should be very good, and was coming through from the now planning and design group and AMC was very poor. It didn’t have the detail because in the past we never really prepared specifications they were only prepared on the back of the envelope designs and then out on the site the engineers and the operational staff make it happen. So there was some cynicism about that side of it but on the other side they became a bigger part of the process. A bigger part of the direction and they also saw a benefit in considering themselves as contractors because they felt that there might some benefit for them at the end, they felt they might be able to get some bonuses like variations they also felt this would be the first time being able to clearly demonstrate to council and the community that they are truly qualified professionals skilled trades people who provide a service as cheap if not cheaper then a contractor can because there was no profit made or there was little profit motive in there because originally I sold it to them on the idea that if they made a profit above and beyond the costs, they well maybe able to share the profit but Wayne didn’t support the idea of profit sharing because it didn’t apply to a lot of other functions of the council. It didn’t have an operation like construction and maintenance and waste and cleansing did. But none the less even without the profit motivation they felt the satisfaction in knowing that they could benchmark themselves against external providers and be competitive and a leader in both the dollar and the amount of works it could be done with the dollar and also the quality.

**MS**: Now going to the third question --------, with regard to works depot operations. To what degree has a senior management in SDB succeeded in shifting the emphasis of commitment from narrow financial goals to operational drivers and how far are we into or away from a meaningful operational analysis?
DSDB: Well I will come back and maybe seek some clarification as to what you mean with the operational analysis, but in relation to the emphasis on narrow financial goals to operational drivers, the depot work staff were never really big on the financial side because they were not accountable for their budgets, all their budgets were controlled effectively up at the town hall so that meant that the operational staff were given a job instruction and would just go about and do it and charge their time to it, charge the labour to it and charge their material to it.

MS: Perhaps that may not be as the true for the maintenance aspect because the very first group manager in June 1997 split the budget into half say if we take town hall maintenance was $100 000 where $50 000 was left for AMC and $50 000 was left for depot likewise all the budget account number were split between depot and AMC, that’s how the beginning was.

DSDB: That’s not the beginning but it was the most controlled not from the SDB division but from the SPC division.

MS: Theoretically yes.

DSDB: They were the ones who said because originally they were meant to have all the money 100% of the money they would gives us the specification of a job they wanted done and then we would go out and do it. That included both capital projects as well as on going maintenance. The problem with that of course is that the people doing it at the time above the line had no idea what was being needed to be done. The only people that knew that were the people below the line. So that’s when some form of rough split given “we will give you 50% you go ahead and do the bulk of your work as you would normally based on your works program” which we would normally set ourselves before we had AUSPEC and then the other 50% they would then designate for works which they would specify and then give us their work as well. The problem with that of course is that we were never quite sure if that extra 50% was always going to come to us in the first place. So you got to remember none of the ample staff have individual budget other then supervisors effectively. All the labour would be work staff, construction and maintenance staff, the parks staff, waste and cleansing staff is all built into jobs effectively. So if you have $100 000 worth of foot path repairs, 70% of that is going to be labour and the other 30% is going to be plant materials. Every time one of my people go out and do work they would have to charge to a particular account number. All those account numbers might add up to 6 or 7 million dollars of which the labour component which I was responsible might be $3 million worth, so it meant though that if I only had 50% of that would mean I would only have $1.5million to pay to labour but I employ those staff full time so I depended on getting the other 50% from panning design or environment or AMC depending on who is commissioned to work to make sure I had enough work to fully engage these people on a on going basis. Then as you know we went to AUSPEC which can specify more then it had been done in the past. The routine maintenance activities that we should do held the objective if that stage was that we would be given 90% of the budget and 10% of the budget would be retained by AMC. Now that is still never real, it happens primarily in practice but never happened as far as the budget was concerned. If you go into the budget there is no operational budget in service and living business for all those jobs who don’t have gear by all the construction and maintenance and parks people. Its all held up in AMC or PDE, primarily AMC and we just charge those job numbers so it was never done to the full degree of the funder providers split that it was intended to do so as a consequence of reporting on the financial side verses reporting on the operational side when we get the business report coming through we don’t get in this division how we going against budget for those maintenance activities they all go to the AMC. We will only hear about it if were going over or getting close to going over in which case we will be told to charge them to another number or stop doing works in that area and concentrate on another area. So in their respects I don’t think its worked in that sense personally I don’t think there’s been a clear enough commission to the work or a clear enough declination of the expenditure and the accountability for that depending on our side verses the AMC people holding the budget and then ultimately being fully and legally accountable for the expenditure. Makes sense or not? Have I answered that for you or not?

MS: Yes.

DSDB: Can you just clarify for me what you mean by meaningful operational analysis?

MS: It links to the first part as well the shifting of emphasis from narrow financial goals when we started the new organisational structure naturally it was a different way of life for the same staff in that part of the organisation up till now they were getting structures from engineering division now they were told they were also asked to work in a specific manner that is ask for accountability who is using the proper instructions? Secondly the financial part of it if you ask me so if I ask our carpenter to do such a thing, he would ask me such a question “of which number” I will go as I send them and charge that much time to the account number that means commercial orientation started to take place with the rank and file of the SDB on the depot staff. They were thought the emphasis on the financial goals and the way how the financial improvement can be brought about. Now that was one way of doing things as far as the actual operations are concerned what difference really it made the carpenter he was spending say 7 hours a day in doing
certain work. The way he is doing it now maybe he is spending certain time for the paperwork but the actual productive work might not have increased but it’s a debatable point it’s not easy to establish that as well. So that’s what I am going to where we are if we take an engineering organisation depot let us take it as a small construction company. In a small construction company the managing director, the person at the site, the project manager then the group manager would be thinking yes I am constructing say Corso phase one development I ordered normally any engineer would be ordering about 10% extra materials and then at the end of the day would say "how much I have saved" when he goes to the other project there he would say "oh I have that much saving left" so that is going to be my extra. So that way that operational driver that culture inculcation of that type of habit that as engineers and contractors this is the way of idealism for us so how much that should have ideally taken place said probably the doer part has been taking more role say works over seer is everything as far as the operations are concerned he doesn’t or he’s not being paid into this type of procedures that is how we can do our part or asked to on something along these lines I wanted to know your thoughts?

DSDB: OK

MS: It is too easy to idealise anything?

DSDB: Well it is I mean our problem from the very beginning from trying to act like contractors and operate the way you see it. The construction company buying 10% more materials seeing how get on at the end that becomes a saving and that potentially use that for the next job. Our problem here is that we are always dealing with public money we always have to demonstrate and be able to demonstrate now what we were providing for that job got costed correctly weather it be if we were doing a footpath in Edgecliff and it was going to cost you some amount we couldn’t overcharge that one and take the savings and spend it somewhere else because we needed to know if we could on foot path but we could say then spend the saving on another job like building a half court basketball or something like that, we had to show how much expenditure was occurring accurately at each job.

MS: So at least if a C&M being able to take pride in the fact that we have contributed this much profit operational efficiency as far as organisation is concerned so you have brought this back then it is AMC or SPC who decide the rest?

DSDB: Well that’s true but if they trade a profit by overestimating what they needed to do in the first place.

MS: Not over estimating just enough irregular standard practice in any engineering organization they don’t order more then 10% material. Simple screws or nails and we save in that. That’s what I was saying timber from form work I mean we are not doing construction here and that’s something its another area for C&M to develop along those lines?

DSDB: But what we have done even before the funder providers split we stopped stocking a lot of materials and only purchased what we needed to do that particular job.

MS: Exactly but that should have been the philosophy of the contracting company anyway?

DSDB: Well it did that’s what I better say by getting and exactly what we wanted there wasn’t any real way of getting a profit out of it at the end of the day because that if even if we ended up having 10% of screws left over they still got to charged for that job. When you came to do the next job at the end of the day you might say you might end up using less materials less screws because you already have a couple packets left over from the previous job, so that's jobs ends up being a little bit cheaper now it shouldn't be because you want to know exactly how much that job really was in real terms not actually what it costs you.

MS: Materials wise the cost will remain the same it won’t be cheaper but on paper?

DSDB: If only they charged it that way if they say "look we need five packets of screws but I’ve already got three leftovers in the truck from the last therefore I will only use two, we only charge two for that job that’s not costing the job correctly because they have used.

MS: But if you take it correctly then if you’ve got say 10 types because they are usually repetitive type of jobs then the overall cost of operation would have been much cheaper, first job maybe at 125% but the end job down the track maybe at 80%.125 to 85% is 80% average would be varying much better as compared to the market prices so that’s what I am talking about.

DSDB: My viewing in terms of our competitive or our ability to compete externally has been because we haven’t had the profit motive, we haven’t had to cost and build in a profit. What were built in cost of labour, cost of plant, cost of material, plant hire, depreciation all those things have been costed in it but not the other, not the other issues of profit. Now that’s why I still don’t follow you on, I hear what your saying buy
having charged 120% for the first job then the next one might only be the 80% of the cost but we still want to know how much that particular job costs if you end up saying it cost 80% of the estimated costs because you have had...

MS: …surplus material

DSDB: surplus materials left over and you had, but that should still be costed, that job should still costs you at least on paper exactly what material you have consumed even though you might have some left over.

MS: So that costs, that material, that particular job has consumed certain amount of material which would be slightly less then what is on the drawing, and you also said that we don’t want to project that we have made this profit being a public sector organisation that’s fine but at least you will have the satisfaction that we achieve this tasks at this costs and this definitely going to be better then the market price normally?

DSDB: That’s been the case, but as to weather it was driven with that thought in mind, I don’t think it was, I think it was just driven by the fact of them wanting to do the job for the best price for the least use of materials as possible, that's profit motive! There wasn’t anything else driving more then that, and the only time that we were driven by an external provider would be on the base, it would be if we were having to costs on estimate a job to print and open our tender price for it, and as you know when we put tender prices we normally came out cheaper primarily because there wasn’t a profit motive in there, a profit motive margin of 10-15% or whatever, in external construction might have only been charging for round about or whatever else. We didn’t build that into it plus I still had my doubts as to weather we were capturing all the costs. I know we captured enough of our administrative overheads in terms of computer usage and depot usage all these other external costs. I don’t think we costed them into our quotes well enough. That’s where I don’t honestly believe that our estimates were life full like I think we probably underestimated by a couple of a percent every time we estimated, but we didn’t gather some of those overheads.

MS: So that a also subsequently starts for administrative procedures there but apart from the way the functions have been are being carried out, could there be any improvement that certain tasks which are being done by the doers like estimation, giving price etc. If that from the gross functions are transferred to other parts of the unit say whitehouse and that may enable the doers to devote more time and may ultimately bring more productivity into operations?

DSDB: Well it could do without it, but the problem then is you got to have people with the right skills in the whitehouse to go out there do the correct estimations etc, and I don’t think we have the skills. The best skills we have gotten currently in my view in terms of estimating is on the workplace board people like MB and BM and BS who have got years of experience saying that’s how much I need for a that particular set of stainless steel steps and how I need and how much concrete how I need for this job and that job. They the better ones doing it now, I persevere it good having them do that as well as deliver the product at the same time. The only thing you got to make sure it that there is an occasional audit to make sure what is being audit costed is actually going to those jobs.

MS: Now come to question four, one of the concerns expressed by the council management at the time of restructuring during 1997 was the organisation way of how we do it? By profession and not by what we want to achieve. In retrospect can you please discuss the relative merits of these approaches what in your opinion can be ideal path for local government. Now I can add further to that and nowadays there are thoughts being ideas being floated back to or removal of funder provider so that this question comes from that idea that somewhere along these spectrum of thoughts realise some ideal ways and what are your thoughts?

DSDB: I don’t think the funder provider has provided everything that we hoped it was going to provide and I think one of the big reasons for that is partly, size of --------, the organisation itself is not quiet being enough hasn’t quiet got the momentum or the critical mass to be able to sustain a true funder provider split operating the way it was intended to originally work by really having fairly solid line between the doers and the specifiers and it never happened. The reason we always had that very very fuzzy line between the two is that we weren’t big enough to separate it totally. The specifiers would have enough people with the skills, knowledge and the ability to specify to the providers. Therefore the providers needed to act to help design and interact and make sure the project got of the ground appropriately. Therefore there was lot of crossing that line. In my view mainly from the bottom up rather then the top bottom down, so the first comment is that I don’t think was enough critical mass for the funder provider split to work here effectively. I do think that initially it provided some various people within the organisation some greater opportunities to experience both sides of the line and understand a bit better the operational side as well as the specification side. On a negative side I don’t think that by dividing the skill base the way that we did by putting some engineers all over the place. Here was enough critical mass for the engineers of the profession to vertically integrate as we should have done. I think we spread ourselves too thin, it wasn’t...
enough vertical integration. We tried to make it a horizontal integration which again led to some inefficiencies, some dissatisfaction by people not wanting to be an engineer in this little area when their not working with their colleges in that environment and as a consequences of that I think we lost some good people early on. I still think today we continue potentially to lose people because there is not that critical mass with the profession like engineering itself because they are being divided from AMC and to some degree PDE and even down into LUM.

**MS:** So that's right as far as the horizontal chambers of communication are concerned and even they way of functioning. You rightly mention about the vertical integration and I think one of the essential requirement would have been the different levels of talents available that can be contrasting to or ideally what would have been interesting in previous engineering division right form director then to mangers like that are different levels of skills available. I think we lost that or we could not make that available?

**DSDB:** I agree with that, I think there should have been a little bit more resources sharing, there should have been a little bit of movement of the profession and some of the trade even within areas to help build up their skill base, but particular the professions I don't think we did that enough at all. I agree absolutely. So I think so therefore I think there was it didn’t achieve exactly what we wanted to achieve in that I think primarily it was because of our size. I think in terms of the ideal path for the local government I think if anything it did change the culture of the place at the time. It really did change it, everything we were just plotting along on the way we were always plotting along. By introducing that change by creating this funder provider split by separating professions I think it made people stop and sit up and start to rethink we were doing. I think the momentum continued for probably for only two years, three years probably three years but my personal views over the last two years it waned.

**MS:** That can simply put as the comfort zones were challenged.

**DSDB:** Yes.

**MS:** Having challenged the comfort zones, how do you, what do you think could be built on that to gathering momentum from that elimination of comfort zone process to creativity?

**DSDB:** I think you probably can, the comment I was making about the comfort zone and the momentum I think people felt that we did this change to demonstrate how effective and inefficient we can be against the external providers. That was always on the basis that we would be market testing various activities we never really went to the market testing stage to the degree I originally intended and I think Wayne originally intended but GM probably after two and a half years went a bit cold on it. I think the reason for that was that the what was happening to the industry generally and what shown down in Victoria was people were backing away from compulsive competitive tendering, they were backing away from the whole idea of having to outsource and say that well outsourcing is not the be all or end all and as a consequence of that changing externally to us, our momentum stopped. There wasn’t that impotence to be able to demonstrate that we are effective and efficient anymore externally so there wasn’t that same drive to ourselves either so I kept on trying to push it and demonstrate to GM by giving him monthly reports on how effective and efficient we were. He eventually got a bit sick of reading those reports and basically there was no point of writing them if he doesn’t want them to see how effective we’ve been, how productive we’ve been and once they weren’t being required and the staff weren’t being required to provide to the same level of detail, they began to also say well where not being scrutinised much as we used to be therefore the motivation to continue demonstrated our effectiveness was not quiet there, they started to drift back into a little bit of a comfort zone. In my view you can walk out of the depot now and people are content but there just drifting along and not taking the challenge yet as they did back in 1997 in my view.

**MS:** Individually speaking perhaps you may be more sad because of this for the simple reason that very few councils when trying to restructure the organisation have put in this much effort before the commencement of the actual implementation of the process “working together” to document the workshops etc that was a marathon exercise...

**DSDB:** A marathon exercise!

**MS:** ...led to the ideal foundation for delivering what you said was you dream and I think that maybe dissatisfying from that angle.

**DSDB:** It is dissatisfying because we never quiet got there at the end because the impetuous changed.

**MS:** Also when the ---- interest in what you project as your achievement and you should have been sort of been arm and arm in marching towards that goal.

**DSDB:** Exactly
MS: So it is very difficult to maintain?

DSDB: And I kept on trying to keep a very positive face to the staff and saying “this is our best interests this is the local government of the future” this will hold us in good stead and make sure we were still providing their services internally in five to ten years time that we can demonstrate that we have done all this, all the way along. It was very hard to maintain that enthusiasm on my part when it wasn’t being supported to the same degree by GM and particularly by the top of that stage. That’s an overall criticism of GM generally. There are other priorities coming in at the time and as I say the impetuous of potential local government reform wasn’t on the political agenda at the state government level anymore, so once that got off the agenda it wasn’t a driver here for us to do it from the gents that were down here said that I can concentrate on the other big issues I have got on my plate. I said look I want to keep on driving this, well you can keep on doing it but I am not all that interested and if you hadn’t got someone at the top who is going to you know give some acknowledgement of some the achievements that you managed during your time what’s the point in continuing to push it even though I didn’t push it not with the same degree of passion and eventually the staff can see your not pushing to the same degree of passion. I promise them I pursued the competitive services strategy all about the idea of profit sharing and all those type of things by productivity gains. Now they were things that GM was saying he was prepared to consider once we could demonstrate to him how effectively we’ve been? Well I got to a level where I could have demonstrate that you know the path changed, the momentum that changed for it dropped away. The necessity for change had dropped away there fore I couldn’t deliver on some of those changes that means the staff became a little bit cynical on that. Kept on saying well I kept on going down and saying “you got to act like contractors” but they say “contractors get bloody bonuses they get benefits for working that little bit harder and what do we get? We get nothing! What incentive is there for us to work that little bit harder to make a better outcome”. GM’s retort to that always was “well you got a job!” that was never a good thing to torrid peoples faces, I would never say that to them.

MS: Am I right in understanding that within your heart there was a part as director and part as manager and I think part as manager probably was always a bit sad?

DSDB: Yeah absolutely. I have been going like this long enough.

MS: Probably you would have liked to construct a new depot yourself?

DSDB: Absolutely, and I would have liked to done it three years ago, four years ago because it could have been done that long ago with the right motivation and the momentum behind me. I was the only one pushing it really.

MS: Question 5, the same document ‘working together’ mentions about the council senior management …..secretly harden the implementation of the change management process especially from managers and staff who have made investments in the system of the structures afraid to see a threat to what they might have had to create to the jobs or comfort zone, we have discussed this but it appears that C&M and W&C have established different trends along this reform route adopted by the council in 1970. Speaking about the group managers possibly the believers in comfort zone had to move on where as obvious compliant have established different trends along this reform route adopted by the council in 1970. Speaking about the group managers possibly the believers in comfort zone had to move on where as obvious compliant have established different trends along this reform route adopted by the council in 1970. Speaking about the group managers possibly the believers in comfort zone had to move on where as obvious compliant have established different trends along this reform route adopted by the council in 1970.

DSDB: How far are you going back? Are you going back towards those individuals like...

MS: I’m talking about the initial process as it started and the depot at its time C&M and W&C, and W&C your talking about group managers, there were different cultures in both the sections emphasis wise I am talking about and when we were just talking in response to the previous question, the directorship and throwing yourself into the deep water, I think probably that did not happened and that’s what I was referring to that when we talk of the comfort zone in the various aspects and that probably got taken care of was visible that the first manger W&C left early then C&M group manager has been there. But emphasis is different then what you as director would have been like to do willingly yourself?

DSDB: So certainly speaking first of all about waste and cleansing and as you say and since the structure basically three group managers have been there. The first one was of the old school he was a person who didn’t like couldn’t handle change would talk about change but wasn’t really willing to embrace it and nor had the ability I don’t think to embrace it. A very nice chap and etcetera but could not deal with the people at a one to one. So with waste and cleansing we had to change the culture even though the structure had changed, it should have changed the culture the individual was a block in changing the culture so through a process we removed that particular group manager and hired a new one with a different philosophy altogether. That group manger had come from the private sector he knew what he worked for himself as well. He knew about the importance of capping and making sure that your being productive for the amount of dollar investment that you were putting through into the project weather it be the waste area or the cleansing area. He was quiet a person with quiet a degree of confrontation but tool a route from right down
there and brought it up here with a lot of angst and quiet a bit of conflict all he way. I think looking back at
the end of the day on it I don’t think we could have done it at the time gone from where we were to where
we are now without that middle step by having a person like him coming and doing it. Since that time we
got our CB here now who’s got the ability to strategically think and be creative and proactive but he also
has a good report with the man but he can also be firm with the men too. I think we have the best of both
worlds in him, we’ve got the ability of someone like RL but without the rough edges and he has got the
better financial strength he’s got better innovative strength then I think what RL had personally. So there,
he always embraced the idea of demonstrating we can be more efficient and effective and productive the
fact that we negotiated the first enterprising agreement by, sorry our second enterprising agreement with
the cleansing staff which won an industrial award where we cut down another truck got rid off another four
men and the guy shared a little bit of the saving and the council got a big slab of the saving, that was a
really good positive outcome. Took place after 6 months negotiation but again it was all about
demonstrating that we can be as efficient and effective as an external contractor and by the guys doing
that it saved us having to put the whole waste and sewers operation out the tender which was an option
that we were looking at. That’s continued on for now to what’s almost a second agreement, they last for 3
years each, which will see in my opinion how waste sewers continuing now for at least for another 3 years
we’ve got the cheapest domestic house waste management fee on the northern beaches. Its an
exceptional service high quality very expansive and extensive in what they provide and for the cheapest
rates and we captured everything in that we captured insurers and plant replacement and plant hire and
superannuation all those costs there all accounted for. My time, part of RL’s time, computer time finance
governors pay roll is all costed into that and is still cheaper than anybody else and everybody else has
a by contractor. That a lot being driven through that individual so I don’t see some like CB in a comfort
zone. I see CB always out trying to make things happen. I think TW’s a little bit different, TW comes from
the old school being a traditional engineer in a traditional engineering area operating in an area originally
by remote control almost just giving instructions to the town hall not being down their with the troops. Since
he went down their with the troops I think things have improved a little bit in terms of communication and
his willingness to try to look at ways of reforming and changing but I don’t think that momentum continue
with him for very long so any changes come about down there like restructuring parks or restructuring of
the works area and looking at gradings and steps in progress have come about through me saying to
him “this is what I want, you got to give me this” rather then him saying this should provide him to provide a
good outcome for the organisation but also good job satisfaction. He is a person I tell things in that comfort.

MS: So when you quantified the result of the outcome that you wanted and to translate it into reality the
transformation of the way of conveying and being along that direction would have required a different way
what generally happens in the construction industry when the Field Marshall or the General is a aloof or
may be busy but aloof in the sense of conveying through eyes so speaking ten words or not speaking a
single word but its the size when that doesn’t take place the doer takes liberty of presuming “I am the King”
and that tendency is throughout the world and also in biggest private construction companies as well
because most of my life I have worked in private construction companies and so labour devises a strategy
by first measuring how much depth the boss is I think along those lines we had very different journeys in
W&C and C&M?

DSDB: Very different journeys partly because of the individuals as you say I didn’t have to get down to the
nitty gritty details saying of what outcome I wanted. And the construction and maintenance if I don’t do
that, nothing changes and I think that’s part of the culture of coming form the background that TW’s come
from which is very much a traditional engineering background. We can do it at our rate there is no one
always looking over our shoulder there is need to show were productive, there’s no need to look for innovative
ways of changing things there is no need to rock the boat so to speak where CB would always rock the
boat, RL would always rock the boat if it meant a better outcome and that’s the difference I think and that’s
where one very comfortably goes back into that comfort zone. At the end of the day the troops saying in
construction and maintenance also might have been infused originally if there not being infused by their
directed leader well then they become very complacent and very disillusioned and when I go down there
and try to and trump them up again I’ve got to, they’re now a long way by the time I get to them but they
shouldn’t have been aloud to get there that early and they shouldn’t have been allowed to get there by that
very person whose down there should have been seen and stopping it happen.

MS: Thanks --------, now what roles do you see for engineers in local government what are the challenges
confronting them and how best they can respond to these challenges. Now this is assuming you have
your ideal environment in your chosen local government and how would you liken the engineers around
you to respond along those lines?

DSDB: I mean I think as I said during the interview I believe that where actually divided engineers picking
across the organisation I think we need to bring them back together again personally and to give them
some critical mass again using that term to enable them to interrelate better with one another you know
the design side, the structural side, the environmental side all those things need to come together better
within that engineering profession themselves but even so also I think the engineers need to be a little bit
more willing and I think they are these days taking onboard other advice from other professions dating back from you know environmental planners, managers planners, strategic planners and social planners even that there are ways and means of resolving issues rather then traditional methods but I think for them to so I was talking about interact strongly with other professions weather it be planners or building surveyors or environmental health officers or even financial people they need to interact and understand those professions well but they also need to interrelate and mentor each other in terms of their particular disciplines so again we get more critical mass then where currently got. I just think where too fragmented too divided now and I don't think were being as productive in our engineering resources.

**MS:** So that's what your ideal environment with good quality engineers would be. To facilitate that can (you) think what can be the improvements or better way of getting or procuring such engineers because nowadays in almost many councils and I discussed or I tried to find out how they go about recruiting engineers, the questions there asking I am not just talking Council 5 so many other councils questions were asked? Most of the questions are open ended and management generally is not having that "this is right or this is wrong" but what is best and that depends upon the contingency situation that is more a manager's function. Engineers are trained in applied science and the way that they are used to, uses them or demands from them the narrow focus or concentration on a particular subject area under consideration at that time can those type of or the ability to apply that concentration think along those line, can that not be deployed while conducting the interviews what do you think?

**DSDB:** Oh I think it can be.

**MS:** That's what we and HR concentrated when design engineer, traffic engineer… it was a novel experiment he went very deep into the engineering aspect, they would expect that we would answer all the ten questions correctly but even they answered to how they applied go about thinking the process and both have been very successful?

**DSDB:** That's right for us to attract good engineers I think we have to show them that this organisation and the work their going to be involved going to be empowering and is going to be to their benefit just as much as working for us is going to be to our benefit and they are going to be able to expand, grow and develop as professionals in this organisation and I think too often when we have interviewed engineers in the past we were going to use them for very narrow, for very narrow jobs. First of all we advertise very narrow jobs and when people read the specification I don't think people would say “this is where I want to be” its too focused or they do want to be here, they want to be for 12 months and then they want to move on and look for something else.

**MS:** Elaborating more about my question say if we were interviewing an infrastructure engineer and asking him questions about pot holes and what sort of failures in road surfaces can occur can you classify exactly the situation what can be the causes leading to this kind of failure or soon after the rain why are their always more number of pot holes, this type of questions and sometimes I, most of the times I have found that none of these type of question are asked for hardly any infrastructural engineer and I am not talking manly council I am taking many other councils.

**DSDB:** So what questions are they asking them?

**MS:** They are asking more about asset management, give details about your experience and as you said what do you see your future five years from now and tendency is there mostly to express more idealism but I think the recruitment of engineers is much different then the other professions in this aspect because we sort of have to cash in the talents and we have to see that they solve it because they are engineering more then anything else. Its fix types, you have to fix a pot hole on any given day you cannot allow it to last for one week unless he does the diagnosis well, so that's what I am talking.

**DSDB:** I agree with you on that but is just that a way of us having to change that way that we structure our interviews at that end of the day. I mean I think the engineers from what I have seen that were engineers who they were not practical in my view. They are academically qualified but in terms of practicalities on the ground making something happen in an actual real life situation your not very good at it often and that's were I mean people like ---------- you know get frustrated when you've got an engineer sitting in an office designing a solution to something without not going down to the ground or speaking to the people who know the area very well.

**MS:** Very true and that very important factor probably many councils need to address. It is visible more or less in proposition almost everywhere and as the right when there cant be reasoning but a the picture is right the scenario that emerges from this is one who does the job then gets pumped up his ego and probably sacrifices his doer capabilities sometimes that's where sometimes the environment suffers plus the organisation cannot achieve the process reaching to that goal it takes more time.

**DSDB:** Absolutely.
MS: When we are not talking about the -------- but the process as it happens because the question was more on engineers and how we get about doing the things through to them.

DSDB: But I think we just got to get that try to get that communication better try to get that interaction between the doers and the blokes whom have spent 30 years on the ground fixing pot holes verse engineers who have gone to university and knows why the pot holes will be fixed and the importance of it but not necessarily the practicalities of doing that for that particular location based on what’s happening in that local environment which the doers often know well people like the BS’s know exceptionally well so just got to try to get the two working pair together and sometimes the professional engineer does not come down as the “guru” and retreating the guys on the ground as if their as basic idiots or sometimes, well I am not saying here but some councils I’ve engineers come down and just them like basically imbeciles and their not and that’s when you start to see the so called “imbeciles” and the doers down their saying “OK if that’s what he is telling me to do, then I will do it exactly that way I know it wont work but I will do it exactly that way’ and stay there and watch it fail and all that does is waste money and causes more animosity and more conflict. There I would dearly love to see the engineers you know be integrated much more but not just sitting officers but physically get out there, physically work with the workmen get out there and put a jacket on and physically take part in that work.

MS: Last question, having had previous local government experience in Victoria as CEO and now in -------- also, the distinct impression about your amazing ability to carry out rapid and accurate analysis of complex issues and also the impatience for getting results may I know your personal view on local government reforms process its past, present and future?

DSDB: Well I think, I mean you haven’t heard this yet but you will hear that I have resigned from Council 5 I have just this time meant to me a lot but I am more then happy to help you on this and I will give you the contacts details for me to help you finish this. But this very last question is a hard one, what’s my frustration is nothing to do with our new General Manager or management generally here but its about the political environment in which we operate in and I just feel that we are just going around in circles here in Council 5 operating on the basis of satisfying the wants of 12 councils with their own personal agendas or half a dozen to a dozen rate payers out there who know which strings to pull you know the ones who are the vocal majority out there and as a consequence of that we in my opinion waste hundreds of thousands if not millions of dollars trying to play this game in a political environment which we make a decision and make a change and make decisions and get on and do the work but we don’t do the work we don’t make the decision because we are trying to cave all these people out there while these dozen people out there because of councils. So when I came here I was told I would be here for five years I have been here for seven and a half years so probably two more years then I should have. I have been speaking about this with the GM for the last 12 months even if he was here I should be going at this point in time. When you come to work and when your are not feeling as if your making a difference anymore because of the part of the culture of the place but more particularly the politics of the place is just trying to move on and find more challenging and more beneficial roles, so that’s what I am doing so I gave my resignation to Mr.H last week so he didn’t want me to announce it until the date until he came back. He will be looking at some organisational reform and I think he will be a good person to have a discussion at the appropriate time too for organisational change but that one last question is very interesting because I am pessimistic about the future of local government currently in New South Wales because I believe it needs major reform and I don’t believe there is a political world by the Labour government or the liberal opposition to do it. Therefore I think we’re going to be slowly strangled financially, we’re going to be slowly ostracized by our communities for not achieving what they expect us to achieve to be accounted for, to achieve what we want and their going to be criticized by the government by not satisfying the needs of our communities they will hit us around the head as well so I just don’t think there is anywhere for us to go at the moment without some coming in and something too much knife cuts, I honestly believe that we cant sustain 174 councils in New South Wales. I don’t think we can sustain three councils on the northern beaches. Financially I don’t think Council 5 can be sustainable in the long term, I really don’t and when you’ve got the political scene that you’ve got here we’ve got politicians twelve of them all with there personal agendas as I said a minute ago. All supposedly saying their working for the community but none of them are working for anybody else other then their own particular outcome, I just think I’ve got better things to do by time then waste it here to be honest.

MS: --------, thank you for your time.

DSDB: Pleasure.
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