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Change Management—Strategy and Values in Six Agencies from the Australian Public Service

Change is a ubiquitous theme in management literature, but empirical studies that seek to draw lessons from the experience of managing change are rare. By investigating patterns of change management in six Australian federal agencies, we elicit a number of factors contributing to success—though "success" is itself not a clear-cut concept in this area. We found support for a number of broad themes already apparent in the literature and suggest that change processes that have the support of the workforce require good leadership, an appropriate model of change, some room for negotiation and compromise, and well-planned communication.

There is a strong tradition of writing about public-sector change under the heading of "administrative reform." As Caiden describes it, administrative reform is a thoroughgoing program of change "intended to shake up inert bureaucracies, to battle vested interests, to tackle systemic shortcomings and failures, and to alter some aspects of the prevailing administrative culture" (1991, 131). The broad-scale administrative reforms undertaken in English-speaking countries during the 1980s and 1990s have been documented in both national and comparative settings (Ferlie et al. 1996).

Our interest in public-sector change is a little different. We wanted to explore the efforts of senior (and other) managers to engage in change initiatives that, although they took place in the context of administrative reform, were specific to their agencies. The agenda pursued by these managers was that of organizational rejuvenation and adaptation, distinct from the implementation of externally mandated change.

The research reported in this article was sponsored by a network of departmental secretaries (chief executive officers) in the Australian Public Service and charts the course of change in six federal agencies between 1996 and 2000. Our aim in undertaking the study was to identify common themes in the sponsoring agencies' experience of change that could be used to draw lessons for the future.

For an academic, determining the effectiveness of different types of change strategy is a daunting proposition, both theoretically and methodologically. Our response to this problem was to assume that change outcomes are likely to be a product of both conscious management strategies or choices and preexisting and environmental factors over which managers have much less control. By studying each organization in depth, using both interviews and documentary sources, we were able to gain a detailed understanding of what had been attempted in each case, what the problems were, and how particular outcomes had been achieved.

Major Themes from the Literature

Much of the change-management literature is of the "heroic" variety (prescriptive and assuming an all-powerful leadership role) and emanates from the private rather than the public sector (Conger, Spreitzer, and Lawler 1999; Kotter 1996). In public-sector settings, researchers have been more interested in specific kinds of change (often investigated from a case-study perspective) or the broader rationales for and implications of change—see, for ex-

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ample, the work of Boston et al. (1996) on New Zealand, Zifcak (1994) on Australia and the United Kingdom, Kettl and DiIulio (1995) on the reinvention program in the United States, and, from an earlier period, Caiden and Siedentopf (1982) on administrative reform in a comparative context.

Empirical studies that investigate or attempt to draw insights from multiple case studies are rare, but they yield a number of important insights and themes. These themes were used to guide the research.

Theme 1: Change Models

The change-management literature contains a bewildering variety of understandings of and approaches to change. Collins's (1998) work usefully contrasts two basic types of models. The first, which might loosely be called the "rational" model, emphasizes the importance of planning, problem solving, and execution. The second approach, more sociological in orientation, explores "changing," rather than change, and emphasizes the uniqueness and contextual richness of each situation.

As a management-centered approach, our perspective lay with the rational model. The problem is that the how-to side of this literature is often abstract and process-based, and it focuses overwhelmingly on strategic change management in the private sector (Burnes 1992; Kanter, Stein, and Jick 1992). The case-study literature on change management in the public sector suggests greater complexity and ambiguity and points to the importance of each agency's specific environment (Lutrin and Shani 1998).

A more content-based change model that recognizes that different organizations may need to approach change differently seemed sensible. It seemed probable that the type of approach chosen would be more or less appropriate, given the objectives of the organization and its situation. For example, an organization whose future depended on improving customer service should, logically, adopt a change model focused on improving processes that have a direct bearing on that objective and removing obstacles that prevent its achievement. A disjunction between the objective and the mechanism (as with a policy with a poorly chosen causal design) would result in untoward or unwanted results.

For example, in his account of change in the Department of Health and Human Services in Montgomery County, Maryland, Durant (1999) found the failure to link administrative, accountability, and accounting structures had produced disappointing results in the short term and certainly did not help the department achieve its desired outcomes. Durant concluded that "process performance measures—not outcomes measures—are the Archemedian points of leverage for ensuring that structure follows strategy" (314). But even when process is the focus of the change strategy, process "funnels" may still develop, re-quiring constant effort from change agents to overcome them.

Theme 2: Leadership

Numerous studies suggest the importance of leadership in bringing about successful change (Bennis 1993). Specifically, Hennessy (1998) finds that the "package" of competencies possessed by leaders is correlated with the degree of cultural change found in nine suborganizations of two large federal agencies. Isaac-Henry and Painter's (1991) survey of British local government chief executive officers highlighted (not surprisingly) the importance of the leader's role.

Theme 3: Implementation

Case studies, as well as the more general management literature, point to a variety of implementation strategies (top-down versus bottom-up; negotiated versus imposed change; incrementalism versus wholesale change). Nils Finstad's study of three reform projects in Child Protection Services in Finland does not find much evidence of actual change, but emphasizes the importance of bridging the gap between the formal rational/functional core of the organization and the informal system, which consists of "a practical rationality connected to problem solving and professional understanding" (Finstad 1998).

James R. Thompson (1999) reviews the U.S. experience with the National Performance Review's "reinvention lab" program. Reinvention labs were a deliberate attempt to engage those at lower levels of public-sector organizations in change programs directed at freeing up procedures and reducing bureaucratic controls. Thompson reports a degree of success with this bottom-up style of change management, but cautions that as the process is stochastic (that is, self-selecting on a random basis) rather than systemic (management controlled), it is difficult to draw any conclusions about the techniques employed at specific reinvention sites. Indeed, following March's earlier work, Thompson suggests that "the reality of change accords with dynamics that are subject to limited control" (291).

Implementation highlights the problem of resistance to change, particularly where a "big bang" approach is taken and the organization undergoes rapid reductions in staffing, or a major cultural transformation (Ellis 1998; Osborne and Plastrik 1997). Other studies report a more incremental approach, with staff and managers learning as they go along. In their study of change experiments in HM Customs and Excise, Colville, Dalton, and Tomkins (1993) found that continuing, small efforts at improvement were worthwhile, not only in themselves, but as ways of gradually focusing attention on the need to reframe problems. Rago (1996) reports a somewhat similar experience in the Texas Mental Health Department.

Whatever management's intentions, change "changes" as it diffuses through, or is imposed on, the organization (Coe 1997). This suggests to us that comparing attitudes toward the change program from different levels of one organization would be a good way of tapping into not only the success of implementation, but also the dynamics of the process itself.

Theme 4: Communication and Support

A number of writers have stressed the importance of communication, not only in implementation, but also in establishing a consensus for the initial negotiation of change (Isaac-Henry and Painter 1991; Stephens 1999). These findings are supported (although not highlighted) in the business-change-management literature. For example, communication is one of Kanter, Stein, and Jick's "Ten Commandments" for achieving successful change.

Buchanan, Claydon, and Doyle's (1999) survey of managers finds that, although managers said they were aware of the importance of communication and well-supported change agents, the reality often did not match the rhetoric.

Theme 5: Political Support

Rosenbloom, writing on the U.S. experience, warns of the role played by politics in frustrating administrative reform in the public sector. The presence (or absence) of political support for change is clearly a key factor (Rosenbloom 1993; Ammons 1999). While in a Westminster system such as Australia's, executive agencies do not have direct relationships with the legislature, much of the impetus for reform has derived from the political executive's perceived need to assert (or reassert) its authority over the bureaucracy (Mascarenhas 1993). More than ever, ministerial support (or pressure) is the most critical factor in the agency's environment. If the minister loses confidence in the agency's capacity to deliver the goods, externally imposed change—in the form of forced restructuring or even privatization—may result.

Research Design

Change, by definition, is difficult to pin down. It is a process, so any measurement of its effects necessarily means freezing the process at one or more points in time. The effects of change can be measured objectively to some extent (for example, if a change in employee attitudes is desired, it is possible to administer a questionnaire that taps into the relevant variables before and after the intervention is made). It is also possible to track the organization's performance on key change-related measures, such as the time taken to process applications.

In addition to objective measures, perceptions of change have a place in the measurement of change. In surveying

their staff, many agencies ask employees their opinions on the success or otherwise of change initiatives (for example, is the organization a more caring place to work now than it was before?). This information is clearly important, because the way employees view change may be quite different from the way it is viewed in the upper echelons of the agency. Clearly, too, information that is perception-based can be gathered only in this way.

Ideally, the research team should gather all the necessary data independently, but in work of this kind researchers are inevitably dependent, to a significant degree, on what the agency has already decided to measure. Inevitably, data are not collected systematically over time as the agency changes its ideas about what is important and what is not. This is why it is important to supplement this information with interview and documentary work (these issues are discussed further in the data-collection section).

Researching the way change is managed is particularly difficult because the researcher is trying to connect what management does with a set of outcomes. Of course, improvements in these outcomes may result from other factors (such as externally driven initiatives). Moreover, systems-based organization theory teaches that there is no one best way to achieve a given result, and it is the goodness of fit among the organization's internal functioning, task, technology, and environment which is critical (Lorsch and Lawrence 1970, 1). Management's role, by implication, is to diagnose these factors correctly and to act accordingly.

For these reasons, most researchers have looked at change in a single organization, on the assumption that a holistic picture of the totality of change over time can be assembled. But this kind of study lacks any comparative dimension. Multiorganizational studies using statistical methods have the advantage that, in theory, relevant variables can be isolated and controlled for. But in practice, it is almost impossible to adapt this approach to a systemic understanding of an organization in which the effects of management choices depend on interactions among a number of contingent variables. For example, Child (1984) found that, for a given number of employees, high-performing organizations were more bureaucratized than low-performing organizations, but the strength of the association varied according to the type of environment in which they operated.

Our response to these issues was to use a comparative methodology in which cases were compared as "wholes" and common factors elicited, although at a level of abstraction that allowed for the fact that similar results might be produced in different ways (Ragin 1987). We selected for study a set of six agencies from the Australian public sector which differed from each other in terms of their size, task, and environment. Although the methodology does not

require "representativeness" as such, this approach ensured that we maximized the variance in our sample.

The smallest agency had 200 employees, the largest more than 4,000. As highlighted in James Q. Wilson's (1989) study of bureaucracy, task is particularly important in the public sector, as it is the nature of the agency's outputs (whether, for example, it produces policy advice or pays pensions), rather than the way its inputs are turned into outputs, which is likely to be critical. Reflecting the importance of this factor, the six agencies selected for investigation included two regulatory agencies (each concerned with ensuring compliant behavior within a client group); two service-delivery agencies (each concerned with making payments to eligible clients); one agency that combined policy advice with program implementation; and one agency that had a mixed set of functions embracing service delivery and advice to other departments. Our agencies, therefore, had a wide range of tasks in this sense.

Characterizing the environment is always difficult in the public sector. Every agency is subject to central controls from the finance department which operate uniformly. But each agency's environment is also unique, in the sense that its political executive (in Westminster systems, the minister and cabinet) may require it to shed or to add functions. What might be called "change pressure" also varies, according to the political salience of the agency's functions. Some agencies were under more pressure to change from their ministers than others.

The first type of environmental characteristics—administrative change—is endemic in the Australian public sector, so it is difficult to find an agency that has had no change to its functions. Of the six agencies in our sample, during the two years prior to the period covered in our study, agency A was split into two separate operations, with one function remaining as a statutory body and the other becoming a government-owned corporation; agency B outsourced or transferred to the relevant state government significant aspects of its operations; and agency D had a major change of role as a result of workplace devolution. During the study period (1996–2000), agency C had one of its divisions dramatically reduced in size and subsequently increased again because of policy change, and agency E lost one of its regulatory functions to another agency. Agency F was formed from a number of different components just before the study period began. All of our agencies, therefore, had had to cope with substantial administrative change.

The second environmental characteristic (political pressure to change) varies more strongly, but it can only be characterized with confidence once the senior management group has been interviewed (that is, after the initial selection of the case studies). Therefore, we included this as a contingent variable (one relevant to the study but not under direct management control). Contingent variables are discussed in more detail in the next section. As it turned out, political pressure varied from low to high across our agencies.

Our set of case studies, therefore, included a range of tasks, sizes, and external environments. By maximizing variance in this way and viewing each agency as a system, it was possible to obtain a perspective on change management which was sensitive to the nuances of each individual case but allowed some degree of generalization.

The underlying theory connects managers' actions with outcomes by assuming that managers make changes to their organizations so as to improve their chances of survival, within a set of contingent constraints (that is, aspects of the organization's functioning that are relevant to change management, but which management does not necessarily control).

From our interviews with senior managers, we knew that management considered it had control of several factors:
- The choice of intervention—factor 1
- Resources to be devoted to it—factor 2
- Implementation (specifically, the degree to which change was to be negotiated or imposed)—factor 3
- Communication—factor 4.

The success of the intervention would depend on a number of contingent factors:
- Leadership—factor 5
- Degree of external pressure for change—factor 6
- Extent of resistance—factor 7
- Political support—factor 8.

Our working hypothesis was that each chief executive had the autonomy to choose, for his or her agency, a particular style of intervention (covering the first four factors) that, in interaction with the four contingent factors, would produce an outcome that would be more or less effective in improving the performance of the agency.

Data on the six organizations was analyzed to determine whether there was a relationship between the change management "package" chosen by each organization, the outcomes in terms of measured performance improvements, and perceived changes in priority factors. While we could not aggregate our results across agencies, we reasoned that the depth of our knowledge in each case would enable us to make comparisons between agencies and perhaps to make some observations about factors that seemed to be related to particular types of outcomes.

Data Collection

We used a combination of interview and documentary sources to obtain information on the eight key factors of interest for each agency. For data on factor 1 (the choice of the intervention), we referred to published plans, annual reports (particularly, the chief executive's overviews within the annual reports), and interviews with the chief execu-

tive and senior managers (usually the head of corporate services in each agency). The categories to which we assigned each agency (strategy, structure, function, people) were taken from standard managerial approaches to change derived from basic organization theory concepts (Stoner et al. 1994, 290–94).

As none of the case study agencies had a separately designated budget for change management, we assessed relative levels of resources (factor 2) by determining (from interviews) whether change agents had been employed to communicate and facilitate change, or whether line managers had been expected to take on the tasks themselves. Where a particular activity was designated as carrying the main burden of change, it was possible to assess the level of resources devoted to that program. We were also able to gauge from departmental annual reports (which list expenditures on consultancies), interviews, and consultants' reports the extent to which consultants had been employed in the design, implementation, and measurement of change.

The Vertical Slice

To understand the implementation and communication processes (factors 3 and 4), we referred to internal documents, identified change agents, and responses from interviewees at four different levels of each agency—top management, senior management (Senior Executive Service), middle management, and operational levels. Within each organization, we took a vertical slice and undertook semistructured interviews at each stage, for a total of 12 interviews for each agency—72 interviews overall.

Two factors were important here—the selection of the internal slice and the nature and meaning of the questions asked. We were restricted by our budget to choosing those parts of each agency that were either in the Australian Capital Territory or New South Wales, but we did our best to ensure that each slice was as representative as possible of the organization as a whole. Because the headquarters and the senior management group for each agency were located in the Australian Capital Territory, we were able to interview both chief executive officers and senior executives with responsibility for change management. Moving down into middle management and operational levels involved some selectivity. The two service-delivery agencies (agencies A and B) were the least problematic, as they were organized geographically (so that all functions were represented at each site). We chose the New South Wales state office in each case (interviewing the director and one middle manager with change responsibilities) and a local branch office servicing the Australian Capital Territory (containing roughly 10 employees in each case).

The regulatory agencies were more functionally differentiated, so that one division in each agency had to be chosen for the middle management and operational levels. For agency F, this was the state office of the division undergoing a major change program—we interviewed representatives of each of the four teams working at this site. Agency E was more difficult, as it contained several divisions, each undergoing a different change program. Here our choice was more arbitrary: We selected the division that was implementing a new "people" strategy and interviewed at its state office and in one of its operational teams dealing with clients from a particular industry.

Agency D, although small and very flat in structure, had a number of distinct tasks, each organized as a team. We interviewed directors and two representatives from four out of the six teams. Agency C contained two major divisions, one policy and one policy and programs. We chose the policy and programs division, interviewing the division head, a change agent at the senior executive level, and team leaders and one team member each from one policy and one program team.

Interviews

In each case, we asked our contacts in the agency to select interviewees whose work was typical of the principal change process we were investigating, and who had been in the agency long enough to comment on the ways change had affected them. At the management level, we conducted interviews with one or two people at a time; interviews at the operational level were done in groups.

The interview protocol and list of interviewees is given in the appendix. The questions were deliberately broad, so that it was possible to build up a picture of change as the respondents perceived it. Interviewees' responses were recorded by a scribe and then analyzed to give a picture of change as it had affected that area of the organization. By interviewing at each layer and comparing responses, we were able to gauge the extent to which the imperatives of the center had reached those on the periphery.

The interviews also gave us valuable insights into how change was perceived on the ground—that is, by those actually carrying out the operational tasks of the organization. By following a semistructured interview format, it was possible for respondents to tell us how they saw change without forcing the discussion into a preconceived mold. If respondents in one agency were talking about different kinds of initiatives than those in another, this was part of the point—every agency had chosen its own path. Because the slice results clearly did not give the whole picture (and were not intended to); in forming our views about perceptions of change in the organization as a whole, we made use of organization-wide staff opinion surveys (and, where they had been done, client opinion surveys), which had been commissioned by the agencies themselves as part of their own change tracking.

Leadership

Characterizing leadership (factor 5) was difficult and inevitably somewhat subjective (Hennessy 1998). We found the most salient aspect of leadership coming through in our interviews (particularly with senior managers) was leadership style, or the extent to which the leader was able to impose and communicate a vision to the organization. The degree of external pressure for change (factor 6) was ascertained with reference to annual reports, inquiries, or reports that had been done and the perceptions of senior managers. Resistance (factor 7) was particularly difficult to pin down. We gained a sense of the strength of this factor by referring to consultants' reports (which in a number of cases mentioned opposition to change) and the responses of interviewees. Political support (factor 8) was also difficult to gauge. Without direct access to ministers, we relied on our knowledge of the specific situation of each agency and the responses of the chief executives.

Outcomes

Information on outcomes was of two types: what might be called "objective" change, and perceived change. For information on the first, we used published performance information relating to efficiency, effectiveness, and timeliness. For information on the second, we used the staff and client surveys referred to in the previous section. Staff surveys often were not comparable over time and did not always measure variables directly related to the objectives of the change program. Where this was the case, we selected questions that could be broadly compared between the two surveys and, within that group, selected the two most closely related to change objectives. We supplemented this data by gauging (from answers to the questions detailed in the appendix) how employees at the operational levels of the organization (research, organizing, and counter staff) in each of our vertical slices felt about change.

The Case Studies

All six agencies chosen for the study had been subjected to a number of management interventions designed to improve performance. These interventions were chosen by the chief executive and the senior management group, with the objective of ensuring the organization's survival and adaptation at a time (mid- to late-1990s) when the Australian Public Service was undergoing rapid, centrally directed change (emanating from the cabinet and the Department of Finance).

The most significant of these broad political and governmental imperatives required agencies to improve their efficiency so as to produce the same (or more) outputs with fewer staff. To force the pace of change, the Department of Finance exacted an "efficiency dividend" by reducing

each agency's running costs budget by 1.25 percent (later 1 percent) per year from 1987–88 onward. Other changes included the following:

- Output/outcomes budget documentation (from program-based documentation)
- Accrual-based financial reporting (from cash-based reporting)
- Workplace bargaining over salaries and conditions (from centralized determination)
- Market testing of designated services.

At the same time these events were occurring, many agencies were undergoing significant administrative changes as functions were removed, downsized, or added. Of the six agencies in our sample, during the period covered in our study, agency A was split into two separate operations, with one function (our case study) remaining as a statutory body, and the other becoming a government-owned corporation; agency B outsourced key information technology applications; and agency D had a major change of role as a result of changes to workplace-relations legislation. Agency C had one of its divisions dramatically reduced in size and subsequently increased again because of policy change, and agency E lost one of its regulatory functions to another agency.

In this environment, chief executives had the dual responsibility of implementing centrally mandated change while maintaining—and where possible, improving—the performance of their organizations. While the term "change management" may suggest a greater degree of premeditation and even of control than these public-sector managers in fact possessed, it does capture the desire of each of these public-sector leaders to improve the adaptability of their organization.

In other words, in order to anticipate change, change is deliberately engineered. At its most far-reaching, change management may aim at what Nutt and Backoff (1993) call "transformational change"—a complete rethinking and refashioning of the organization to serve new purposes. Clarke and Stewart (1990) suggest that instead of change management, we should be talking about the "management of changing"—an ongoing task, but one with a distinct focus.

Characterizing Change

Given improved performance as a broad general objective, we characterized the change program of each agency by addressing the following questions:

- What was the key "lever" for change? (Were the organization's structures, processes, people, or culture targeted for change?)
- How much change was sought? (Was complete transformation desired, or a more incremental reordering?)

- How was change to be implemented? (What techniques were adopted to apply and transmit the change message? To what extent were the subjects of change involved in discussion and negotiation?)

What Was Changed?

Agency A (a service-delivery agency wanting to expand its role) targeted strategy, that is, there was an articulated goal—improved customer service—which related to the perceived strategic position of the organization. Strategic planning was the principal organizing idea driving change, and this was how it was presented throughout the agency.

Agency B (a service-delivery agency with a demanding and well-organized clientele) did not highlight strategy as such, but pursued a mixed approach that embraced policy, budgets, and a new structure for service delivery. Like agency A, the emphasis was improved client service, but this was seen as one aspect of organizational adaptation. We have summed this up as a systems approach (that is, using existing planning processes to implement change).

Agency C, which faced a challenging strategic environment that required it to "sell" its services in new ways, targeted structure (by moving from hierarchy to teams, it was hoped that improved flexibility would result).

Agency D, a policy- and programs-based agency with a number of functionally distinct divisions, targeted people (it adopted a quality-assurance program to improve the alignment of people's work with the goals of the organization).

Agency E, a regulatory agency that previously had come under sustained criticism for some of its practices, faced the most daunting change target of all. It targeted processes and people, with some structural change (business-process reengineering, personnel change, centralized risk assessment and management).

Agency F (an operating division of a much larger regulatory agency) believed it had to overcome functional "silos" by organizing its operations on the basis of their relationship to clients, rather than to legislation. This agency targeted structure and people; a new, process-based structure was introduced across the business line, in the expectation that cultural change would follow.

How Much Change?

How extensive were the agency's change needs seen to be? Some chief executives saw a need for radical transformation, largely because their agency was facing unprecedented environmental change or external threats. Others believed their position was fundamentally sound, but certain aspects of performance needed to be lifted (and demonstrated to have been improved) to build support among stakeholders and clients. Table 1 captures the extent of the desired change, as conveyed to us in our interviews with senior management.

How Was Change to Be Brought About?

Table 1 indicates whether the chief executive imposed the change plan from the top, or whether there was room for negotiation and compromise from the outset. It also covers the effort put into communicating the plan and the extent to which specialized change agents were trained and deployed.

Evaluating Outcomes

This turned out to be the most contentious aspect of our work. Our original idea had been to equate success with the extent to which employees "at the coalface" of the organization felt positive about the way change had been handled and believed the reality of their working lives matched the rhetoric of management. These variables are broadly captured by measures of organizational culture.

The chief executives, on the other hand, considered these questions, while relevant, to be less important than whether the agency had done what key stakeholders expected of it. They were much more interested in "hard" measures of performance improvement, which could be used to convince stakeholders (and where necessary, critics) that the

Table 1 Characterizing Managers' Plans for Change

Agency	Change target	How much change?	Imposed or negotiated?	Change resources	Communication
A (service delivery)	Strategy	Incremental	Imposed but with strong feedback	Good resources (planning group)	Strongly featured— organization-wide
B (service delivery)	Systems (budget, policy, delivery)	Incremental	Imposed but with some consultation	Key personnel for discrete tasks	Low-key—revolved around consultation
C (policy and programs)	People	Incremental	Imposed but with some negotiated elements	Change agents selected to lead change	Chief executive links to change leaders
D (mixed functions)	Structure	Major	Imposed	Managers expected to lead change	Chief executive to staff
E (regulatory)	Processes and people	Major	Imposed	Strong support in key areas, but not always sustained	Not featured
F (regulatory)	Structure and people	Major	Imposed	Some resources (network)	Not featured after initial impetus

agency was addressing its problems and could be relied upon to deliver its service at the highest possible level of efficiency.

Therefore, we rated each agency according to both criteria: the success of change management as perceived by staff at the management and workforce levels, and success as measured by improvement in key performance indicators nominated in strategic plans and annual reports. The outcomes are given in tables 2 and 3.

The staff survey results (column 2 of table 2) are reasonably representative of the whole agency and should be cross-referenced to the findings recorded in columns 3 and 4, which report in greater detail how staff within each vertical slice perceived the process of change and the implications for their jobs.

Staff survey results were, in general, quite encouraging. Agencies reported improvements (sometimes markedly so) on key variables (such as perceptions of customer service, staff development and teamwork), particularly (as in the case of agency C) where specific problems were identified and worked on between the first and second surveys.

The attitudes toward change expressed in our vertical-slice interviews were more negative than the staff survey results, which covered all employees. This could be the result of coincidence—our vertical slices just happened to coincide with more disaffected parts of the agency concerned. We are not inclined to believe this is so. In the agency with the biggest difference in this regard (agency D), we interviewed members of three teams out of a possible seven. There is more uncertainty in the case of agency E, where our interviews were confined to staff performing one type of regulatory function. On the other hand, the staff survey results for the whole of this agency suggested the attitudes we had found in our vertical slice did not differ significantly from those found elsewhere.

To the extent that the interviews suggested a more negative view, this effect was probably due to the fact that the key staff survey questions in the agencies concerned did not tap into the way people felt in an overall sense about

Table 2 Change Outcomes: Perceptions

Agency and change theme	Perceived change on nominated issues (staff surveys)	Attitudes towards change at operational level (interviews)	Attitudes at management levels (interviews)
A (customer service and information strategy)	Yes (significant improvement strategic direction)	Positive (but under heavy work pressure)	Very positive
B (service development)	Yes (moderate change service goals; but negative views on mgt)	Moderately positive	Quite positive (some reservations on human resources side)
C (results through people)	Yes (moderate improvement supervisor performance; marked improvement communication)	Moderately positive (but factors other than change strategy often mentioned)	Positive (energized by policy change; change strategy secondary to this)
D (better service through teamwork)	Yes (marked for interteam cooperation, feedback)	Negative (confusion regarding specialization/multiskilling)	Ambivalent (pluses, minuses; wide variations in views on teams)
E (process improvement)	Modest improvement in career satisfaction	Negative (loss of expertise; little influence on decisions)	Neutral (guarded)
F (structural change; process improvement)	No comparative data; strong desire for change	Negative (confusion regarding roles; systems unhelpful)	Some reservations (concerns regarding cross-process team work)

Note: Modest, moderate, and marked changes refer to average percentage changes on key change variables between two surveys of 5, 10, and over 15 percentage points respectively. The most important goals (as reflected in agency strategy) were matched as closely as possible to variables measured in staff surveys. Only variables measured in two successive surveys included.

Table 3 Change Outcomes: Performance

Summary of Changes in Key Indicators 1995–96 to 1998–99[1]

Agency	Efficiency measures	Timeliness of processing/response times (resource costs in relation to output)	Effectiveness (client satisfaction)
A	Unit costs per transaction 2 percent lower	Improved (20 percent in relation to benchmark)	Down 5 percent community; up 6 percent professional group
B	15–20 percent improvement	10–50 percent improvement	High levels reported (client survey)
C	No data	Ministerial response times not yet at benchmark	No comparative data; evaluations of policy making in progress
D	No data available; but output maintained despite major staff reductions (30 percent)	No comparative data	No data
E	20 percent–30 percent increased workload agency-wide; staffing down 10 percent	Processing times improved; accuracy of assessments improved	Improved for many groups[2]
F	Net collection costs declined	No data for case study Business line	No data for case study Business line

[1]Each agency was asked for performance information relating to efficiency, timeliness, and effectiveness. Agency data was supplemented with reference to annual reports, portfolio budget statements.

[2]Agency E measured net improvement in client satisfaction by client type (for example, difference between percentage of respondents reporting that service had improved and percentage reporting that it had not). Where the net improvement was greater than 20 percent, this was taken to be evidence of overall improvement.

their jobs, but instead dealt with specific issues. For example, in agency D (which stressed better service through teamwork), the key survey questions (that is, those most closely matching the agency's change objectives) dealt with perceptions of interteam cooperation and the extent of performance feedback. Yet in interviews, staff drew our attention to issues of concern (in this case, problems with multiskilling) that were not reflected in any of the questions in the agency-commissioned staff survey. The less-structured interview format allowed people to formulate issues for themselves, rather than being required to respond to a particular question.

Table 3 shows the agencies varied widely in the extent to which they collected "hard-edged" performance information. Agencies C and D, which dealt with policies and programs, clearly found this task more difficult than those with service or regulatory functions. Clearly, it is much easier to measure a distinct (and repeated) service than one that is more diffuse. Interestingly, agency E, which could point to significant improvements in efficiency, timeliness, and effectiveness measures, was also the agency where operational-level staff were the most negative about the effects of change on themselves. They were not against change per se, but believed their working lives had been diminished in important respects by increasing centralization.

Contrasts—Senior Management versus Those at Operational Levels

Across the six agencies, the results reported in columns 3 and 4 of table 2 were more negative than those expressed in staff surveys, although the difference was less marked in the case of senior staff (reported in column 4). In general, the higher in the organization, the more positive were the attitudes expressed by staff to the process of change. This result is consistent with the findings of the 1992 survey, *The Australian Public Service Reformed*, which found marked differences between the perceptions of senior and more junior staff regarding the process of change (Task Force on Management Improvement 1992).

This finding seems to confirm the hypothesis that change "changes" as we proceed from the top management of the department to the operational levels. Or could it be that managers just have more fun, and the effect we observed reflected the duller, more routine nature of jobs at the bottom? Perhaps—but we would suggest the problems reported by staff at these levels were in many cases related to the change process itself, and should be of some concern to senior managers. This was supported by some anecdotal data on absenteeism rates in one agency well known for long-term staff loyalty. Increased pressure of work is a given, but other difficulties could be related to structural factors.

For example, the tension between specialization and multiskilling (reported in two of the agencies with regulatory or monitoring functions) suggests that moving away from functional silos has costs as well as benefits. Where legislation is very complex, it is simply not feasible to expect broadly trained junior staff to deal satisfactorily with the issues and to feel happy about it.

Where staff believe "it was better before," this does not necessarily mean they were opposing or resisting change for its own sake. Indeed, in the case of agency F, staff (as reported in the staff survey) wanted to see more change. It is as though, after an initial period of upheaval, change initiatives enter a period of limbo in which the ghost of the old organization lingers on, but the new organization cannot quite bring itself into being.

Communication is another issue. Senior managers, particularly those at headquarters in Canberra, simply may not be familiar with the realities of life at the customer-service end of their organization. Indeed, using staff surveys as a way of overcoming this communication gap may hold some dangers, particularly where the interpretation of the survey is in the hands of the consultants who delivered it.

In our view, these findings suggest that, far from change petering out, it becomes more sharp-edged as it reaches the operational levels of the organization. Public-sector agencies are hierarchies with a well-defined chain of command. If senior managers decide that something should be done, it generally is done. Problems (or at least mismatches) seem to arise when the priorities at the center do not match the realities of delivering service to the clients, or when there are insufficient resources to carry change through to its conclusion.

Findings

Table 4 ranks the agencies according to the two main outcomes measures used in the study and records comparative assessments for the factors that seemed to have a bearing on the outcomes.

The Change Model

Osborne and Plastrik emphasize (from a broadscale, reinvention perspective) the importance of strategy in bringing about change, particularly change that is designed to debureaucratize agency behavior. The change programs we observed were more modest in scope, but we found support for the view that a broad perspective on change, into which particular initiatives were fitted, worked better than a piecemeal or one-directional approach (Osborne and Plastrik 1997, 27).

Although agency A had benefited from its relatively predictable environment, the performance of its strategic

Table 4	Key Factors Influencing Change Outcomes						
Agency	Ranking on performance change	Ranking on staff perceptions of change	Clear change reasoning? Implementation issues (including communication)	CEO presence in change	External pressure for change	Imposed or negotiated?	Change resources (use of change agents)
A (service delivery)	3	1	Yes, but some coordination problems; excellent communication with staff at all levels	Highly visible	Low	Imposed but with strong feedback	Excellent (planning and review group) but change agents not used
B (service delivery)	1	4	Yes (in relation to service delivery); communication strategy less developed than for A	Low-key	Low	Imposed but with fairly wide cons	Good resources (planning group)
C (policy and programs)	N/A	3	Yes Good communication "drive" to change leaders	Prominent early, then chief executive change	Moderate	Imposed but with some negotiated elements	Modest resources; change "team" used
D (mixed)	N/A	2	Yes, but implementation problems despite strong initial communication	Prominent early, then chief executive change	Moderate to High	Imposed	Few dedicated resources
E (regulatory)	2	5	Yes but implementation patchy; relatively poor communication "down the line"	Low-key	High	Imposed	Good for key areas
F (regulatory)	N/A	N/A	Not really—structure, culture not clearly linked; patchy communication	Prominent early, but key manager left	Moderate	Imposed	Some resources (network)

Note on rankings: For performance change (column 1), the three agencies with sufficient quantitative data were ranked on each of the measures reported in table 3. The rankings were then aggregated, with each variable having equal weight. For staff perceptions of change (column 2) the rankings were based on the relative changes reported in column 1, table 2.

approach to change was impressive. Provided that communication is good (see discussion below), a carefully thought-through strategic plan can be a successful vehicle for change. Agency A's plan was based on considerable market research; drew on the organization's strengths; consolidated its customer service culture; and sketched a pathway for the future.

Even allowing for implementation problems, where structural change was the main mechanism employed (as was the case, at least initially, in agencies F and D), the organization took a long time to settle down, with considerable disaffection even among those who believed change to be necessary. The experience of these two agencies suggests that, where structural change is employed, big effects can be produced relatively quickly. On the other hand, knock-on effects are such that continuing analysis, adjustment, and the application of further resources seem to be necessary.

Ultimately, though, the type of model chosen seems to be less important than whether the changes made connect logically with the reasons they were being made. Five out of our six agencies seemed to have a reasonably clear connection—agencies A, B, and E wanted to improve service, so they put resources into measuring and improving things of importance to customers. Agency C wanted to link the development of its people to organizational performance, so it implemented a quality-assurance program for staff development. Agency D favored enhanced flexibility, so it de-layered its hierarchy to form teams in which each member was expected to undertake a range of functions.

It was more difficult to discern a clear theory in the case of agency F. It was hard to see exactly how the move to a structure based on business processes was expected to produce the desired result for the business line we examined, when the tasks that people were performing often involved complex questions of legislative interpretation. There were conflicts between multiskilling and the need for specialized expertise. In other words, there seemed to be a mismatch between the type of job envisaged by the change managers and the job that actually had to be done. (Agency D, which had some similar functions, also struggled with this problem, although its smaller scale meant that specialist expertise could still be retained within the team.)

Mode of Implementation

All of our change-management programs were imposed, in the sense that the key elements were decided by a small group at the apex of the organization, or sometimes by the chief executive himself. We are clearly not talking about bottom-up change in Australian Public Service agencies. However, as expected, there did seem to be a relationship between the degree of consultation and acceptance of change.

Communication and consultation worked together. Agency A easily earned a gold star for its combined effort, which not only ensured that every employee understood what the change program was supposed to achieve, but also believed they could make contributions to the program and be taken seriously. This was one of the reasons

we did not find the marked differences between management and operational levels, in terms of their attitudes towards change, that seemed to characterize other agencies that did not communicate well.

Resources were important, but the way they were distributed and the extent to which they were sustained seemed at least as important as the overall level. The general trend in our agencies was not to use dedicated change agents, but to expect managers to absorb and transmit the necessary messages.

The way this was done was important—where line managers felt they were not supported by senior staff and were expected to take more responsibility than was necessary, a degree of disaffection resulted. The degree of organizational slack was important here. Large organizations are more easily able to divert staff to planning, facilitating, and monitoring change than small ones. In the smallest agency in the study, managers had to figure out how to make their teams work while they were expected to maintain output from them.

All of the agencies allocated resources to measure the effects of change, but few were able to complete the loop by devoting attention to emerging problems. Change fatigue could become a real issue, particularly where the agency encountered unforeseen reverses.

Contingent Factors

By "contingent factors," we mean the constraints or pressures acting on the change-management process which are outside the control of managers. The contingency-based literature stresses the role of the organization's environment in setting the parameters of change—we translated this to the public sector by stressing the administrative and political characteristics of each agency's environment.

The degree of pressure for change (from ministers and other stakeholders), together with the degree of turbulence in the agency's environment, were the major factors covered in the study. Perhaps surprisingly, given the emphasis on resistance to change in the literature, external pressure did not show up as a necessary condition for success. Agency A, which performed best overall, had a much less turbulent and demanding environment than did agency E. The perceived extent of change required in agency E was also considerable, which added to the pressure on management and increased uncertainty and confusion down the line. In our sample, those agencies under the most political pressure to change (agencies D and E) achieved the strongest efficiency improvements, although there was evidence that staff had not been brought along in the process.

Linking these factors with the previous section, it could be argued that the appropriateness of any particular change model depends less on the objective circumstances in which it is deployed, and more on the skill of managers in appreciating the nature of the gap between the current reality and what is desired. For example, agency E, which employed a largely process-based model for performance improvement, may have overlooked the importance of communication in facilitating change (see the conclusion for a further discussion).

The customer service ethic can be promulgated only through a determined program of communication with staff—this was not a conspicuous feature of the strategy. Bringing in new managers (from outside) was clearly intended to break up the old ways of thinking, but the technical nature of the work meant that few of the newcomers enjoyed much respect from the older hands. Perhaps time is the only remedy in this sort of situation, as new staff with a different professional orientation are recruited. But we were not convinced that the "old hands" were a lost cause.

Leadership

We found some support for the proposition that a prominent chief executive role was important in driving change and enlisting support for it. This latter factor showed up particularly strongly in agency A, whose chief executive placed his personal imprint on the change program.

Chief executive officers with a quieter style (such as agencies B and E) were highly respected in their organizations, particularly at the top level, and were able to achieve solid change results by working through key senior managers. However, managers and staff away from the center did not feel as involved in the change project as did those in agency A, where the management vision was stronger.

Continuity of leadership attention was critical in sustaining momentum, particularly where the change program had struck difficulties. Three out of our six agencies had lost their change initiator in the period covered by the study. This arguably had a strong effect in agency F, where there was talk of change being unraveled by the incoming management. In agencies C and D, the style of the incoming chief executive was to consolidate what had gone before, rather than to make more changes.

Conclusion

Agencies within a Westminster-based system such as Australia's face a less complex political environment than their American counterparts. For the chief executive officer of an Australian agency, the lines of accountability and control converge in the minister, which means that change can be "driven through" the agency when there is strong ministerial support. At the same time, in a strongly managerialist system, chief executives have considerable

autonomy in devising and implementing their own brand of adaptive management.

The practical experience of change, however, is more similar than these systemic differences would suggest. While Australian chief executives may have more power to implement top-down change than their American counterparts, the underlying structural and functional similarities of all public-sector organizations ensure that change patterns resemble each other more than they differ.

The study suggests there are some general messages arising from Australian agencies' experience with change. Successful outcomes, embracing both hard and soft measures of change seem to depend on a number of factors:
- An appropriate change model
- Effective leadership
- Sufficient resources
- Attention to communication.

Four aspects of the findings stand out in relation to the themes identified in the literature. The first concerns the nature of the change model. Our findings suggest that a strategic approach to change does not require managers to use every lever available to them, as Osborne and Plastrik's (1997) "five Cs" model suggests. Osborne and Plastrik recommend a strategy that encompasses the agency's purpose, incentives, accountability, power, and culture (core, consequences, customer, control, and culture).

We agree that strategic thinking is important, but it is not necessary to attempt to change everything about an organization in order to change the way it behaves. Rather, the logical sense underpinning the change model, and its appropriateness to the agency's specific circumstances, seems to be more important than attempting to influence roles and responsibilities in an all-pervasive way.

Communication links with our second point, concerning implementation. While there is a rich literature on the implementation of public policy measures, much of which emphasizes the importance of communication (Goggin et al. 1990; Nakamura and Smallwood 1980), there are fewer studies of change in administrative settings which explicitly invoke an implementation perspective. Those that have been done (see Berry, Berry, and Foster 1998) deal with discrete initiatives and emphasize the communication of management support.

While implementation figures (even if not explicitly) in all empirical studies of change management, change management itself is not generally seen as an implementation problem. Moreover, implementation tends to be viewed in somewhat typecast terms (top-down versus bottom-up, incremental versus rational-comprehensive), which seems to overlook key aspects of the process itself.

Our work suggests a more holistic view of the communication requirements of change management, in which the process of talking about change, provided it is linked to a good model, becomes the change itself. In this respect, our findings resonate with Grin and van De Graaf's (1996/97) view of implementation as communicative action. There is a tendency to blame employee resistance for failures of implementation, when the reality is that senior managers have been unwilling or unable to explain what they are doing, why they are doing it, and what it will mean. So important is effective communication in the context of implementation that we believe it should constitute a sixth C to add to Osborne and Plastrik's list.

In our agencies, provided the rationale for change was well explained and clearly communicated and the pace was not too fast, most employees did not have too many problems in accepting change. When they balked, it tended to be because change initiatives seemed disjointed, faddish, or poorly thought through. Our findings resonate with Thompson's observation about the National Performance Review that its "objectives … would have been better served had its sponsors more closely tailored the implementation strategy to the nature of the changes sought" (2000, 509).

This brings us to the third point—organizational culture itself. While cultural change is fundamentally what organizational change is about, significant improvements can be achieved without explicitly addressing personal or institutional values. We agree with Beer, Eisenstat, and Spector (1990) that behavior changes when the context changes—it is not necessary to "get religion" first. If the change model is well designed, the shift in values, to the extent that it is necessary, will happen anyway. But if the objective of change is said to be the transformation of a "bad" culture, this gives managers little to work with in a practical sense, and it tends to alienate employees and managers alike. Culture is a paradox—it is everywhere, it shapes the way people perform, but it is a poor hook for a practical change program.

Our fourth point concerns leadership. This is a very complicated question, with the leadership effect being almost impossible to isolate from other factors. Nevertheless, for chief executives who do not see themselves in a charismatic mold, it may be reassuring to know that change can be achieved without, to use Bennis's words, "a compelling vision that brings others to a place they have not been before" (quoted in Hennessy 1998, 527). If the leader has good support at senior levels and knows which levers to pull, significant change in performance can result, as the example of agency E demonstrates. The downside is that people come to see themselves as change "ciphers," without a significant sense of ownership in their jobs and often with a powerful distrust of management.

We cannot emphasize too strongly that a continuing commitment to the change process from senior management is essential if the full benefits are to be achieved. Our

study demonstrates the problems that occur when change is not supported with sufficient resources and is left half done. Staff find that the imperatives of new structures and the call to new cultural values make little sense when their jobs still follow the contours of the old organization. Our impression is that it is not so much resistance to change that is the problem, but rather change strategies that are not fully thought through. Efficiency gains, in a sense, are the easy part. If the benefits of change are to be sustained, staff must see real alignment between their day-to-day jobs and the values proclaimed by management.

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Appendix Interview Questions

Management questions

Participants identified themselves, and recounted their personal histories in the organization.

Why was change important to your agency?

What was the main agenda for change in the agency?

Why was this change agenda expected to produce benefits?

How was change "driven" (for example, communicated/implemented)?

How would you describe the CEO's role?

Was there a clear plan, or not?

What were the main issues that emerged (a) for the organization and (b) for you as a senior manager?

Questions for operational levels

How would you say your job has changed over the last three years?

Were you supported through the change?

What specific processes were you aware of?

What's your current attitude towards (your agency) as a place to work?

What happens when you have a problem with your job?

What is communication like between your workplace and senior management?

How would you describe leadership "style" in your agency?

How big a part has performance management played?