Values in Leadership:

Approaches of Victorian Local Government Managers

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Abstract

Since the 1980s the public sector in Australia, including local government, has been imbued with the language of business management. In part, this has occurred because other levels of government have brought changes to the operation of local government and also because public sector managers have accepted the conventional wisdom that the private sector provides the better model for managing large organisations. But how useful is this way of operating in the public sector?

This thesis argues that local government management continues to be 'captured' by the dominant ideology of neoliberalism. This ideology has shaped the politically conservative policies of many western countries and is based on economic theories of public choice and agency, which essentially argue that the market is the key sphere of influence that, if it is left to regulate itself without undue government intervention, inevitably brings order and prosperity. The neoliberal theory of the market – economic rationalism – still appears to dominate language and thinking within local government, and this may not be in the best interests of either local government organisations or the communities they serve.

Management theories arising from the private sector, in the main, do not take account of the direct engagement of local government with local communities, the ethic of service, the breadth of services provided and the political environment of local government. Nor do they fully address issues such as the impact on the practice of management of CEO values, worldviews and unconscious motivations.

This research aims to take account of the rich unspoken, unconscious meanings in human dialogue and interaction. In order to gain a deeper understanding of the breadth of experience in being a local government CEO, the researcher conducted face-to-face semi-structured interviews with 18 (23per cent) of Victorian local government CEOs. Then the researcher observed one local government CEO at her workplace, over a period of six months.

The thesis draws on socio-analytic theory to look beyond currently popular management theories, with their emphases on rationality and instrumentality, to examine the beliefs and motives local government CEOs bring to their work. It concludes that local government is

not a non-profit variant of private enterprise and that the importation of business language and tools has damaged local government's service role. It argues for a renewal of commitment to the values of service and to leadership that encompasses both rational and non-rational aspects of managing people.

The real work of the leader is to participate in a relationship with staff that acknowledges that projections, splitting and denial do occur and to be patient with their effects. The more able a leader is to contain the projected fantasy material of those around her, the better leader she will be.

Declaration

I, Kate Dempsey declare that the PhD thesis entitled Values in Leadership is no more than 100,000 words in length, exclusive of tables, figures, appendices, references and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work.

Kate Dempsey   August 2006

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Related papers and presentations arising from this research

Presentations

Dempsey, K (2002) 'Values in Leadership: Approaches of Victorian Local Government Managers', presentation to Victoria University Peer Review Session, 28 November.

— (2003) 'Values in Leadership: Overview of the Research', presentation to LGPro CEOs Breakfast Meeting, 11 April.

— (2004a) 'Values in Leadership: Themes emerging from Research', presentation to LGPro Conference, City of Manningham, 22 October.

— (2004b) 'Values in Leadership: Victorian Local Government Managers', presentation made at the IPAA (Institute of Public Administration Australia) Research Forum, Public Administration Challenges & Capabilities: Research & Practice, 10 November, Canberra University.

— (2004c) 'Themes arising from the Research', presentation to Work in Progress Meeting of Group Relations Australia, 14 December.

— (2005a) 'Female CEOs and the Ghosts of Leaders Past', presentation to Work in Progress Meeting of Group Relations Australia, 1 February.

— (2005b) 'What does Local Government Value?' presentation to senior managers at the City of Port Phillip, February 10.

— (2005c) 'What makes a good local government CEO?' presentation to senior managers at the City of Monash, November 7.

Professional Magazine Articles

Dempsey, K (2004d) 'Values in Business', *New Community Quarterly,* Vol. 2(4) Summer, pp. 56-57.

— (2005d) 'Values in Public Sector Leadership' *Profile,* Autumn, Local Government Professionals Inc., Melbourne, pp.15-17.

— (2005e) 'Organisational Ghosts' *Profile,* Spring, Local Government Professionals Inc., pp.8-10.

— (2005f) 'Do Business Values Belong in Local Government?' *Profile*, Winter, Local Government Professionals Inc., pp.8-10.

— (2005g) 'What Makes a Good CEO?' *Profile,* Summer, Local Government Professionals Inc., pp.8-10.

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List of Abbreviations

APS   Australian Public Service

Best Value   initiative of the State Bracks government to replace CCT. It requires local
Program   government to review services to ensure quality and effectiveness are as good
as external suppliers. It follows a policy of the same name introduced by the
Blair government in Britain

CCT   Compulsory Competitive Tendering. A policy of the Kennett State
government that required local government to put up to 50 per cent of its
services to public tender

CEO   Chief Executive Officer (administrative head of a local government authority)

EBA   Enterprise Bargaining Agreement

EFT   Effective Full Time employees

Executive   In the case of Glenview municipality this team consisted of the CEO and all
Team   four second level GMs

GM   General Manager – usually a second level manager in local government,
reporting to the CEO. Also called Directors in some municipalities

HRM   Human Resource Management

KPIs   Key Performance Indicators

KRAs   Key Results Areas

LGPro   Local government professional officers association (CEOs and senior
managers)

MAV   Municipal Association of Victoria (official body representing local
government in Victoria)

MMBW   Melbourne and Metropolitan Boards of Works

MBA   Master of Business Administration

NIE   New Institutional Economics

NPM   New Public Management; a term used to describe a range of business
practices brought into public services in the past ten years

OHS   Occupational Health and Safety

TQM   Total Quality Management

VLGA   Victorian Local Governance Association (association primarily representing
the elected representatives of local government)

Part 1

Setting the Scene

Chapter 1

Introduction

This thesis examines management in local government in the State of Victoria, Australia. Local government has existed as the third tier of government in Australia for more than one hundred years. In that time, it has principally concerned itself with building and maintaining local roads, bridges and other public infrastructure and with ensuring businesses and residents conform to planning and building regulations. Since the mid–1980s, large-scale change has occurred in the operation and management of local government. The thesis looks at whether the changes have been for the better.

Since the 1980s the public sector in Australia has generally been imbued with the language of business management. This is also the case in my area of interest, local government in the State of Victoria. In part, this has occurred because other levels of government have brought changes to the operation of local government and also because public sector managers have accepted the conventional wisdom that the private sector has the answer in terms of managing large organisations. Elements of good management must be distinguished from the wholesale adoption of techniques and values from the private sector, which are heavily influenced by conservative[1] economic theories. These theories underpin the view that the market is the best regulator of all forms of business enterprise. But how useful is this way of operating in the public sector? Is it applicable? Does it achieve required outcomes?

The irony here is that conservative economic theorists (Friedman 1962; Buchanan 1975) argue that government should not interfere in the operation of the market on the grounds that this interference can reduce individual freedoms and government can become captured or held 'hostage' to legislative coalitions and political whims (Marginson 1992:49). Yet local government throughout the period of the Liberal-Coalition State Government reforms of the 1990s has been held 'hostage' by the idea that the market can show the way.

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[1] I use the term conservative meaning of the political right. It could be argued that in many ways the theories of neoliberalism are radical in terms of the changes they have brought.

This thesis argues that local government management may continue to be 'captured' by the dominant view: I use the term neoliberalism to define the politically conservative policies of many western countries. These policies are based on the economic theories of public choice and agency. I use the term economic rationalism to define the theories that posit that the market is the key sphere of influence and if it is left to regulate itself, without undue government intervention, then order and prosperity will follow. This ideology of the market still appears to dominate the language and thinking within local government and this may not be in the best interests of either local government organisations or the communities they serve.

Both the work of local government and its management requirements are unique. The principal purpose of local government is to provide service, not to generate profit. In addition, because it is the closest level of government to the communities it serves, it differs greatly from other levels of government. Local government managers operate in a complex environment providing up to 140[2] different services for their communities. They must meet the expectations from these communities, their own staff and those associated with the political agendas of both councillors and other levels of government. For these reasons the competencies and skills of a chief executive officer (CEO) in local government are not necessarily the same as required by a CEO in a commercial enterprise or state/federal instrumentality (although there may be some overlap). Management theories arising from the private sector, in the main, do not take account of the grass roots engagement of local government with local communities, the ethic of service, the breadth of services provided and the political environment of local government. Nor do they fully address issues such as the impact of CEO values, worldview and unconscious motivations on the practice of management.

This research aims to investigate the use of a range of management terms and tools in local government and their usefulness in that context. I think that a more reflective, supportive approach to managing in local government is needed. I aim to identify and bring to light some of the underlying complexities in workplace management in the unique local government setting.

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[2] Local government CEOs interviewed for this research indicated the number of services they operated. They varied from 80 to 140.

My central thesis is that the language of the commercial sector, which has been adopted (in varying degrees) by management in local government, may not always be appropriate or consistent with its ethic of service. It may not provide a sustaining and enriching focus for the goals and activities of local government. Specifically, this research uses a socio-analytical approach to look at what it means to be a Chief Executive Officer in a local government authority in all its complexity. This model employs a reflective approach to encourage an engagement with the values under study. The aims of the research are to:

1) identify management theories and tools currently used in local government in Victoria;

2) assess whether these theories and tools underpin leadership styles that promote local government goals and objectives;

3) explore how CEOs conceptualise themselves and their professional frameworks within the context of local government;

4) shed light on the values that underpin local government CEO actions, decisions and management frameworks;

5) investigate the fit of managerialist principles (defined as the results driven approach adopted from the private sector) with:

   a) the role and purpose of local government;

   b) the capacities required of CEOs in today's local government; and

   c) appropriate motivators for local government staff.

This research aims to take account of the rich unspoken, unconscious meanings in human dialogue and interaction. In order to gain a deeper understanding of the breadth of experience in being a local government CEO, the researcher firstly conducted interviews with 18 (23 per cent) of Victorian local government CEOs and then the researcher spent six months (part time) observing one local government CEO at her workplace.

The thesis is a result of the dialogue with CEOs, observation of one CEO and her interaction with her staff, and reflection on both what is articulated and what is left unsaid in discussion. It aims to look beneath the surface of current fads and fashion in management to what really motivates and excites local government CEOs in their work.

This thesis shows that the reforms of the 1990s have not significantly improved the operation of local government, but have had lasting negative impacts on the staff in at least

one municipality. It makes an original contribution to knowledge in that it has investigated the impact of the reform period on the leadership model in local government, on values and the way they are enacted and on relationships between staff and the CEO in local government. It uses socio-analytic methods of inquiry to best elucidate the intangible qualities of leadership and values in local government.

The thesis is in four parts. The first part, *Setting the Scene* has six chapters. Following this introduction, chapter two outlines the role and purpose of local government and the changes brought to local government during the 1990s period of reform. Chapter three has a discussion of the historical roots of economic rationalist thought. This is followed in chapter four by a description of rationalist thought in the field of business management. Chapter five explores the terms 'leadership' and 'values' and notes the impact of the 'ideology of rationality' in the explication of the terms. The last chapter in the first part of the thesis is called *Investigating the process of change* and is, essentially, a discussion of methodologies that are appropriate for the investigation of human interaction and the methods used in this research.

Part two, *Listening to the Leaders* and part three, *The CEO at work*, describe and analyse the fieldwork. The first three chapters deal with the 18 CEOs who were interviewed and the following three chapters outline and analyse the six months spent at one municipality, called Glenview here.

The final part of the thesis, *Making Sense of It*, brings together all points under four chapters. The first chapter examines if lasting positive change did occur in local government as a result of the reforms of the 1990s. The next chapter argues that local government is not a business and that the importation of business language and processes are harmful to the operation of the enterprise. Chapter 15 then describes how local government is still captured by this ideology of the dominance of the market. Finally, chapter 16 seeks to describe leadership in the public sector differently from profit making businesses, with leadership being defined by the enactment of values. Government is called upon to reclaim its rightful place in promoting the values of a just society and to promote the public sector as the centre of debate about what the 'public good' means and providing a new model of compassionate leadership.

Chapter 2

Recent History of Local Government

In this chapter, the role and function of local government in Victoria is described. A brief overview of the history of local government is presented, followed by greater detail regarding the decade of the 1990s when significant changes were made to the structure and operation of local government in Victoria. It is argued that the changes arose from a politically conservative ideology that favours market-based solutions to perceived problems in public service institutions.

What was local government like before the 1990s?

Local government has been part of Australian politics since before Federation in 1901 (Williamson 2002), although it was not mentioned in the Australian Constitution until the Constitutional Convention in 1976 carried a resolution to recognise local government as a partner in the Australian system of government. The State Government of Victoria recognised the institution of local government formally in 1979 through amendments to the *Constitution Act 1975* (Victorian Auditor-General's Office 1996). Local government has not always been held in high regard by other levels of government and still only six per cent of total government spending occurs at the local level (Brown and Drummond 2003).

Local government was initially concerned with providing the infrastructure for the growing metropolis, specifically roads and bridges. In the mid 1970s, the bulk (40 per cent) of Victorian local government expenditure was on road systems (Board of Review 1979a). Its role has changed and grown significantly over the past 30 years, especially with the introduction of social welfare programs administered by local government. In 1969, 21 of Victoria's 210 local government authorities employed welfare officers. By 1976 one-third of municipalities (69) had welfare officers (Board of Review 1979). Only 15 per cent of employees across local government were women in 1976, a proportion that would grow to 26 per cent by 1988 (National Review 1989).

The boundaries of local government were set in the 19th Century and, prior to the changes introduced in the 1990s, there were 210 local authorities in the State of Victoria. The municipal boundaries that had existed were first challenged in 1959 in a commission of inquiry into local government. Amalgamation was the principal issue of contention, but the recommendations of the inquiry were not enacted. Similarly, in the 1960s, three further inquiries were held, mainly dealing with amalgamation issues and matters of finance for local government. Amalgamation into larger units was considered necessary for economies of scale and, since the boundaries were drawn up so long ago, it was assumed that they no longer fitted needs (Kiss 1996:111). Nevertheless, although local government only existed in Victoria as a result of state government legislation, boundaries proved very difficult to change.

In Victoria, local government is recognised in the state legislation, but only as an arm of State Government. Local government is often said to be a 'creature of State government' and dependent upon it for its continued recognition (Davidson 1991). When the Cain Labor Government took office in Victoria in 1982, it updated the previous *Local Government Act 1958* in 1989. This Act of Parliament is the basis for operation of local government today (although significant amendments have been made to it).

The Cain Labor Government also undertook the restructuring challenge. It attempted reform and amalgamation of local government through the Local Government Commission of the time. As before, there was considerable opposition to amalgamation and, after one short year, the government announced that there would be no forced amalgamations. The catch-cry of 'no forced amalgamations' was taken up at the time by the State Liberal-Coalition in opposition. Jeff Kennett, later to institute, as premier, a huge program of forced amalgamations, was leader of the opposition at that time.

While local government exists under State government legislation, it owes its legitimacy to the fact that it is governed by democratically elected local representatives (Williamson 2002). It is likely that this aspect of local government contributed to making boundary change so difficult. It was not until the Kennett-led Liberal-National Coalition took office at the State level in 1992 that change was forced upon local government in Victoria.

What does local government do?

In 1999–2000, total revenue for Victorian local government increased by 4.6 per cent to $3,337.7 million, an increase of $146.7 million, from $3,191 million in 1998–99. The bulk of local government income comes from property rates and fees and charges. Income from rates and charges, fees and fines accounted for more than 60 per cent of all revenue to Victorian local government in 1999–2000 (ABS 2001).

While in its history local government was primarily involved in the construction of roads and bridges, in 2000 the greatest area of outlay was in the recreation and culture and community amenity and housing areas.

Table 2.1 Local government revenue and outlay 1999–2000

Revenue in 1999-2000 (from highest to lowest)	*Outlays in 1999-2000 (highest to lowest)*
Rates	Recreation and culture
Fees and charges	Community amenity and housing
Government grants	Roads, streets and bridges
Sale of capital assets	Education, health and welfare
Other	General public services
	Other
	Other transport
	Public safety

Source: Australian Bureau of Statistics (2001)

The legal framework for local government in Victoria is provided by *The Local Government Act 1989*. Section 6 of The Act outlines the purposes of a council that are:

(a) to provide for the peace, order and good government of its municipal district;

(b) to facilitate and encourage appropriate development of its municipal district in the best interests of the community;

(c) to provide equitable and appropriate services and facilities for the

community and to ensure that those services and facilities are managed
efficiently and effectively; and

   (d) to manage, improve and develop the resources of its district
   efficiently and effectively.

The Act also outlines in section 153A that the local government authority must prepare three-year plans that list corporate objectives, strategies for achieving them, performance indicators, a resource allocation plan and an annual business plan with performance targets. These plans must be submitted annually to the relevant State government minister.

Amendments to the Act were made during the Kennett government in the decade of the 1990s (changes outlined below) and again when the Bracks Labor State government came into power in October 1999. Further amendments to the Act were made in the second term of the Bracks Labor government and were in place from February 2004.

Changes in the 1990s

When the Kennett-led government came into power in October 1992, it introduced a radical reform agenda for the public service in general and local government in particular. In 1993, statutory positions in local government (town clerk, city engineer, and building inspector) were abolished, and each council was required to appoint a Chief Executive Officer (CEO) on a performance-based contract. Applicants were not required to have any specific local government experience or qualifications. This was the beginning of large-scale reform of local government. What followed was forced amalgamation, removal of elected councillors, compulsory rate-capping and large scale structural changes designed to transform local government into an efficient enterprise built on business principles.

Was change necessary?

Restructuring of the public sector was occurring at all levels during the 1980s. This first wave of change included borrowing private sector practices. Commonwealth and state departments had introduced corporate-planning and program-budgeting techniques, employment contracts and performance measurement for managers (O'Flynn 2003:9). By the 1990s the reform agenda had shifted to the desire for market solutions to what was considered the failure of government. These changes had also been adopted in part at the

local government level, but prior to the reform agenda put in place by the State Government from 1992, local government in Victoria still had a traditional hierarchical and bureaucratic structure, with the chief administrator called the Town Clerk. Aulich (1999) reviews the literature around the efficiencies of the 'old' bureaucratic structure of local government and concludes that, although little research exists, that which does exist indicates that there were inefficiencies in local government management and culture (Aulich 1999:70). He concludes that in the main local government was inward looking and not focussed on innovation, customer service or on measuring outcomes.

A very strong feature of local government in the early decades of the 20th Century was importance of democracy – local democracy. This value Aulich believes is in tension with the desire of recent governments for efficiency. Efficiency as a value became dominant during the 1980s and 1990s in successive Victorian State Governments. Aulich describes this as a tension between values.

Hill (2003) acknowledges that, prior to the massive changes of the 1990s, some local governments were too small to undertake the type of community planning to which they may have aspired. They received little respect from other levels of government and, in some instances, did not pay close attention to matters of governance.

There is a general feeling that local government may have been inefficient, but there is little data to support or deny this view. Rates per capita in Victoria before reform were consistent with rate levels in other Australian states. The table below shows rates in mainland states of Australia in 1995.

Table 2.2 Municipal rates in selected states of Australia in the 1990s

State	*Rates per capita*
Queensland	$385
New South Wales	$317
South Australia	$293
Western Australia	$271
Victoria	$324

Source: Office of Local Government, cited in Victorian Auditor General (1996)

In the 1980s the then Labor government attempted boundary reform and the community backlash was considered to be too strong to resist. Yet when Premier Jeff Kennett pushed through boundary change in the early 1990s, most councils 'surrendered meekly and community reaction was muted' (Hill 2003:8). Perhaps the time for change had come. The Kennett-led Liberal-National State Government campaigned vigorously on a platform of fiscal reform. It was elected to reform the public sector, reduce government debt and get the State on a surer economic footing. The political rhetoric of unsustainable public debt became a reality in the minds of voters and Kennett came to power with a strong mandate to make sweeping changes to the way the public sector operated. During the Kennett period some commentators and academics questioned the truth of the 'crisis' (Watts 1992; Salvaris 1993), but the momentum for change was established.

When the Liberal-National Party Coalition came to power in Victoria in October 1992, its two platforms for local government reform were amalgamation (to create economies of scale) and enforcing competition within local government activities (Compulsory Competitive Tendering). The intention was to be reduced rates for local ratepayers and improved productivity. To ensure the reforms were not derailed, democratically elected councillors were replaced by appointed commissioners.

What did the changes encompass?

In Victoria, the 1990s saw a concerted push from the Kennett State Government to restructure local government and introduce private sector management tools and techniques. These reforms led to enormous change over the decade (Salvaris 1995). Still today, the public sector often enthusiastically adopts management ideas and terminology originally developed for the private sector. This thesis examines why local government adopts these ideas and the language that accompanies them. It asks whether this approach to the public service of local government sustains and supports of the needs of local citizens?

In the public sector, this shift to a private sector model of management is usually called either New Public Management (NPM) or, if seen in a somewhat negative sense, managerialism. Elements of good management are, of course, essential to all well functioning organisations and local government is no exception. It requires clear and open communication, accountability, planning systems in place, structures that enhance decision-making and the like. Managerialism is seen as distinct from good management in that it is

influenced by specific economic conservative theories. Hood (1991) says that the two partners in the 'marriage' of NPM are the economic theories of public choice and agency theory and the scientific management movement, which saw management as a set of professional tools applicable to every setting. Various authors have described the elements of managerialism or New Public Management. The elements include an emphasis on cost-cutting, capping budgets, transparency in resource allocation, downsizing traditional bureaucratic organisations into separate agencies, separating the provision of services from purchasing of services, introducing market mechanisms, requiring staff to work to performance targets, indicators and output objectives, employment by contract based on performance and increasing emphasis on service 'quality', standard setting and 'customer responsiveness' (see Pollitt 1995; Hood 1991; Osborne and Gaebler 1993).

Van Gramberg and Teicher (2000:1) call managerialism 'the adoption of a private sector management model emphasising the accountability of managers and a results orientation'. Krantz and Gilmore (1990) argue that, when management and leadership are split in the workplace, managerialism is the result. By managerialism they mean, 'the magical investment in technique and methods' of management. Strangely, even the 'bible' of public sector reform – Osborne and Gaebler's *Reinventing Government* – argued that government is not a business and that it is foolish to consider it so (Osborne and Gaebler 1993:21). Nevertheless, its injunction that governments should 'steer, not row' became the mantra of governments in Australia, USA, United Kingdom and New Zealand in the 1990s (O'Flynn 2003:11). Osborne and Gaebler became the gurus of reform of the public sector. They had 10 principles for successful enterprises (public or private) as illustrated in Table 2.3 below.

Table 2.3 Osborne and Gaebler's 10 principles

steering, not rowing
partnerships
competition
mission driven
funding outcomes, not inputs
customer driven
enterprising
anticipatory
teams not hierarchies
market oriented

NPM – adopted in many countries

The phenomenon of the orthodoxy of NPM and its economic rationalist underpinnings gained momentum through the 1990s after the period of fiscal reform presided over by President Reagan in the USA and Prime Minister Thatcher in Britain. The same language and tone is used in formal public documents in many western countries. The market solution to the perceived failure of government has been taken up (in some cases wholeheartedly, in some more cautiously) in the UK, USA, Australia, New Zealand, Canada, Norway, Finland, The Netherlands, Denmark, and Japan (Pollitt 2003:37). Even Sweden, with its social democratic government, has to some degree adopted the practices of New Public Management.

In Sweden 'the main tool to promote efficiency [in the public sector] will be more systematic reassessments of public sector commitments in different sectors.' (OECD 2001a:2) In other words, Sweden will consider pulling out of publicly providing services in several areas. Contracting out at the local level was occurring in Sweden, with a law change in the 1990s to allow education, child-care and care of the elderly to be contracted to private enterprise. These were formerly the domains of local government (OECD 2001a). In 1999, Sweden created the National Council for Quality and Development to ensure the public service adopted total quality management and related business tools. In Sweden it is called 'management by results'. This is the same term used by the Canadian Government when speaking of its public services.

The stated driving forces behind these reforms were public debt and being part of the world stage that required such reforms. The conventional wisdom is repeated in Canada: 'Globalization, information technologies are changing the focus of management. The focus must be on results. Public enterprises need to be more 'efficient, effective, responsive and innovative' (OECD 2001b). Again a public budget deficit throughout the 1980s is said to have required these reforms. While the Canadian Government says it values people and diversity, it also uses the correct language of economic orthodoxy in claiming reform was needed and in detailing how the reform has occurred. The Canadian Government is 'committed to fiscal restraint, accountability and transparency'. Changes include 'new approaches to business planning; and modernization of results-oriented performance management information supporting systems.' (OECD 2001b:12).

Changes in Victoria from 1993

A similar rhetoric was adopted in Victoria, where adherence to the market solution model of public sector reform called for three main changes. These were the introduction of competition, contracts and the separation of purchasers from providers. In local government in Victoria these notions led to the introduction of amalgamation and boundary changes, employment contracts for CEO and senior staff, rate reductions and caps, the sale of assets, Compulsory Competitive Tendering (CCT), new financial reporting and borrowing requirements, the removal of the local government monopoly on building regulation and the suspension of democracy and appointment of commissioners. Table 2.4 gives a chronology of the major reforms.

By 1995, 210 local government authorities in Victoria were replaced by 78 larger entities[3]. Each had a rate cap imposed, rates were expected to be reduced by 20 per cent in the first year of operation and each local government authority was expected to divide its operations according to the purchaser/provider split advocated by the State Government. The split required local government to separate its policy staff (the purchasers of services) from those staff (or private companies) that were contracted to provide services. This split required that the new councils competitively tender an increasing amount of their expenditure. Legislation was enacted in October 1994 that required 20 per cent (for 1994–95), then 30 per cent (1995–96) and 50 per cent (1996–97) of a municipality's expenditure to be put to a market test. The split meant policy development and service planning were to occur in local government, but service delivery or provider functions were to be contracted out.

Table 2.4 Major local government reforms of the 1990s in Victoria

1992	Liberal–National State Government elected on mandate to reform the public sector and reduce government debt. State Government leader was Jeff Kennett. The (then) minister for local government Roger Hallam argued that local government must 'do more with less'.
1993	*Local Government (Amendment) Act 1993* introduced to establish a Local Government Board to advise the Minister for Local Government on measures to improve the performance of local government.

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[3] The only other change to this situation occurred in October 2002 when the Shire of Delatite split to become two municipalities based around the towns of Benalla and Mansfield.

1993-94	Amalgamations of 210 local governments into 78; conducted in five rounds by region – 20 per cent reduction in rates imposed and the introduction of rate capping. Rural municipalities went from 149 to 47.
1993-94	Replacement of councillors by government appointed commissioners for a two-year term.
1994	Introduction of CCT through the *Local Government Compliance Act 1994,* a series of regulations, and a Code of Tendering. Councils required to market test an increasing proportion of their services. From 1994–95 services to the value of 20 per cent of the councils' total operating expenditure were to be competitively tendered, to be increased to 30 per cent by the end of 1995–96 and to 50 per cent by the end of 1996–97 and for each year thereafter.
1994	Revisions to the *Local Government Act 1989* to include new financial management and reporting requirements, new borrowing requirements and the introduction of contracts for senior executive staff. By 1994–95, almost $500 million worth of local government work had been tendered out (Aulich 1999:21).
1996	From March, councils conducted elections for councillors to replace the commissioners. Return to democracy for 23 inner city councils in March 1996 and the rest in March 1997 after three years of commissioners. From July 1996 the principles of 'competitive neutrality' embodied in the *Trade Practices Act 1974* (Commonwealth) applied to local government as well as State and Federal instrumentalities.
1998	State Government lifted rate capping to enable a maximum rate rise of 8 per cent from 1998–99. Job losses in Victorian local government to 1997 were 17,000 (Aulich 1999).
1999	Change of State Government at the October elections. The new Bracks Labor Government decided to 'quietly remove the most objectionable features of the Kennett era' (Hill 2003:6).

Adapted from Aulich (1999:18)

From July 1996 the principles of 'competitive neutrality' embodied in the *Trade Practices Act 1974* (Commonwealth) applied to local government as well as to state and federal instrumentalities. This legislation meant that government could not engage in any services or program if, in order to do so, it provided subsidies or undercut a private sector provider in

the same area. So child-care, for example, provided by a local authority must not charge fees that undercut a private child care provider.

What were the driving forces behind the changes?

Van Gramberg and Teicher (2000) and Krantz and Gilmore (1990) argue that there is no room for strategy, vision and values in managerialism. Managerialism assumes all behaviours to be rational; the unconscious is largely denied in managerialism. Krantz and Gilmore highlight the unconscious at work in their example of a government correctional facility, where 'managerialism…was used to neutralise potentially divisive conflicts over deep values' (1990:193).

There is debate in the literature as to the success or otherwise of NPM, its universality, why it arose and the applicability of private sector tools to the operation of public services, but there is limited discussion in the literature of the values that underpin NPM. Although it is rarely discussed, the key change that NPM has brought about in the public service is a shift in values. Traditional public service values such as universalism, equity, security (Pollitt 2003) have been replaced with ideals of efficiency, self-reliance and individualism.

The theories behind the introduction of these changes are varied[4], but largely arise from neoliberal economic theories of agency and public choice. At their base is the assumption that individuals are selfish utility maximisers, that transactions need contracts, since trust is absent, and that organisations will be inefficient without competition.

The Kennett reforms of the 1990s were top down and driven by efficiency purposes (Galligan 1998:205). Gerritsen (1998:224) argues there is also a degree of contempt by central government for the rights and capacities of those in local government. The changes were made, not to make local government more accountable to its constituents but to the State Government (Hill 2003; Walsh 1995).

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[4] O'Flynn (2003) also notes the impact of related economic theories at the time. They were all based on the notion that competition inevitably leads to efficiency. In agency theory, contracts bind the principal [purchaser] and the agent in action. In New Institutional Economics (NIE), it is argued that institutional forms arise and change as a means of minimising the transaction costs of contracts entered into, either to make or to

Stephen Albin (1995) contends that those wishing to see a change in public sector management assumed that in large scale government bureaucracies a larger budget and more staff were taken as measures of management success and that this needed to change in order to curb public-sector spending. 'Managerialism is directed at changing traditional bureaucratic organisational incentives to reduce outputs and thereby lower taxes. The explicit assumption is that private sector incentive structures are far superior to those which manifest in government' (Albin 1995:138). These changes began[5] in local government in the 1980s with contracting out of services.

Peter Self (1993) has written about importing the language of the marketplace into public sector organisations. He notes that it came from public choice theory (Buchanan 1975) that arose in the 1960s in the USA. The basic assumptions of this theory are self-interest and rationality. Peter Self argues that public choice theory became 'fused' with market theories to become an ideology of 'government by the market'. Government by the market has been the dominant ideology since the 1980s. Self defines this ideology as, curbing expenditure in the public sector, transferring or contracting services out of public control and restructuring government organisations on the basis of contracts, measurement, transparency and performance (Self 1993:60-62).

The economic theories on which market theory rests are supposed, explicitly, to be value free. Their models provide no place for citizenship and political freedom. Self (1993) argues that the market ideology does not work in government because it has no understanding of the public interest (there is more than simple personal interest). It equates market freedom with political liberty, whereas political liberty is prior to the role of the market. It confuses wants with needs: personal wants are not the same as social needs and social justice.

Public choice theory (and related agency theory) attempt to apply the model of the market developed within neo-classical economic theory to politics. All spheres of activity, including the political, are viewed as markets in which it is assumed individuals make

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buy. In competition theory, the more buyers and sellers are in the market, the more intense is competition and the more efficient is the system.
[5] Walsh (1995:xiii) argues that the 'rediscovery' of productivity, performance and control issues has occurred periodically in the public sector since FW Taylor's time in the early 1900s.

decisions on the basis of narrow self-interest. Although public choice theory was developed in relation to the American system of government, its tenets have found wide application, especially in Australia, New Zealand and the UK. The key assumptions of public choice theory are that individuals are always motivated by rational self-interest. It is argued that government will necessarily be inefficient because it is not part of a marketplace. Often service delivery is by a government instrumentality that is a monopoly. Therefore, according to public choice theory, life tenure for senior staff in such instrumentalities inevitably leads to empire building and does not encourage innovation in provision. Life tenure, on this account, nullifies incentive.

Public choice theorists argue that government organisations will inevitably fail (if they are not market based) because it cannot be assumed that politicians will always make decisions in the best interests of the community. They may be influenced by their own self-interest or be influenced by other vested interests in the community. Bureaucrats, on the other hand, are likely only to carry out the wishes of politicians in so far as they serve their own interests. In addition, there is no incentive in the public sector for bureaucrats to be hard working and efficient (Walsh 1995:19).

The State Liberal–Coalition Government of Jeff Kennett in the 1990s favoured neoliberal economic models. It was advised in its reforms by economic think tanks, such as the Institute of Public Affairs. Des Moore (senior fellow of the institute at the time) said many in the Victorian community knew the government of the 1980s was 'malfunctioning' (Moore 1996:63). He advised Kennett that local government was captured by special interest groups (namely labour unions), and reforms were needed to reduce the potential for capture.

Moore's view was that there is a 'growing recognition that governments tend to be less efficient deliverers of services than the private sector because they are not so exposed to competitive forces and they are so susceptible to "capture" by one type of interest group or another' (Moore 1996:70). The idea that special interest groups can capture both politicians and public administrators is not tested. It is assumed that it occurs and that this capture leads to pressure on policy making and a distortion of outcomes. It is also argued that the public sector will necessarily be inefficient since it is often in a monopoly situation and does not have the discipline of competition to ensure efficiency.

The influence of this economic theory was not confined to the State Government in Victoria. In his book, *Economic Rationalism In Canberra,* Pusey (1991:10) argues that government in Australia is 'caught within projections of reality that give primacy to "the economy", second place to the political order and third place to the social order.' The first 'wave' of reform occurred in Victoria in 1982 (with the introduction of program-budgeting, corporate-planning) and in the Commonwealth Government by 1984, with a second wave in 1987 with the Federal Labor Government's policy of micro-economic reform (Davis 1997). By 1994, all levels of government agreed under the *Competition Principles Agreement* that they would not restrict competition unless it could be shown that restrictions were in the public interest (Aulich 1999:16). The 'most stealthy' of economic rationalist policies adopted by all governments in Australia is the National Competition Policy (Gray and Lawrence 2001:5).

The 1990s were the decade of managerialism in local government in Victoria. Many writers have described the costs during this time in terms of loss of jobs, loss of democracy and loss of community participation at the local level (Salvaris 1995; Williamson 2002; Considine & Painter 1997). Some writers argue the need for a new model of management in the public sector to replace that prevailing during the reform days (Sinclair 1997; Alford 1997). However, a detailed model is yet to be developed for local government in Victoria.

Public choice theory propounds a narrow and negative view of human motivations. It assumes that each of us will always act in his or her[6] own narrowly defined self-interest. It sees the realm of politics also in terms of exchange, where taxpayers are simply individuals without any social ties or personal needs, whose sole interest is to keep public expenditure low so that their tax is also low.

If we subscribe to this theory, it follows that representative democracy is suspect and the market is the only true reflection of representation. The prevailing logic is that public servants design their bureaucracies to suit themselves not their customers, so competition had to be introduced (even where it did not naturally belong, e.g. in libraries). Autonomy was taken from local government to determine if a service could be tested in the market by compulsory competitive tendering (CCT). If no genuine market existed, then internal

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[6] I will use the pronoun 'her' hereafter to denote either gender.

markets were to be created within the authority (business units and the purchaser-provider split).

This rather negative view of people as self-serving, led Kennett to distrust the value of local government as a reflection of community aspirations and to distrust the value of service to which, by and large, workers in local government are bound. My research shows that CEOs in local government see the values of service as underpinning their motivation for working in the public sector. They believe that actions are determined by more than economic considerations and that their work reflects community aspirations.

Can it rightly be called reform?

Were the changes to local government in Victoria in the 1990s for the better? Did they result in lasting improvements to the processes and outcomes of local government? This work addresses these questions and asks do managerialist constructs really provide an appropriate framework for an understanding of the work of local government? What are the appropriate values for local government management?

Hill (2003) quotes an unpublished paper by Hayden Raysmith who argues that changes made without involvement of the constituents (including the removal of democratically elected representatives) cannot rightly be called reform. Hill is more generous, in that he argues that while the method of change was abhorrent, he believes that it did lead to improvements in the system of local government and in that sense is reforming. Overall, the period of the 1990s was a time of great change in local government, but the negative effects may well overshadow any positive effects, and this position is argued in part four of the thesis.

The election of a more moderate Labor State Government in 1999 has led to greater emphasis on democracy, community building and participation, but the decade of the 1990s has left an indelible mark on the way local government managers go about their work. The majority of local government authorities in Victoria are now signatories to the recently produced VLGA *Code of Good Governance* (2000) that outlines the roles and responsibilities of councillors, citizens and staff. While the *Code of Good Governance* notes the importance of 'internal governance' (corporate governance), it does not address it in detail. This sphere of local government action is still waiting for a new code to be adopted.

It is valuable to explore the impact of the reforms of the 1990s on management practice in local government today, to bring to light the values and unconscious motivations influencing the work of CEOs and to look at local government management from a different perspective.

Conclusion

Australia has a federal system of government, encompassing Commonwealth, State and local governments. Local government is controlled ultimately by State Government, and many attempts to change it, modernise it and update its boundaries have been undertaken in the past 50 years.

Significant change for local government in the State of Victoria only occurred in the decade of the 1990s, following the election of a conservative State Government. It is argued here that changes were brought to local government in Victoria in the decade of the 1990s by the Kennett State Government because of its adherence to neoliberal political ideologies. Walsh (1995:56) believes other factors have also influenced the worldwide phenomenon of market-based interventions in the public sector. He names Britain as the most complete example of radical change introduced because of adherence by the central government to these ideologies. He also says other factors influenced the adoption of neoliberal strategies in several countries. These include the use of rhetoric about the need for change as a motivating factor in change, learning by successful implementation of change processes and imitation with many countries publicly stating that they followed Margaret Thatcher.

Walsh devotes a chapter of his book to these other factors that, I believe, still boil down to the rise of neoliberal economic ideology. The rhetoric of the need for change comes from a mindset that assumes 'business does it better' and that the public service is necessarily inefficient. The Kennett Government used this rhetoric with very little supporting evidence. The evidence of successful implementation of market-based changes has also never been thoroughly documented and is one of the factors used here to show the link between introduced changes and ideology (changes were made for ideological purposes and with little regard for their actual success). Finally, imitation may have spread new ideas, as Walsh contends, but imitation will only occur if there is acceptance of the tenets underlying the changes.

Pollitt (2003) also puts emphasis on the notion of practitioners copying what appear to be good ideas from others and the influence of the Organisation for Economic Cooperation and Development (OECD) and the World Bank, which also use and promulgate the terminology. As Pollitt says, it is the 'only show in town'. He thinks there are a variety of reasons for NPM's rise, including the legitimacy it has gained from these credible agencies, the fact that it provides a simple set of solutions to complex problems and that its implementation cuts costs. However he argues that NPM was chosen by conservative politicians and based on neoliberal ideological preferences rather than occurring with no rhyme or reason or even occurring as an inevitable response to globalisation and changing business practices (as is sometimes claimed).

The next chapter investigates the pervasiveness of this ideology and investigates its origins in the philosophical belief in the rationality of humanity. It also outlines another way of looking at humanity, which describes and accounts for both rational and irrational events.

Chapter 3

Rationality and Irrationality

The last chapter argued that changes brought to local government in Victoria, especially in the 1990s, were guided by conservative economic rationalist philosophies, which propose that we each act always in our own self-interest. In this chapter I look at the origins of this philosophy and the hold it has over us. I argue that there are alternative theories of human motivation that are broader and therefore more fully explain and account for the full spectrum of behaviours seen in the workplace.

Philosophical views of humanity

Historically, philosophy includes many attempts to determine whether humanity is inherently good and noble or bad and base in its desires and actions. Are moral values inherent – the natural disposition of humanity or can they be learned? The ancient Greek philosophers, most notably Aristotle, tried to define the meaning of 'a good life'. Plato and Aristotle described the virtues of wisdom, courage, temperance and justice as part of humanity. Religious thinkers, especially Augustine and Aquinas (Finnis 2005) saw virtue as relating to our relationship with God and called on His power to help humanity overcome its base instincts. Religious belief would have it that virtue can be learned, but only with reference to a higher power and for the purpose of gaining immortal life. The Greeks were more disposed to believing that living a moral life led to happiness (contentment) and were focused on the virtues as enacted in relation to others, rather than for the purpose of gaining immortal life. We live with the conflict between self-interest and altruism: a resolution is practically impossible. There are debates throughout the history of philosophy about what it may mean to have lived a good life. There is the pleasant life –self-gratification, the life of pleasure; there is a successful life – achieving and performing to your best, but not necessarily altruistic and the life filled with meaning – commitment to a higher cause, what some philosophers would call a virtuous life.

Renaissance thinkers, while still religious, tried to reclaim, without recourse to God, the view of humanity as essentially noble, creative and admirable. The Renaissance saw

humanity in a new light. Humanity is master of its own destiny (Goudzwaard 1970:13). Thomas Hobbes treated the world as purely mechanical and material. In *The Leviathan*, he wrote that 'the universe is corporeal; all that is real is material, and what is not material is not real' (Williams 2006). Hobbes was pessimistic about humanity in its base state. He warned against freedom to pursue individual goals and asserted that this leads to a 'war of all against all'. A little later, Descartes attempted to use logic to defend Christianity. Later still, with the rise of Protestantism and the economic power of the emerging middle classes, the thinkers of the Enlightenment (late 17th and 18th Centuries) linked logic with reason to defend their scepticism about the prevailing religious faith. The Enlightenment view is that reason and emotion are opposite: emotions are personal, subjective and unknowable, resistant to measure and serve no useful purpose; whereas rationality is what differentiates us from animals – rationality is our nobility. Our ability to reason is the key to our perfectibility (Goudzwaard 1970).

There tends to be a duality in western philosophical thought: a polarised view of mankind, as either inherently good or inherently bad. There is also often an assumption that reality is rational, by design and for a purpose. The duality is imposed on mind and body, logic and emotion and reason and irrationality.

Rationality and the Enlightenment

With the Enlightenment came the shift of values from tradition, community, and authority to individualism, freedom and change. Radical doubt about the previous authority of church and state led to a philosophy that has paradoxically locked us into another narrow and conservative view of humanity. A shift occurred from the idea that the world can be investigated by rational means to the idea that there is only one way to view the world. The requirement that all phenomena conform to the rules of logic has infused thinking in the west and is seen in mainstream management thinking today. The great thinkers of the Enlightenment period (Voltaire, Rousseau, Locke and Hume) were infatuated with reason as a means of overcoming the superstition of religious faith and the absolute power of the monarchy (Uzgalis 2005). Enlightenment thinkers tried to link virtue to reason and saw humanity as individuals in pursuit of individual ends, which are relative. There was no longer a moral imperative – the will of God – prompting us to aspire to realise our full potential. Yet the Enlightenment thinkers still believed in the rationality of life and saw progress as continually occurring. Belief in the inevitability of human progress became an

article of faith in the Enlightenment period and this perspective continues today. Rather than being a religious faith, Goudzwaard (1970:xxii) calls it a 'propelling, all-embracing vision[s] which direct[s] persons in everything they feel, think, and do'. Because it is an article of faith it is part of the fabric of society. Although the more radical later thinkers, Hegel (Redding 2002) and Marx (Wolff 2003) were critical of Enlightenment views of the bourgeoisie, they also saw progress as inevitable and, essentially, linear.

The Enlightenment was a period when emotion was seen as inferior to reason. The Enlightenment thinkers would have it that certain things do occur, such as dreams, which are not rational or open to scientific enquiry but they are of no consequence, have no meaning, serve no purpose and are best ignored. Goudzwaard (1970:38) argues that this faith in progress occurs because of the Enlightenment view of the 'infallible guidance provided by man's *critical reason'*. The Enlightenment view was adopted in classical economics and came down to us from Adam Smith[7] who declared that free competition in the marketplace results in fair and free access to the goods of society and therefore to individual happiness. The utilitarians also argued that we are all 'utility maximisers', i.e we seek pleasure and avoid pain and that pleasure can best be measured by the acquisition of the most goods for the least amount of work (Goudzwaard 1979). This view is still pervasive today. Values such as individualism and freedom of choice, the belief in the inevitability of progress and change, the denigration of emotion and the denial of the importance of the irrational can all be seen as hallmarks of the modern version of the Enlightenment infatuation with reason. This modern incarnation is what I call here economic rationalism. It is political and economic orthodoxy in western countries and has been so for at least two decades.

The guiding principle in economic rationalist thinking is that of utility. While emotions and desires are not ignored as motivators for action, as they were in earlier rationalist philosophy, the aim is still to find the most rational and efficient means of achieving the desires of each individual. Reason is still the abstract ideal and there is limited accounting for context, complexity when humans interact, or emotions that arise from identification with others. This view is mirrored in classic management texts. Economic rationalism takes

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[7] See page 41 where it is also noted that Adam Smith believed in the 'invisible hand' guiding humanity to the common good.

everything back to the individual and to the material. But values that do not recognise the inter-connectedness of community are potentially exploitative or at best meaningless.

While this way of thinking dominates in the West, it is not the only way to view the world. It is certainly not a common view in the philosophies of other cultures. The traditional Chinese view of a balancing of opposites is a clear example – where health and happiness require the opposing forces of the rational and non-rational to be in balance. There is also a tradition of looking at reason differently, beginning in philosophy with Schopenhauer and later Nietzsche and then in the emerging field of psychoanalysis, which began with Freud. Rationalist thinkers value the material, that which may be tested, felt and seen yet they have little explanation for events that are not logical, outcomes that seem unfair and the apparent cruelty of life. In no way do they deal with complex notions of what is good and what is evil (Cook 2002). They are unsatisfactory in explaining occasions when life is simply not logical and not fair.

A sea of irrationality

Arthur Schopenhauer was among the first to contend that at its core the universe is not a rational place. In 1813 he published his dissertation, *The Fourfold Root of the Principle of Sufficient Reason.* In it he argued against the common thread in philosophy that assumed that the world is a rational place and that what we see and know is rational. Schopenhauer used the image of a man in a rowboat who is convinced of his own rationality but is actually floating in a raging sea of irrationality (Cook 2002).

In his work, *The Birth of Tragedy (1872),* Nietzsche took up Schopenhauer's concept of the importance of irrationality to describe how Greek tragedies worked for an audience. Nietzsche believed that both rationality and irrationality were present in Greek tragedy, and that tragedy is shown by the tension between them. The god Apollo represents rationality: he is clear-headed, logical and makes meaning of what he sees and does. On the other hand there is Dionysus, who is the god of drunkenness and debauchery. He is intuitive, instinctual, hot headed and overthrows convention with chaos. For Nietzsche, Dionysus represents reality and Apollo is a construct of humanity to attempt to make sense of and control the raw and uncontained power of Dionysus (Cook 2002).

Whereas Enlightenment thinkers saw a duality between rationality and irrationality, with rationality representing the noble in humanity and irrationality as the base, the mad and the unmentionable, Nietzsche believed that rationality is a 'thin veil' covering the true irrational nature of the world. Its purpose is to convince humanity that the world is really intelligible. This veil is necessary for us to cope with the chaos around us. In Nietzsche's view there is a continuum between rationality and irrationality. Rather than rationality being dominant, it is possible that irrationality is the true experience and rationality is a construct imposed as a means of coping with that fact. In Schopenhauer and Nietzsche we find that the idea of a conflict between reason and emotion, morality and desire, was familiar before Freud took up the theme. Both the philosophers and Freud saw continuity between rationality and irrationality. One fundamental difference between them, however, was that Freud imagined the existence of the unconscious. He postulated the existence of a previously unthought of psychological realm where socially inappropriate desires can be repressed – they are excluded from consciousness and denied active expression. The repression of these desires does not, however, eradicate them. They continue to 'press for satisfaction' and they achieve it in thought, in the form of fantasy and in a physical form, as neurotic symptoms. Neurosis is 'the return of the repressed'.

Freud and the irrational

In Freud's view, the irrational is always with us and slips through into consciousness in the form of slips of the tongue, dreams and phobias, which appear to us as odd and irrational. For Freud, however, they do have meaning and can be interpreted: they occur for a reason. There are reasons for even the most irrational phenomena and those reasons are objective, not purely subjective, in character. Rationalist thinkers would have it that these odd occurrences are not significant in themselves and have no objective meaning. They are idiosyncratic and meaningful, if at all, only to the subject herself. Yet Freud showed that they serve a purpose. They have meaning, whatever their real or fantasised beginnings, and they do influence outward, apparently rational behaviour. It follows, too, that rational activity has an element of the irrational within it. In his later work, Freud developed the concepts of Eros and Thanatos that he saw as, on the one hand a synthesizing force and, on the other, a force that seeks to destroy links. He took the view that there is a continuum between sanity and madness and rationality and irrationality. He believed that it is a very rational activity to investigate the connections between them, rather than deny the existence of the irrational.

Freud was pessimistic and believed that investigating repressed desires would not lead to improvement in social conditions. He felt that reconciling individual desires with socially acceptable behaviour would always be problematic. Later psychoanalysts focussed on the repressed demands of the unconscious and believed that bringing them into the light would improve individual and, therefore, social conditions.

Klein and ego development

Melanie Klein takes up the issue of good and bad, rational and irrational from a different standpoint. Klein describes our human tendency to idealise and anathematise; to forcibly separate the 'all good' from the 'all bad' in life as a reversion to a very early form of thought present in infancy. She describes this in her theory of the good and bad breast (Klein 1975). Klein investigated how the ego – the mediating force between the drives of an individual's inner world and the constraints of the outside world – develops in relationship with another object: the mother. She took the view that we learn to know ourselves by interacting with the world outside ourselves. Initially our understanding of 'self' and 'other' is imperfect and it elicits powerful emotions as we grapple with the new world we enter as babies.

For Klein early frustrations and anxieties (separation from the mother, hunger and cold) set up a fear of annihilation in the developing ego of the baby. The baby feels every discomfort as if it comes from some outside persecutory force. The fear of this force becomes internalised and the baby develops mechanisms for defending itself against this anxiety. Klein believes that from birth a baby has an unconscious awareness of the existence of the mother. The mother is the infant's whole world: food, warmth and love come from her but pain and fear also exist. From the outset, we must cope with the fact that safety, love and security exist along with pain, chaos and uncertainty. For the infant with limited understanding these states do not initially exist within the one entity. The development of an integrated maternal entity is a major achievement of early infancy.

Briefly, Klein proposes that the first object that we encounter and relate to is the mother's breast. The breast represents the mother and the source of all good. However the breast is identified with both good and bad experiences (frustrating, slow or difficult feeding). Feelings of anxiety are projected – placed outside the baby and onto the 'bad' object – and the good breast provides the focus for positive and affirming experiences. The self-

preservation of the infant depends on her trust that there is a good mother. By splitting off the bad aspects and clinging to the good, she maintains her trust in the good mother. In splitting, it is as if (in the child's mind) both a good and a bad breast exist: the good breast is separate and not contaminated by the bad breast. This splitting of good and bad can be described as separating parts of experience to protect the good and reject the bad. Implied in this splitting of love and hate is an 'interaction between introjection and projection, between internal and external objects and situations' in the developing ego (Klein 1975:2).

The baby goes through stages of development, commencing with the 'paranoid position' where she sees all bad feelings as emanating from the bad breast. Later the baby enters the 'depressive position' where she sees that the good and bad breast are actually the same object and that she has hated and attacked the thing she loves. 'The synthesis between the loved and hated aspects of the complete object gives rise to feelings of mourning and guilt which imply vital advances in the infant's emotional and intellectual life' (Klein 1975:3). So rather than seeing babies as 'psychotic' (Klein 1975:1), Klein believes these are natural processes of development that we all go through. The affects of persecution, anxiety, fear of annihilation, love, hate and guilt stay with us in adult life. The mechanisms we learned as infants to protect ourselves from being overwhelmed by these feelings shape the way we respond to situations and people.

Of course this process occurs in the unconscious world of the baby, but it resonates throughout life as we try to grapple with the 'good' and 'bad' in ourselves, in others and in fearful situations we encounter throughout life. These are powerful emotions because the baby has a life or death attachment to what seems an omnipotent being that is not fully sensed or understood. It makes sense that these powerful experiences resonate throughout our lives and that we try to find ways of dealing with the contradictory feelings they raise in us. It also makes sense that we would have difficulty in living day to day if we were always consciously aware of these feelings. The various techniques described by Klein that we use to defend ourselves from anxiety are used in this thesis to interpret the responses and behaviour of participants. These techniques are splitting, projection, introjection, idealisation and denial.

Having experience of a good breast and internalising this good object acts as a focal point for the ego. This experience builds the ego, makes it integrated and cohesive (Klein 1975:6)

and defends against frustration and anxiety. It is a precondition for normal development. Similarly, projecting bad feelings onto external objects (or people) protects against internal feelings of persecution. Idealisation is another part of the mechanism of splitting. In idealisation, the good aspects of the object are exaggerated to protect against the fear of the persecutory power of the bad object. In fact idealisation can go as far as denying the existence of the bad object altogether. It leads to the later experience of refusing to acknowledge any unwanted feeling.

Splitting and projection are normal aspects of human development but, if they become excessive, they can result in 'disturbances'. Klein believed they could lead to schizophrenic illness. If we deny all feelings of anger in ourselves, we lose the capacity for the associated good aspects of anger – strength, power and action. If we project all good into the mother, then our own ego is weakened and our own feelings of goodness are lost to us (Klein 1975:9). For normal development to occur there needs to be a balance in early life of both introjection of good and bad objects and projection of good and bad objects.

Klein's Object Relations Theory, therefore, focuses on how people 'use one another to stabilize their inner lives' and how 'psychodynamic processes within people shape relationships between them' (Hirschhorn 1992:4). The theory accounts for behaviours and attitudes that we witness in our daily lives, whether they are rational or not. It shows the power of irrational forces both within and between us as we interact in group settings. There is clearly a level of complexity when we interact with others, and it is in these settings that the nature of the irrational becomes apparent. We have all witnessed co-workers blaming others for their mistakes, getting upset over seemingly unimportant issues, forging alliances with powerful colleagues and agreeing with them no matter what, avoiding difficult conversations about the performance of sub-ordinates or sullenly rejecting any idea introduced by the new boss. These things do occur. Often they are not rational and rationalists among us have no explanation for these events. Jaques (1955) and Menzies (1959), however describes the odd things that happen in a workplace as ways of reducing anxiety.

Object relations in the workplace

Elliot Jaques (1955) first developed the concept of *social defenses*, whereby a group engages in rituals that help manage anxiety about the job at hand. Jaques believed that the

same defence mechanisms that are used by babies, as Klein suggested, are also used by adults in workplace situations. People project their bad internal objects into another member of the organisation, who then takes in the projection. Thus individuals can maintain the feeling of their own goodness by splitting off their own unwanted parts and feelings and projecting them into others. Group cohesion can be aided by seeing others as bad, whether it be the boss, a minority group or even the client or customer that the group is set up to assist.

This theory was followed closely in the work of Isabel Menzies (1959). She looked at how nurses organised their work so as to minimise their direct and close involvement with patients. Hirschhorn (1992:3) gives examples of apparently rational structures that mask defences. For example, excessive paperwork helps to contain the anxiety of face-to-face communication and excessive checking and monitoring helps reduce the anxiety of making hard decisions by diffusing accountability. While not all social relationships serve this one function only (i.e. social defense), it is a common feature of group processes and a primary binding element (Jaques 1955).

In much of his writing, Wilfred Bion tried to account for both the rational and irrational in how we behave, especially as these behaviours manifest in group situations. He believed that 'reason is emotion's slave and exists to rationalize emotional experience' (Bion 1970:1). He looked at group functioning from the Kleinian perspective. Bion agreed at a basic level with Freud's view that the family provides the basic pattern for all group behaviour, but he went on to say that the main drives of any group are related to Klein's theory of the early paranoid-schizoid and depressive positions (Bion 1959:188). Bion also attempted to describe the process of thinking. He distinguished between oral thought and thinking in imagery. In his view, perception and emotion are infused in thought. Our thought processes help us to make sense of and to organise our pre-concepts so that we know what to look for in the external environment and so that we can see patterns emerge. These processes are adaptive and help us survive. Thinking is then a way of turning elements of experience and perception into an apparatus for dealing with experience. It follows then that the rules of rational thought are abstracted from our experience. Experience comes before rational thought. In addition, some of our thinking is not conscious. For Bion, without time and space for reflection, sense perceptions, images and feelings can just 'sit undigested' in the personality (he calls them beta elements), and the

work involved in making them conscious and related to external reality (alpha elements) is difficult.

In summing up Bion's work on thinking, Symington (1986:283) notes that transforming beta elements is hard work: 'I fight a hard battle against coming to know what I think and feel. There are powerful forces [projective mechanisms] which prevent me from coming to know what I think and what I feel, there is a strong pull against doing that.' These forces are not rational but are part of any group interaction and, for Bion, they shape group processes. Bion did not see a dichotomy between reason and emotion. He saw them as inter-related.

Bion says that any group coming together to accomplish an aim will work to achieve that aim but will also become involved in other emotional activities, which may or may not further the aim of the group but serve another purpose. These other activities are more emotional than intellectual and seem obscure in origin. They appear to be related to primitive part objects, as described by Klein, and therefore arouse anxiety in group members. These other activities result in group behaviour that has coherence only if considered as part of a primitive basic assumption and not as part of furthering the work goal.

So while family patterns influence groups, at a more primitive level part-object relationships dominate group function. When a group is not functioning at a 'sophisticated' level, it embarks on one of the more 'primitive' cultures, which Bion calls basic assumptions. There is a pull between sophistication of group functioning and the more primitive assumption states. When something challenges the functioning of the group and its focus on the task, the group tends to revert to one of the basic assumption modes of operating. Bion outlines three basic assumption modes of group functioning. These can be generally described as 'pairing', 'dependency' and 'flight or fight'.

In the pairing basic assumption mode members of the group come to believe that through a union of two, a leader will come to save them from the anxiety experienced in the group. In the flight or flight mode, there is a tendency to project fear onto some outside enemy and the urge is to fight or flee this external enemy. In the dependency mode, the focus is (as in the other modes) on a leader to solve the problems of the group. There is unconscious collusion within the group to act on these basic assumption modes.

Groups can move from one basic assumption to the next as one becomes unsatisfactory. There is, however, conflict between the basic assumption states and the sophisticated work group. The efforts to get back on track with task are efforts to grow up and to rely on learning as a group, and not on magical answers appearing from on high. Bion notes that, in general, the work group does function adequately and fears of being swamped by the basic assumptions are out of proportion (Bion 1959:98).

Bion uses the term 'valency' (which he took from physics to describe the capacity and tendency of one thing to combine with another) to describe the readiness of group members to 'enter into combination with the group in making and acting on the basic assumptions' (Bion 1959:116). He uses the term 'cooperation' for the phenomenon of group members either consciously or unconsciously working together on the actual work of the group and valency when spontaneous and instinctive cooperation occurs to form a basic assumption group. Participation in basic assumptions is not planned or something we are trained for. It happens spontaneously: 'it is instantaneous, inevitable and instinctive' (Bion 1959:153).

What is real?

These theories offer insight into behaviours we have all witnessed in ourselves and others at work, for which rationality has no explanation. Seeking to impose order on a chaotic world is an adaptive construction on an inherently unpredictable system. Although we may be operating at a primitive level when we seek order in all things, it is part of our adaptation to seek out certainty, to see patterns in our environment, to want to believe in this secular time, that we are always improving and progressing. Our attempts to seek order only become maladaptive when we do not recognise the hold our own 'order' has over us, when we believe that everything is rational and anything that cannot be reasoned is not true or real and when we exclude, denigrate and demonise those with another view. Reifying rationality and making it an article of faith is maladaptive.

Winnicott's thesis on the *manic defense* gives a deeper understanding of why we are largely unconscious of this ideology of rationality at work in our lives and why it tends to have a deep hold on us. The manic defense is the desire for omnipotent control of external reality, the denial of guilt, greed and hate co-existing within ourselves with love. Its characteristics are the denial of inner reality (feeling elated and unconcerned and denying any feelings of sadness or fear), flight to external reality (excessive interest in physical pleasures or in

hypochondria), holding inner reality in suspended animation (omnipotent control over the internalised bad parent figure), the denial of feelings of depression and the use of opposites in reassurance. Winnicott describes the manic defense as the defence used to 'deny the depressive anxiety that is inherent in emotional development' (Winnicott 1975:143). Signs of the manic defense at work in Winnicott's view are the denial of depressive terms and the use of opposite terms to control external reality. We deny that we feel empty, still, unchanging or dead and instead overly emphasise being alive, moving, growing, altering constantly. These terms are now orthodoxy in scientific management literature.

Winnicott is clear that when the manic defense is in play, we are necessarily in a state of denial of its existence. We have no term outside of psychotherapy for the phenomenon because by its very nature it is a form of denial. He is speaking from the perspective of a therapist, so he makes no comment on the need to rid ourselves collectively of the manic defense. However, he does say that the more people are able to examine their own inner world and have support from others for their examination, the more they are able to tolerate depressive anxiety and doubt. He also believes that ultimately the manic defense is not sustainable because of its denial of death. Liveliness is only real when deadness is acknowledged. These are Winnicott's terms, originally written in 1935, but we can see their application today in the language of business, where the pressure is always to grow the business, change the old processes and improve continuously.

Manic denial at work

Managers search for answers in the complex environment of the workplace and regularly introduce new tools for managing. 'Businesses are led to change not because of the inherent merits of the case, but because everyone else is doing it.' (Robbins and Finley 1997:35). Many of the popular books on management speak of certainty and success in making change in the workplace. There appears to be a theme of progress occurring within this thought: moving forward, doing better, continuous improvement, doing more with less and improving our bottom line. Faith in progress (Goudzwaard 1979) is the dominant narrative of western cultures. We save ourselves (no need for religion) by our inevitable march of progress and mastery over the natural world (Middleton and Walsh 1995).

Behind all of this is the fear of the uncontrollability and overwhelming uncertainty of the world. Popular management books sell because they often play on that fear and appear to

provide solutions and certainty for stressed business executives. There is also a sense that it is what the market wants. It fits both the prevailing orthodoxy of rationality to provide simple solutions to complex problems and of those struggling to find a clear path in the business world itself. In the texts listed below, the use of the definite article (The 21 Laws) helps to sell certainty. Note also the irrational and mystical appeal of numbers in the titles of popular, best selling management texts in Table 3.1.

Table 3.1 Popular management texts using the mystery of numbers and lessons from war or sport to win in business

Leading People: The 8 Proven Principles for Success in Business by Robert Rosen & Paul Brown
50 Steps to Business Success by Peter Cleveland
The 5 Dysfunctions of a Team by Patrick Lencioni
The 4 Obsessions of an Extraordinary Executive by Patrick Lencioni
The 21 Indispensable Qualities of a Leader by John Maxwell
The 21 Irrefutable Laws of Leadership by John Maxwell
The 100 Absolutely Unbreakable Laws of Business Success by Brian Tracy
In Search of Solutions by D. Gwinlivan
In Search of Excellence by Peters and Waterman
How to Win by K Coates
The Law of Success in 16 Lessons by Napoleon Hill
The 7 Heavenly Virtues of Leadership by Barker and Coy
The 10 Laws of Leadership by Bill Newman
The Absolutes of Leadership by PB Crosby
The Active Manager's Tool Kit edited by M Silberman
Coach to Coach: Business Lessons form the Locker room by J Robinson

There is a tradition of investigating workplace relations following from Menzies, Winnicott and Bion that interprets material as presented in a rational way in documentation, formal procedures, annual reports and the like. However, in this tradition, the researcher is also listening for the irrational as it appears in slips of the tongue, outbursts in meetings over apparently trivial matters, paradoxical behaviours and extreme reactions to organisational issues. While mainstream management techniques down play, ignore or sometimes introduce measures to curb and control the irrational at work, a 'psychoanalytically

informed' workplace consultant or researcher uses psychoanalytic theory and other useful insights to highlight emotional issues at work (Gould 1991:34). The workplace researcher or consultant employing psychoanalytic theory may use a variety of strategies for intervention, but she always looks for unconscious processes, and defences against anxiety that characterise group behaviours. This way of investigating workplace issues has the potential to give staff greater insight into their own behaviours, the behaviours of groups and the meanings behind actions. In this way, it may bring to light difficult issues, but is ultimately more real than the formulas for success in mainstream management texts. It is discussed in more detail in chapter six.

Management in the service of rationality

This thesis aims to investigate management in the public sector workplace, but when it comes to reviewing management texts (whether popular in nature or more scholarly), management, in the main, is taught as if the workplace were rational: rationality is implicit at the heart of management theories (Kets de Vries 1984). These texts build up and prey on people's inherent fear of uncertainty. But why do people avoid listening to the unconscious and irrational aspects of behaviour? Kets de Vries argues that some people truly believe that all that is observable is all that is, and he argues that others think delving into the unconscious is 'psychologically disturbing' (Kets de Vries 1984:2). In part four of this research, I describe the hold ideologies have over us, in that they provide a sense of certainty and a sense of direction, giving answers in what otherwise might be a chaotic world. It would seem that, in the western world, now is the time of the ideology of rationality and it permeates all our thinking and dominates the way we interact.

The dominance of this ideology is reflected in the teaching and study of business management. Business management does not belong in universities according to Saul (1997). In his view, the role of a university is to teach thought and this is being undermined by the capture of universities by the dominant ideology. Saul further argues that 'everything from school education to public services is being restructured on the basis of self destructive self-interest' (Saul 1997:36). Orthodoxy is built up from exchange between theorists and practitioners, and it is difficult to know which has the greater influence on the other. The idea that progress is rational and inevitable is a powerful one today, but so also is the desire of individuals to feel safe from uncertainty. It seems that rationality as an ideology has a

ready market among business leaders in a competitive world and among political leaders too, whose certainty and confidence in decision-making are rewarded by electorates.

In contrast to this disconcerting picture, my research will show that good managers can and do deal with complexity and uncertainty (see chapter eight). The majority of Chief Executive Officers (CEOs) in this study found management texts unhelpful, precisely because they do not take adequate account of the complexity of the day-to-day situation of a public sector leader.

Economic rationalism as ideology

Rationalism is now economic orthodoxy. For all its emphasis on the superiority of rational thought, economic rationalism is not scientific. It is not about testing ideas and seeking answers, it operates in fields where scientific principles are in fact difficult to apply. While I hold that emotion, beliefs, attitudes and values all influence our behaviour and choices, rationalists do not accept that values are worthy of investigation since they are not easily measured and analysed. The fact-value argument is a long one in philosophy and economics. I will not explore it further here, save to say that seminal works arguing for a strict demarcation between facts and values are written by Hume (as cited in Norton 1993), Robbins (1932) and Friedman (1953). The alternative approach is argued persuasively by, for example, Searle (2001), Kovesi (1957) and Putnam (2002). Doughney (2003) offers a comprehensive discussion and argues that no credible case can be made for the fact-value dichotomy in economics, ethics and philosophy generally. Theories of the nature of humanity must encompass the good and bad and the rational and irrational to successfully investigate human behaviour and activity. Economic rationalism, on the other hand, is an authoritarian ideology because it has strict tenets of belief, it denies or denigrates opposing views, it punishes those who speak against it and it is contemptuous of any differing view. It sees the world in black and white and divides the world into 'people who are like me' and, therefore, good and others who are bad. Economic rationalism is an ideology, but maintains that it is concerned only with facts, is value free and scientific, and those who criticise it simply do not understand its complex logic.

In reviewing the various attempts to verify or falsify the assumptions at the heart of economic rationalist thought, Udehn (1996:86) states that there is 'a great mass of

disconfirming evidence, and little if anything in the way of confirmation.' Yet it is still a pervasive ideology.

Economic rationalism in management asserts the following list of characteristics that are relevant to my research:

(i)   Managing a business is a rational activity.

(ii)   There are linear steps to success.

(iii)   Success can be taught.

(iv)   The use of rules, codes, rewards and punishments must all be strictly and rationally laid out for success to occur.

(v)   Following the formula will guarantee this success.

(vi)   Change and progress are inevitable and for the good.

(vii)   Issues such as the values, different worldviews, motivations and dreams of fellow workers can be harnessed and controlled for the benefit of the business.

The dominant view at present is that, if government and its regulations leave the stage then the market will self-regulate, we will all act according to our own self-interest and this in turn will be to everyone's benefit. Thomas Hobbes' assertion that people are essentially selfish and greedy unless constrained by a higher moral principle seems to be contradicted in this view. The same conditions that Hobbes believed would lead humanity to hell are believed by neoliberals, as an article of faith, to lead us to the paradise of economic freedom for all.

Are we enthralled at present with the idea that the market or market-like exchanges are the only legitimate forms of social interaction? Public discourse would suggest that we believe the market is the only solution to all social ills. My research, however, suggests that at a more individual level, the public discourse and the language of business are not sustaining. The thesis of Antonio Gramsci may be relevant here. Gramsci (Femia 1981) used the term 'hegemony' to account for the dominance of one group over another. This dominance is not considered simply as economic, but the capacity of one group to project its view as the best, most logical or common sense way to see the world. For Gramsci there is always a struggle between acceptance and rejection of the dominant view by those in a sub-ordinate group. The central theme of economic rationalism is that whatever happens in the market place will benefit society as a whole. It argues that all other social goods may be derived from this

starting point. The unregulated market, however, is a concept that can be used to justify the active pursuit of self-interest. In the period after World War II, Australia had tariff protection, centralised wage-fixing and low unemployment. It was a time when, as a society, we welcomed workers from other countries. We built community on trust in ourselves and others, and we believed that government was there to ensure a 'fair go' for all. We had confidence in the future. Now the dominant attitude is that we live in a dog-eat-dog world. Whereas in the past, government was the main regulator of social protection for all (tariffs, wage fixing, industry regulation), increasingly, government is not seen as the best regulator and confines itself to 'safety net' protection of the most vulnerable in society. Even here, government now speaks of 'mutual obligation' where the recipients of welfare benefits are obliged to provide something in return for their benefit. Public discourse suggests that the market is the best regulator, business knows best and bureaucracies are slow and fat. We are urged to base every choice or decision on economics. Aid is given on the basis of economic self-interest, family breakdown is tackled because it costs taxpayers money and discrimination in the workplace is bad for business (Edwards 2002:91).

Because the assumption underlying this thinking is that the market is objective, value free and maximises individual self-interest, it follows that the market will necessarily maximise social interest and lead to increased wealth and prosperity for all. It is as if we have to free up the market because once it is free, all will be well in the world. If government gets out of the way of the market, things will work more efficiently. Economic rationalists believe that competition creates efficiency and therefore greater wealth. As Edwards expresses, 'economic rationalism has one supreme value – material wealth' (Edwards 2002:76).

For the economic rationalist every value, including justice, is reduced to a corollary of efficiency. It is just to use resources efficiently. To ensure free choice in the marketplace, without government interference is justice in action. '[T]he economic rationalist worldview considers that the natural order of the market is inherently just.' (Edwards 2002:141). Whatever happens in the marketplace will be of benefit to society. It is just in that it does not discriminate: it does not put one person or group above another. But the assumption behind this is that everyone is the same and everyone has equal access to the goods of society. Economic rationalists tend to view social justice as equal access, but they do not consider the matter of equal outcomes (Jackson 2001).

Jackson (2001:9) argues that there is an 'overwhelming case' for government to play a mediating part in the collective affairs of society. Can the market successfully solve all problems, especially those related to distributive justice? Perhaps there is still a need for a coordinating system, and there are information failures that require intervention. If employees were operating on the principle of self-interest, it is hard to see how an organisation could function. Authority, structure, plans and governance are tools to curb the costs of rampant individualism in enterprise. So, despite the protestations of economic rationalists, it seems that we do want rules that guide our ethical and cooperative behaviour.

Economic rationalism and civil society

In the past, government has been seen by Australians as the centrepiece of our collective self-organisation. Government has been seen as the means of maintaining order, ensuring safety and fairness for all. Government has been withdrawing from this proactive role, breeding distrust and a sense of insecurity. The feelings are that justice is for the rich and cooperation gets you nowhere (Edwards 2003).

Legitimacy in a society can come from individuals working collectively, elite groups, kings or a god. We live in an age of legitimacy from the group. Members of the elite have their first responsibility to the group, not to people outside it (Saul 1997). The notion of the public good has been virtually lost. Nevertheless, working together for the public good is a recurring and powerful idea in religion, philosophy and politics. It is a notion that the CEOs interviewed for this study believed to be real and that guided their actions although they struggled to define and express it. Business language dominates and it does not allow notions of the public good to be easily expressed.

Each person's desire to have attained a good life (however defined) must be seen in the social context. We are part of a society with which we interact and that sustains our personal identities. Personal virtues are placed alongside and interact with definitions of what we value as a society. We can only function together by defining what is good. Society is generally seen as curbing individual excesses and supporting individual successes with a sense of balance. A virtue is good human conduct, and values represent a standard of behaviour or state of social affairs in the world to which we aspire. There is a tension between the wish to live a moral life and greedy desires, which in psychoanalytic terms is the structural conflict between super-ego and id. Values come from living in community and

become habitual ways of behaving. However, for the economic rationalist, there is no such thing as society.

The quintessential economic rationalist, British Prime Minister Margaret Thatcher, stated the neoliberal view succinctly when she said in a magazine interview that 'there is no such thing as society, there are individual men and women and there are families'.[8] She went on in that interview to say that it is our duty first to look after ourselves and 'there's no such thing as entitlement, unless someone has first met an obligation'. This view demonstrates the central idea that we do not rely on others for survival and everyone must look first to her own survival individually.

It is ironic that Thatcher says there is no society, yet in the next breath she names a fundamental social grouping: the family. We seem to have come to a place where we believe either the market rules everything and morality is individual or the state should intervene and control, in which case moral choices would be determined by the state. The third place of regulation is civil society. The concept of civil society gives a way to speak of moral obligations to others. Wolfe (1989:189) speaks of the 'withering away of civil society', by the encroachment of economic rationalism into all spheres of society. The market has trespassed upon civil society but it has not disappeared. For local government CEOs in this research, civil society exists still and it is a large part of their work to strengthen and encourage it.

Early economic thinkers such as Adam Smith (often quoted by economic rationalists) never anticipated the market as the be-all and end-all, because they still envisaged the balancing role of civil society. Morality was still thought of as the guiding principle that ruled all spheres of activity including the economic. We have moved to an era where the dominant view considers morality and ethics subject to the rule of the market. It assumes people act always in their own self-interest and thereby they contribute to the common good.

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[8] This interview was published on 31 October 1987 under the title 'Aids, education and the year 2000!' in *Women's Own* magazine, pp8-10. The journalist was Douglas Keay and the Margaret Thatcher official archive notes that he did faithfully reproduce her reflections on society (Thatcher, 1987).

Both Sennett (1998) and Saul (1997) note that the 'father of modern capitalism' Adam Smith was a more complex thinker than he is often given credit for being. As well as the treatise *The Wealth of Nations* (1776) in which he outlines progress associated with the free circulation of money, goods and labour, Smith also wrote *The Theory of Moral Sentiments* (1759) in which he argues for the virtue of sympathy for the plight of others. He did not envisage progress being merely that of 'economic man' without the moral progress associated with lasting social values.

It is more realistic to acknowledge both that we can act rationally and irrationally and that selfish desires and selfless desires exist in each of us. It is probable that we cannot live together without some form of regulation of individual desires and our ability to press for their instant and total gratification. For Freud the role of society was both to protect us from the environment and to regulate our dealings with each other. Freud said that part of becoming a society meant repressing some desires (putting unacceptable ideas and desires into the unconscious) in order to participate. He felt it is inevitable that guilt and neurosis will follow as individuals both repress and sublimate their own drives (redirect them to a more socially useful activity). Being part of a social group and having concern for others will always involve guilt as we grapple with the desire to do good and to gain for ourselves. Freud had a somewhat pessimistic view that the repressed will always return and, at best, society's dictates and codes become internalised into a superego that acts as an internal agent of society. He thought that we can never live together and allow our inner drives free reign.

It would seem that in any society or group of people working together there is the possibility of both conflict and compromise, whether we are as pessimistic as Hobbes, as individualistic as economic rationalists or as concerned with the non-rational in humankind as Schopenhauer, Nietzsche and Freud. What is it that binds us in modern western societies? With increasing hegemony of rational self-interest trespassing, as Wolfe (1989) says, into every sphere of social life, what binds us as a group? Why do most of us still return library books, raise children, pay taxes, give to charity, volunteer at the school, look in on elderly neighbours and return lost property? We still do these things, in the main. For the CEOs I interviewed in local government, there was a sense that there are ties that bind us and that they are not those of self-interest. The concept of civil society does exist. Local government CEOs believe their work is about building a sense of community and developing an

understanding of the values that underpin a civil, democratic society. In a democracy, the policy platform of each political party has values at its base. Public servants enact the policies and values of the elected group.

Marilyn Waring (2001), a prominent critic of economic rationalism, writes

> *Civil society and good old fashioned democracy and participation are making it clear to governments that nation states and the planet's future cannot be entrusted to the market or left in the hands of corporations. Choices are to be made and they are political choices. It's still a problem that governments tend to listen to the voices of business, but nearly all of humankind's great leaps forward have been as a result of pressure from civil society.*

Economic rationalism, on the other hand, sees the political sphere also as being a market. In this view, politicians contract with individuals to deliver certain goods and if the goods are not delivered to the satisfaction of individual voters they take their business elsewhere and vote for another candidate. Again this view portrays individuals as thinking only of what they want for themselves and, more importantly, it assumes that what is determined to be of value (goods to be delivered) is the same in every circumstance, the same over time and the same for each voter. An alternative view (Pollitt 2003) sees politics as the field where the goods of society are handed out to all equally and, crucially, where the values behind the goods are debated; where deliberation occurs on what values are as delivered by certain processes, policies or services.

Jaques (1976) argues that we do aspire to values in our day-to-day living and that which we label as 'good' or 'bad' is based on those characteristics which ensure our survival: the will to live and reliance on others for our survival. Because we desire to live, we then hold that certain qualities are good and desirable and these are the qualities from which values flow (reliability, trust, cooperation and so on). We are, of course, social animals and cannot live fully without the cooperation of others. At a basic level we must develop ways of collaborating with others and developing relationships based on trust, confidence and love in order to survive (Jaques 1976:5). People have the capacity for envy, greed, suspicion of others, rivalry and so on and institutions can, depending on the values behind their creation, call forth 'the worst in men and suppress the good' (Jaques 1976:7). With economic rationalism as social, political and economic orthodoxy, there is little room to speak of what binds humanity, of the existence of good and bad in each of us and of irrationality,

unconscious processes, fears and anxieties over our lack of control of our environments. These matters are simply not raised. But will it always be so?

Sennett says he does not know the answers to the problem of the domination of economic rationalism as an ideology, but he says a 'regime which provides human beings no deep reasons to care about one another cannot long preserve its legitimacy' (Sennett 1998:148). For Edwards the period of economic rationalism was more than just a fad but has deeper impacts and consequences. It changed Australian values. Economic rationalism divides the personal from the market. What you do in your own time is your business. This split is 'unnatural' and leads to splitting of values. 'How I am at work is not how I am at home with the kids. I can be ruthless at work, because economic efficiency demands it of me'. For Saul the answer to ending the period of dominance of market ideologies, is opening our eyes to the hegemony around us: becoming conscious again and for Watson (2003) the answer lies in being aware of how language is used to deaden us to ideology.

The language of ideology

According to Watson (2003:4) wherever cults exist (he calls economic rationalism a cult), language becomes a code of those in power – it is either unclear or strange to those outside the elite. Watson argues that unfathomable language should alert the reader to dogma in practice. Managerialism comes with its own language. It is the language of marketing. However, is it appropriate outside of marketing where Watson says, there is no particular concern for truth or outside of business where interests are narrowly defined? The language of business and of management is a mechanised language. It is devoid of emotion and memory. Watson calls it 'depleted and impenetrable sludge' (Watson 2003:24).

But, of course, 'impenetrable sludge' does serve a purpose. It allows those in the elite group to feel that they are superior to those outside the group who do not understand the complexity of the language or the jargon. It can be used to obfuscate, confuse and alienate those not in the inner circle. It provides the opportunity to dismiss and denigrate those who do not follow or agree. It allows individuals to identify with the elite group by their own use of the language of the elite. It can also stifle debate: it does not allow for nuance or moral ambiguity.

The use of jargon words and phrases is not new of course, as George Orwell (1946) complained. He found political writing most open to abuse in this way and believed it serves the purpose of making lies sound truthful. He further argued that, not only is poorly constructed writing incomprehensible, but that the use of it dulls the brain and discourages thinking. 'This invasion of one's mind by ready-made phrases (lay the foundations, achieve a radical transformation) can only be prevented if one is constantly on guard against them, and every such phrase anaesthetizes a portion of one's brain.'

For Watson, the deadening language of business is a 'creeping plague' infecting other areas of human activity. He cites universities, libraries, schools, banks, public services and local government as 'swallow(ing) the business creed whole' (Watson 2003:13). These institutions are not businesses. When using business language they limit the possibilities of engaging in a complex debate about a moral dilemma or an ethical stance or about defining democracy, community and what we value. Business language irons flat any ambiguity of thought, any paradox or humour.

The claim that '[M]anagerialism exterminates rhythm along with clarity and vigour.' (Watson 2003:150) would seem to be evident in local government statements of value. For example:

> *...we prove value by achieving a balance between cost, price and quality aligned to community expectations and optimise technology to continually improve that value.* City of Knox Annual Report 2002-03.

> *...at the City of Port Phillip, sustainability and service are of the utmost importance to us. They are concepts that are at the foundation of our philosophy as an organisation and drive our actions on a day-to-day basis. The philosophy of the council is that the links between service and sustainability are the four pillars of sustainability: economic viability, environmental responsibility, cultural vitality and social equity.* City of Port Phillip Annual Report 2004.

Sennett (1998) takes up the point about the lack of memory in the language of business. He thinks that we are driven to create life narratives for ourselves in which work plays a big part in our sense of ourselves and our unfolding lives. Sennett's thesis is that the short-term, contractual nature of modern workplaces and practices undermines the values of trust, loyalty, commitment, and obligation to others. The focus on rapid change, short-term jobs and episodes of work make life long narratives and long-term values difficult to maintain. Sennett talks about discontinuity in time, while Saul (1997) says we lack memory of the

past. Lack of memory (or time discontinuity as Sennett would have it) leads to reinventing of institutions over and over again – change for the sake of change. It is as if what went before does not matter; best practice requires more change. The issue of change in the workplace loomed large in the minds of staff I spoke to at Glenview, the municipality in which I undertook a case study. Changes that had taken place in the past few years formed significant narratives, even for those staff who had come more recently to the workplace and who were not part of the changes.

Costello (1996) also talks about the importance of stories for social cohesion and direction. He says there was a vacuum in western thought instead of a central guiding story and it has been filled by economic rationalism. 'The market literally has become the dominating symbol with its managerial language as the central entity that organises civic life' Costello (1996:86).

Conclusion

The themes of this chapter centre on the idea that, in previous times, society was dominated by church or monarchy, which provided moral guidance for members of that society. Since the period of the Enlightenment and especially in the post World War II period (in the west), the market and the corporation dominate our social sphere. The accompanying ideas are that only the material world exists, all is rational and logical, progress is necessarily for the good; is linear and inevitable and that there is really no such thing as society, just individuals working to maximise their own utility in an instrumental way.

It is argued here that this thinking is a hegemonic ideology, that it dominates all spheres of social activity and that it has become an economic orthodoxy. Management theory and practice throughout the 20th Century, from FW Taylor to the present, are captured within this orthodoxy. The sense that scientific management holds all the answers is so pervasive, that it dominates the public sector as well as the private.

However, it is also argued that this is not the only way to view humanity. It is possible that rationality is a construct created as an adaptation to a chaotic environment. The psychological concept of the unconscious is a theoretical device for explaining irrational behaviour. The unconscious is timeless in terms of its experiences. The impacts of early experiences do not turn off within the unconscious and while we can find parallels of adult

fears and anxieties with childhood experiences, the fears themselves are alive and well in all of us. This thesis investigates irrationality as it impacts on organisations, both private and public, on management theory and on our concepts of values and leadership.

Chapter 4

Management as Science

Previously I have argued that the Enlightenment view that humanity is fundamentally rational pervades conservative neoliberal politics. This view proposes the world as a place of order and progress. The accompanying idea of life as a marketplace has become economic orthodoxy in many western cultures. In this chapter, I show how this thread of rationality infects mainstream management thinking and impacts on the way of operating in the public sector.

Scientific management

The study of organisations and management has been influenced by research in economics, anthropology, sociology and psychology. The dominant thread in psychology is Taylorism, or 'scientific management'. At the turn of the 20th Century, Frederick W Taylor (1911) looked at 'time and motion' in relation to the repetitive actions of workers in factories and applied the most efficient technique for the action. This was the beginning of the 'science' of management in work organisations. A tradition of management that is results oriented and uses tools for measurement (Robbins and Finley 1997) has built on Taylor's ideas. Over the 1970s and 1980s measurement tools such as Management by Objectives (Drucker 1986), Benchmarking, Best Practice, Continuous Improvement and Just In Time production were introduced to business (Gilbert 1992; Watson 1992).

Although these are different techniques for improving business output they all fit the paradigm of scientific management. This is evidenced by the fact that they seek to make production more efficient, they espouse the correct and proper way forward and prescribe the formula for it as if there is only one way and that this way can be scientifically determined. The desire for progress and the belief in progress is at the heart of these tools. There is no acknowledgement that continuous improvement may well be unattainable, irrational and, perhaps, persecutory for those under its yoke. Scientific management is also mechanistic and individual in its orientation to problem-solving in the workplace. It is as if the manager is trying to discover the best (and only) way to wrest control over production. It

is a battle of wills between the boss and the machine (whether the 'machine' be actual machines or workers). The continuing influence of Taylorism can still be seen today in individual work contracts, personalised reward systems, best practice initiatives, lean production and the right of the manager to manage as she sees fit (Haslam 2001:9).

Psychology and management

Following Taylor were the Hawthorne studies (see Mayo 1949) that highlighted the importance of human relations in the workplace. Management theories that fall into this broad category see the workplace as comprising more than humans acting on an inanimate object to gain efficient output. The human relations model of management acknowledges motivation (both intrinsic and extrinsic) and reward (monetary or related to praise) as significant aspects of efficiency in the workplace. It is concerned to know how best to influence workers so that output is maximised, so that they feel part of the process and want to contribute to efficiency. It sees the workplace as more than a collection of individuals working at their individual work-stations. The influence of the human relations model can be seen today in participative decision-making processes at work, total quality management, 360-degree feedback, teamwork and enterprise bargaining (Haslam 2001:20).

In the 1950s and 1960s, organisational psychology (Herzberg, Mausner and Bloch Snyderman 1959; McGregor 1960; Argyris 1964) attempted to refine management thinking by introducing the concept of 'human factors' in determining organisational behaviour. In this view, the role of management was to manage the conflict between work-related goals and workers' individual goals that may not always mesh (Argyris 1964). These theories acknowledge the influence of workers on the workplace but are still locked into believing in the rationality of the situation.

At that time, psychologists became interested in the cognitive paradigm. In applying aspects of cognitive psychology to the workplace, the importance of what a person thinks (again, in a rational sense) about a particular issue or change at the workplace is thought to determine her level of cooperation with it. Management literature adopting cognitive psychology tends to see *individuals* reacting in the workplace and teamwork simply as a rational tool in the management of the workplace. It is not seen as an independent variable in itself. There is little acknowledgement of the impact of groups on perceptions within the workplace, of informal allegiances between staff members, of envy occurring within a group, of unspoken

power struggles: cognitive psychology in management does not see the reality of social groups and social processes (Haslam 2001:20). What we may think about an issue is often socially derived and heavily influenced by interacting with others. Contemporary HRM (human resource management) is often a 'recasting of Taylorist managerialism in group-based terms' (Haslam 2001:20). Human Resource Management determines contracts and notions of reward on an individual basis (the worker makes a contract with management) and, where group-based incentives are in place, it is as if the group is a single entity, with uniform motivations and goals: 'economic man continues to survive in management literature' (Kets de Vries 1984:xv).

From the 1970s, some writers (Nord 1974; Drucker 1986) became critical of the psychological approach to management for two main, but not consistent, reasons: firstly, it appeared unethical to attempt to manipulate workers by gaining a better understanding of what motivates them and, secondly, it was argued (Drucker 1986) that managers cannot really know and understand their workers' psychological motivations and will get the best from workers by simply giving them more control over their work.

It seems to suit mainstream organisational psychologists to believe that the workplace is one where rational self-interest thrives, where individuals work well together if the rules are clear and where unconscious motives, fear, anger or guilt are intruders and must be controlled or excluded. This view fits comfortably with the dominant conservative economic view of people as individual self-promoters who act always in their own best interests. It accepts the right of the manager to manage and assumes the workplace is harmonious as long as management's rules are made clear and everyone follows them.

It is in this environment that we define goals and objectives, risk management, governance procedures, codes of conduct, ethical standards, company values, strategic plans, HRM policies – job descriptions, appraisal systems and the like – to control the work environment and the people in it. In this model a successful manager is one who learns the tools and techniques of control. The thinking is that the more clearly defined, the more rational the system, the more people will respond rationally within it (Levinson 1984). It is the link between the thinking of the Enlightenment period and neoliberalism today: that rationality leads to progress.

Management theory today

The dominant perspective in management theory today is that management is about control of outcomes, and management tools and techniques are described as if their nature were rational and objective. An assumption made in management theories, developed for the private sector, is that they should be widely used in both the private and public sector. A central tenet of reform of the public sector in the 1990s in Australia and elsewhere was that the private sector has the answers, and the public sector must emulate its practices in order to improve (Boyne 2002). Management is 'an ideology with two distinct claims: a. efficient management can solve almost any problems; b. practices which are appropriate for the conduct of private sector enterprises can also be applied to public sector services' (Rees and Rodley 1995:15).

Mainstream management texts also liken management to a physical trade: it provides a 'tool kit' (Silberman 2003) or 'tool box' (Rees and Rodley 1995:17) to show us how to get on in the world. Management is action-oriented. It is as if 'building' a business is like building a coffee table. It is done by following the plan, hammering and nailing pieces together with the correct tools and in the correct way, using skill, logic and strength to make a usable product that is benchmarked against others. Some texts suggest that a degree of finesse is called for, but largely a business is described as if it were an inanimate object like wood or metal that is acted upon by the skilled manager. The rationality of the system is located in the manager.

The theme of measurement/results and the theme of understanding the humanity of workers both continue to operate in the field of management. In the 1990s the 'human' emphasis was often on matters of leadership, team-building, managing diversity and empowerment in the workplace. Senge (1990) popularised the notion of a learning organisation in his book *The Fifth Discipline.* Covey (1989) looked at the skills of successful managers in *7 Habits of Highly Effective People.* Organisations have been described using the metaphors of machines, brains, cultures, seats of power, as instruments of domination and as flux by various authors over the past few decades (Argyris 1964; Peters 1987; Morgan 1997). Morgan (1997) also brings in the unconscious by using the metaphor of work as a 'psychic prison' where individual unconscious motivations influence the operation of an organisation.

But the link between management theory and its application in the workplace has not been well made. Palmer and Hardy (2000) acknowledge this. The translation of theory to application either does not happen or has been over-simplified for practitioners resulting in the plethora of '5 easy steps to success' style of books. More recently there have been attempts to translate the complexity of theory by acknowledging various ways of viewing organisations (see Morgan 1997). Yet it still seems too difficult and managers are action-oriented and impatient with complexity. Managers are expected to use, and perhaps themselves desire to use, one lens for viewing a situation. Again this removes the complexity of real life. Structural change has been widely used as the means of achieving control in the workplace (Palmer and Hardy 2000:11) and the notion of bureaucratic structures with strict lines of reporting has come in for criticism. In business today, the primary means of imposing order on the operation of the business is strategic management.

Strategic management

In keeping with the idea of linear progress, we have the approach of 'strategic management', which helps managers prepare options for future positioning in a competitive market. The language is very much about winning, and strategy is the dominant discourse in business today. Business success or failure is often seen to be determined by the company's strategy – whether it is good, bad or non-existent (Hardy and Palmer 2000:166). Since it is the dominant discourse, everyone has to be 'strategic' to be heard, whether the process works well for her area or not.

Strategy is a term for planning, originally used in the context of warfare. However, it has been applied to business since the 1960s, predominantly by the Harvard Business School (Hubbard 2004:2). It is the logical assessment of the internal strengths and weaknesses of the business in conjunction with an assessment of the threats and opportunities posed by the external environment. It is widely accepted in business, although there is no theory that unifies strategic planning activities (Hubbard 2004:11). Its language hides the fact that it is not based on any particular theory and, in this sense, it parallels Bion's fight or flight valency, which is itself anti-intellectual. If a complex problem can be boiled down to a simple list of priority actions, it gives the illusion of simplicity and control. Its simplistic adoption of rationality is shown by the fact that strategic management assumes that we can actually count, measure and explain phenomena in the environment external to the operation of the business, that we can observe and understand the meaning of the phenomena and that

it is unlikely that we will miss anything significant in our environmental scan. It further assumes that we can predict future events on the basis of past trends and that a simple linear process is adequate for future prediction (Hubbard 2004; based on Mintzberg 1990). Strategic management has a mythos of competition at its base. It describes the world in terms of a struggle to win. It is really about the elimination of uncertainty about the outcome of the struggle. Therefore in the words of Hardy and Palmer, 'strategy is a construction which serves to make sense of the world' (2001:166).

Power, authority and culture at work

In the 1980s, management writers tried to engage in a more sophisticated discussion of workplace organisation, noting the existence of power. Discussion of power in mainstream management literature is limited, other than when describing forms of legitimate authority. It tends to characterise any other power (other than legitimate authority) as illegitimate, disruptive, self-serving, subversive or undermining (Eccles and Nohria 1993:75). The definition of legitimate power as encompassed within authority, and other forms of power outside that authority, leads management to attempt to eliminate any form of power other than legitimate authority. Experience would suggest that this is not so easily done. Critical management theory has a more complex view of power (Alvesson and Deetz 2000) and tends to see it as hidden in the structures and processes of the organisation. It emphasises that these are not neutral or rational.

It seems to me that power inevitably plays a part in relations between groups of people working together. It is not a simple matter of authority verses subversive activity. It has both positive and negative effects and is used to define us in relation to others. It does not simply reside in one person and not another, but is fluid in and between people and situations (Foucault 1979). Whatever is true of power relations between groups of people – whether they can be harnessed, controlled and understood or not – power would seem to be at the heart of how organisations operate (Hardy and Clegg 1996). Any notion that simply views power as rational and residing in legitimate authority is seriously limited, as it does not take account of irrational forces at work in groups.

However, in the 1980s, the debate about power led (in part) to the trend of speaking of and describing culture in the workplace. Organisational culture is the study of that aspect of organisational life that is not an overt part of a measurable structure. Discussion of

organisational culture acknowledges that not everything that occurs in the workplace is rational and measurable and, in that sense, is welcome. Nevertheless, trying to describe and discuss things that are hard to see and measure has its critics. Culture has been difficult to define and some now say the study of organisational culture is passé (Palmer and Hardy 2000:117). Again the desire for simplicity and certainty may have led to the demise of the area of study. Of interest here though is that one of the most commonly used terms in the definition of culture is *values*. Writers have tried to use the term value to describe part of what organisational culture is (Peters 1993; Schneider 1990; Schneider, Brief and Guzzo 1996).

Peters (1982) claims that a 'strong' culture leads to high market performance. So in the 1980s, managers tended to try to change culture to improve performance. Siehl and Martin (1990) reviewed studies that attempted to match healthy organisational culture and financial performance. They found little evidence of a link between the two, mainly because culture is problematic to measure. Again, the exclusive focus on measuring does limit the possibilities. Economic rationalists would have us believe culture is not worth researching, because it cannot be replicated and made into a formula for others to follow.

The study of organisational culture was originally a means of expressing the less easily quantifiable measures in an organisation. It was seen as a way to get behind the espoused organisational values to what people really thought and felt. It became mainstream and linked to success in the market and was used, perhaps unethically in some cases, as a tool to improve profitability. Siehl and Martin (1990) conclude that manipulating organisational culture is a double-edged sword for managers. It does offer insights into the paradoxes of individuals working together. Yet it is not a simple solution to organisational problems. On the one hand, managers cannot uncover and sum up culture in one sentence and cannot expect to have significant impact in the short term on cultural change. On the other, they cannot ignore that myth, stories, different understandings, history and values do exist within the workforce.

The study of culture has informed current management thinking, which holds that the old way of organising workplaces (rigid boundaries, hierarchical structure) is no longer the best way to manage. New business pressures (technological innovation, savvy customers, globalisation, and the like) are requiring business to think more laterally and flexibly in

terms of structure. The literature talks about the urgent need to change the way we do business and to develop autonomous work teams, webs and structures that empower or are flat, inverted, have fuzzy boundaries and so on (Palmer and Hardy 2000:13).

Workplace issues can arise from within the culture of the organisation and as such are not easily dealt with by rational means. In the example of the City of Glenview, in part three, *The CEO at work*, the history of the organisation loomed large in the memory of present staff and influenced their way of working even though the events were long past. Hidden within the concept of rational management is the idea, too, that the CEO can determine and dictate or change workplace culture. It is as if those being led are passive. In contrast culture is a form of power carried by those being led. In Glenview, the current CEO was mystified by the influence of the past on present ways of operating and found the allusions to the past frustrating and resistant to reason.

The 'urgency' of the need for change

Models of organisational change vary, but they mainly focus on linear steps to change – ten commandments, blueprints or staged processes (see Kanter, Stein and Jick 1992; Kotter 1996). Certainty and linear progress dominate. The view is that the past was stable, the present is unstable and the future is unknown and therefore frightening. It is easy to view the past as stable as it has happened, and we know the outcomes of any changes that occurred. However, the stability of the past may well be illusory. The literature embodied in the '5 easy steps to success' model is a refusal of historical context. It is as if the past is simply not relevant and not connected to the issues of the present.

Globalisation is a term used often in management texts without explanation or measurement. The impact of globalisation is considered great, and it hits every business. This mantra is repeated in text after text, becoming received wisdom. Yet critics of the prevailing orthodoxy suggest globalisation is still only superficial (Waring, 2001). Eccles and Nohria (1993) note that every era sees itself as one of great change and uncertainty and characterises the past as stable, thus creating a sense of the urgency required in change.

Success is the Holy Grail in business, and pursuing change in the workplace is the path to success. Change happens because managers are desperately looking for some rational way to improve things (Abrahamson 1996). There is considerable literature on how to change,

why change is needed for greater success and adaptability to our 'ever changing' world. There is also literature on why it does not work (Robbins and Finley 1997; Greiner 1992). But again the link between change and success is tenuous. Siegal (1996) shows that where 75 per cent of companies surveyed introduced Total Quality Management (TQM), only around 10 per cent reported success with the program and nearly two-thirds did not significantly reduce product defects.

Are public institutions businesses?

The notion that economic decentralisation and the freedom of market forces is more efficient than central decision-making comes from Adam Smith (Jackson 2001) and has been taken up in management in the modern era. The primacy of the thought that the market and decentralisation inform the best model of collective organisation dominates. But several writers (Jaques 1976; Kernberg 1998; Du Gay 2000; Hoggett 2003) see public institutions, including those with bureaucratic structures, as useful mediating agencies between political government and the individual. The typical business enterprise, with functional units directed towards profit-making, may not be the best model for public institutions. Rather than seeing bureaucracy as the enemy of rational good business, Jaques sees bureaucratic structures as having the potential to be mediating institutions between a central power and local autonomy. Similarly, Jackson (2001) says that the notion of cooperation between government and the market has not been fully explored. Rather than seeing the issue as the market verses hierarchies in a simplistic way, Jackson says that government can act as a broker between the sectors and enhance both social justice and the operation of markets by co-operative effort. So a competitive business model is not the only way for public enterprise.

Management texts published during the 1990s look principally at tools and techniques that improve efficiency in both private and public sectors. From the late 1990s onwards, the trend in management thinking is to speak of new organisational relationships. This is especially noticeable following Margaret Wheatley's (1999) introduction of theories in quantum physics (including chaos theory) to management. Her work has stimulated discussion around organisational structures and processes and calls for a more flexible approach to organisational design, but still with a view to finding *the* best solution to business dilemmas. In the 21st Century, hierarchy and bureaucracy are increasingly being

regarded as words that belong to the past, but we are still caught in the search to find rational new ways of doing things better in both sectors.

A 'new wave' of New Public Management (NPM) has come into play since Tony Blair took office in Britain and with the election of the Victorian Labor Government in 1999. It incorporates language describing partnerships, networks, webs and the terms 'joined-up government' and 'whole of government'. The emphasis is on horizontal approaches to service provision rather than hierarchical organisational structures. The rhetoric is convincing, but the practice is less so. Proponents of networks seem convinced that networks and partnerships with the private or non-government sector hardly existed before the turn of the 21st Century and are more successful than traditional hierarchies, although these propositions are rarely tested (Pollitt 2003:65-67). The concept of joined-up government is appealing, but is not new and very complex to implement (Pollitt 2003:73). Just as globalisation is used as a catch-all term to describe our era as one of rapid change so, too, technology is described as if it inevitably and rapidly changes workplaces, making them less hierarchical. The reality of these propositions is not robustly tested.

Conclusion

This chapter has argued that mainstream management theory has, since its beginnings with FW Taylor, viewed itself as scientific and rational. It has two primary streams – one that is interested in measuring results in the workplace and another that investigates the psychological motivation of workers in order to improve workplace efficiencies.

In each case, though, rationality is at the base of the theory. Management is about control of inherently chaotic environments. It is about imposing order and rationality where, possibly none exists. It describes the workplace as if it were a war zone and uses military terms and metaphors to give the illusion that mastery over the environment can be gained by the successful manager. It describes tools and techniques to employ, has a sense of urgency in its language and argues that continuous progress is achievable and desirable. It claims to be scientific, but there is actually a poor connection between theory and application and few of the tenets of management theory are rigorously tested. It is susceptible to simplistic and overly rational solutions to complex problems of human interaction and is unable to account for behaviours and beliefs that are resistant to rational explanation.

The next chapter investigates how mainstream management texts have described and evaluated leadership in the business world and the concept of values in business. It examines the change in meaning of the terms 'value' and 'leadership' as they have become part of the language of the market.

Chapter 5

The Impact of the Ideology of Rationality on Values and Leadership

This thesis aims to investigate leadership and the values that underpin activity in the public sector. In this chapter, I build on Sennett's (1998) concept that we use narrative to bring purpose and cohesion to our lives. In this way, the naming of values in the workplace could be an attempt to create a sense of narrative in the work we do. This chapter looks at the typical way in which leadership and values are described by management texts and asks: What narrative is to be found in the public sphere of work? What is the central purpose of work in local government, and is it different from the central purpose of the private sector?

The public good

Government is about protecting members of a society – ensuring fair access to health, justice, and safety. It creates institutions to ensure these sacred public interests are maintained. These public institutions (the courts, fire fighters, hospitals, schools, prisons, police, public open spaces) are owned by the people and are not about generating profit.

Notions of the public good are the criteria by which we judge government performance. Originally ideas about the public good came to us from religion or the concept of natural law. They are absorbed by each of us, to differing degrees through family, school and church (Stretton and Orchard, 1994:28). Ideas about the public good are at the basis of individual acceptance of democratic government. It is a contract where individuals agree to consider the longer-term benefits of the whole group as well as immediate personal desires.

Government has a legitimate mandate to pursue values other than self-interest. It can advance human rights, social justice, democracy and environmental sustainability through its laws and regulations (Bakan 2004).

A value is a principle, standard, or quality that is considered worthwhile or desirable. Descriptions of these principles or standards have not changed markedly over the centuries

or between cultures. Nevertheless, different values are emphasised in different cultures and time periods. Furthermore, it has been debated whether values are universal and absolute, who has the moral authority to determine values, whether they are intrinsic to humanity or can be learned and applied to different situations. Debate has also centred on the purpose values serve.

With the Enlightenment came the view that reason is paramount and that which may be valued by a given society is relative and arbitrary. However, the question of the source of moral authority remained. Values are not reducible to scientific measure: they are axioms. Science may be able to tell us how best to reach a certain end, but the end that we seek is prior to science. How we live together in a social group, and whether moral authority resides in religion or civil society, it does not reside in individual reason alone. We cannot answer the question of the good life by recourse only to reason. It is the failure to exercise reason that Hamilton (2004) says makes humanity interesting.

Value

Value as a term in English has been used as a verb from the 13th Century to mean to estimate worth, to esteem and consider important. It is used as a noun where it denotes value for goods and also the judgement of worthiness in people. A recent Organisation for Economic Cooperation and Development (OECD) report notes that there is confusion in the modern world about the meaning of the word value and its related terminology. The OECD defines the terms: values are the individual principles or standards which guide judgement about what is good and proper, ethics are the rules and conduct is the actual behaviour, ethos is the whole value system (OECD 1996:12).

Moral theory cannot be divorced from moral experience (Held 1993) whereby a theoretical position is informed and possibly modified by actual living. Philosophy since the Enlightenment has favoured reason above emotion and has associated reason with idealised maleness (Held 1993:44). Rational 'man' is logical, strong, resilient, cool-headed and in control.

Historically, the term value has also been linked with economic matters. Since the 1930s it has been used in the context of the new national income accounting to refer to adding manufacturing steps to products to increase their value in the market. It was then used in

management thinking in combinations such as 'value free', meaning objective and rational and value-laden, meaning biased in favour of certain values.

Doughney (2003) cites Lionel Robbins's 1932 *An Essay on the Nature and Significance of Economic Science* as influential in viewing economics as a field of facts, and ethics as a field of value judgments and obligations which are not factual and scientific and therefore relative and of no scientific interest (see also Friedman 1953). Economic texts today repeat this view. Economics claims to be a science that concerns itself with the way things are, not how they ought to be. This is because statements of what ought to be 'depend on values and cannot be tested' (McTaggart, Findlay and Parkin 2003:11). 'Increasingly values were despatched to the nether world of essentially meaningless metaphysics: either unverifiable or unfalsifiable and, therefore, unscientific' (Doughney 2003).

Hamilton (2004) argues that despite the wealth and freedoms that capitalism has brought to the majority in the west, happiness is still elusive. He believes economic rationalism preys on our desire for instant gratification and on a shallow awareness of our lives. He argues that we are not happy if we do not reflect and consider the moral purpose of our lives. If all that is observable is all that is there and questions of values are meaningless, is the material enough to sustain us?

Today we live with a libertarian ethic – governed by the moral authority of self. The moral compass does not necessarily come from God. The prevailing philosophy is that, if I believe I will not harm anyone else, then I may do as I please (see Mill 1859). But how can we really know that we do no harm by our actions? Our knowledge is necessarily limited. When it is acknowledged that sometimes we do not act rationally or in a self-reflective and considered manner, that sometimes we delude ourselves and deny what we do not want to see, then self-assessment of moral action is either missing or distorted.

The pursuit of economic wealth has sacrificed other things that make a good life. Surely close relationships, a sense of community, having purpose in life and the sustainability of the natural environment matter. The economic freedoms of economic rationalism have taken away other freedoms – the freedom to act differently, to want different things, to question the lives we live and to care for the earth and for others.

Values in management

Mainstream management texts barely consider the issue of values in the workplace. They may have a page or two defining ethical behaviour but generally not much more. *Management: A Pacific Rim Focus* (Bartol, Tein, Matthews and David 2001) is a typical management text widely used in Australia. Unusually, it has a whole chapter on 'Social Responsibility and Ethics in Management'. Still the authors avoid any description or definition of ethics or values, noting simply that moral standards change over time (Bartol et al 2001:103). Values are defined as such: 'values define a person's beliefs. Ethics are concerned with what is right, what is wrong and with moral duty to your employees, your organisation and society.' (Bartol et al 2001:103). There is no further discussion regarding the formation of values, enacting values at work, possible conflict between values and ethical dilemmas arising due to this conflict.

Are values simply defined by beliefs? Are they so individual and so closed to scrutiny? Carroll (1987) says that managers mainly act amorally these days. He quotes a Wall Street Journal article[9] that says that while most businesses (in the US) have codes of ethics, only 36 per cent distribute the code to all employees and only 20 per cent display it.

Koontz, O'Donnell and Weihrich (1984:7) say that management is a science based on the belief in the rationality of nature. This text has one page only on values and ethics, concluding that values are relative (between people and countries). The authors see managers as passive in the face of ethical issues. Managers will seek approval and will measure success in terms of whatever society deems to be of value (Koontz et al 1984:78). An organisation will act ethically once social values are clearly spelled out for it. It is implied in this text that a business is acting ethically if and when it acts according to the law. This is an odd science that requires only that the rules be followed and acknowledges that different cultures and indeed individuals may be playing by different rules, since values are relative.

Another widely used management text (Stoner and Freeman 1989) has a chapter on social responsibility and ethics and describes the difficulty of infusing the rational problem-solving, strategy and planning functions of management with values. It has one paragraph

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[9] By Otten AL.1986 (July p21) Wall Street Journal.

on values, stating: 'corporations have values. For some, it is power in size or profitability or making a quality product.' (Stoner and Freeman 1989:118). The best way to institutionalise ethical decision-making this text argues is to make it concrete for business by codes of conduct, ethics committees, internal ombudsman, ethics training and social audits. This view demands that staff identify with the ideal of the organisation and with codes of conduct that embody these ideals. Nevertheless, Stoner and Freeman (1989) believe the traditional view of business that separates business decisions from ethical considerations needs to be challenged.

The apparent phenomenon of amoral managers is clearly not new as Dalton, writing in 1959, describes. He argues that a manager as individual decision maker trying to 'match his official and unofficial moralities, often finds himself without anchor or guiding precept' (Dalton 1959:243). The OECD, on the other hand, notes that codes of conduct for public servants in several countries (six in nine countries studied) have encountered criticism – they are considered either too specific or too general, unworkable, unused, unknown, unavailable, and even insulting to employees (OECD 1996:34).

For Bakan (2004), splitting personal values from workplace values came with the rise of the corporation. Since business managers are not owners of the business, their only duty is to increase the wealth of those who own the business (shareholders). With legal limiting of personal liability of shareholders and the creation of the corporation itself as a legal entity, personal responsibility for failure is minimised. A further complication for moral issues is the matter of 'externalities'. Businesses avoid taking responsibility for anything that happens that is not directly related to profitability for the company. A business naturally tries to pass on as many costs as possible to other sources outside of itself. It is deemed an externality and not counted in the profit and loss statement. Externalities could include community dissatisfaction, workers' rights, disenfranchising local groups or other businesses and pollution. The only way CEOs can function in this world is to compartmentalise their moral views, to leave their moral selves at home.

Following several high-profile cases of corporate mis-management and greed, which came to light in the late 1990s, the OECD Council adopted recommendations for improving

ethical conduct in the public service in 1998[10] and in 2000 the OECD reviewed its *Guidelines for Multinational Enterprises* (see OECD 1998; OECD 2003) and several management texts began addressing organisational values in some further detail (Haigh 2003; Cohan 2003). If the public knew the extent and ramifications of this prevailing value free orthodoxy in business, it may be outraged (Bakan 2004).

Values-based management

Today, best practice in business means articulating values. Values-based management is the term for incorporating values into company policy. It is a paradox that traditional management texts portray the manager as morally neutral and value free in her professional work manner, yet virtually every major business has a statement of company values and a code of ethics. Why these businesses have value statements and how they are developed is little discussed in management texts. It would seem that the less often ethical practices and values are seen in action in business, the more they must be publicly articulated. Bakan (2004:58) quotes the Enron case where each year until its collapse under the weight of executive 'greed, hubris and criminality', it produced a glossy social responsibility audit. Its purpose was to look good. This focus on values as written in mission statements and value statements comes across as a fantasy: a way of convincing ourselves and others that we are good and deal fairly and sell wholesome products at fair prices. So we have moved from compartmentalising our work selves from our home selves in the pursuit of scientific management to incorporating the ideal of organisational values so that an ideal self can be maintained in the face of moral ambiguity in business.

> *The experience of non-relatedness and lack of trust cannot be acknowledged by management, therefore the loss of hope has to be hidden behind the propagation of the importance of trust (and relatedness)* (Sievers 2002).

The law requires managers to act always in the best interest of the corporation, ensuring gains to shareholders. Other goals pursued by a corporation must only be in the pursuit of the first aim (profit) – 'corporate social responsibility is thus illegal – at least when it is genuine' (Bakan 2004:37). How genuine are values statements by private businesses? Values in business are not true values at all. Values should be ends in themselves, but in business culture, they are put to the purpose of achieving other goals. They are instrumental:

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[10] This document was the impetus for the adoption of values in the Australian Public Sector.

put to use in the service of profit. Profit is still the end – it may require honest behaviour to ensure shareholders are not defrauded. It may require a quality product to avoid litigation by unhappy customers, but profit is still the motivation.

The dilemma of working in a profit-driven organisation is that the law requires maximising of profit. Shareholders wish to be shielded from the harsh reality that maximising profit means being greedy and that this pursuit may well cause 'negative externalities' – it may inflict misery on others. Having value statements can act as a defensive mechanism to preserve a picture of self as good and worthwhile. It is ironic that, at the heart of a supposedly rational system is the irrationality of greed. It is not rational to desire more and more goods than we can use in our lifetime, yet capitalism creates desires where needs do not really exist in order to maximise profit for shareholders. Capitalism requires and feeds off the irrational desires of consumers for more and more.

Values in the public sector

We are in a time of following the lead of the business world and importing business culture into the public service. This includes importing values-based management. The Australian Public Service (APS) has values written into the *Public Service Act 1999*. It has some 15 values, including the 'value' that the APS has the highest ethical standards and the 'value' that the APS values communication. The Australian Public Service may have adopted these values because it is happening in business and so it is worthy of emulation, or it may provide an opportunity to use a management orthodoxy to advantage since the public sector does exist for purposes other than making profit. After the public sector values had been enshrined in law, another document was required to assist departments with putting the values into practice. Clearly, just naming the values was not enough. In 2003 the APS produced a booklet called *Embedding the APS Values*, which 'provides a simple way of explaining the Values in terms of relationships and behaviours, sets out how the Values can be promoted, managed and assured….'.

Value statements have gained in popularity in the public sector generally and in local government in recent years. They have appeal as a means of advertising the difference between themselves and business and perhaps as a corrective to the harsh emphasis on efficiency during the Kennett years. Yet the meaning behind these statements is hard to define. These days in business and the public sector, value is either reduced to general terms

with unclear meaning as used in company value statements and printed in annual reports, or is part of a large 'shopping list' of values covering every conceivable good (as is the case in the APS), or it is wholly encompassed by the simple term 'shareholder value'. In this latter sense value equates with monetary return on investment by shareholders and nothing more.

Wolfe (1989) argues that the greater freedom (economic and democratic) on offer in the west now means greater choice in terms of how we behave. However, guidelines for moral behaviour are also less clear. But for all our freedoms there is a sense that something is missing. Where do we look for moral codes of behaviour?

Wolfe describes market theories as all choice and no values. The authority for moral obligation to one another is lost. In a secular, modern world the rules of moral obligation come from civil society. The public service – renamed public sector – was entered by people who wanted to serve the public. Costello (1996) says it has become the same as the private sector, not an alternative to it. In his view since the days of the Kennett reforms to local government, we have also come to believe that there are no absolutes in this modern world and that values are personal and relative. None of us has a right to impose her values on others. Costello maintains however, that there are absolutes but that since they are part of the dominant theme we do not notice that we are subscribing to them. (i.e. the primacy of the marketplace).

In terms of value how does local government differ from the private sector? A sample of private companies' value statements shows that both sectors believe (or say they do) that they are about integrity and honesty. There is little discussion about making a profit by selling a product.

Philip Morris

> …for us economic performance is not the only measure of our success. Honesty, integrity and social responsibility are just as important to the way we measure ourselves. Philip Morris (2004)

Coca-Cola

> Our Code of Business Conduct serves to guide the actions of our employees, officers and directors in ways that are consistent with our core values: honesty; integrity;

diversity; quality; respect; responsibility; and, accountability. The Code helps our people play by the rules wherever we operate around the world. And, we have well-defined procedures for times when concerns arise, in The Code of Business Conduct Procedural Guidelines (Coca-Cola 2004).

Ford Motor Car Company

Our business is driven by our consumer focus, creativity, resourcefulness, and entrepreneurial spirit. We are an inspired, diverse team. We respect and value everyone's contribution. The health and safety of our people are paramount. We are a leader in environmental responsibility. Our integrity is never compromised and we make a positive contribution to society. We constantly strive to improve in everything we do. Guided by these values, we provide superior returns to our shareholders (Ford 2004)

Wolfe concludes that we need an approach whereby our sense of moral obligation can be found in common sense, emotions and everyday life, where we learn from the past and think of future generations and what we leave them. Markets *do* operate on moral codes of trust (I will not bring my goods to you, unless I feel certain you will pay me for them), and this cannot be denied. A profit making enterprise centres on the making of a product and the profitable return to shareholders of their investment in the product. The values that underpin this enterprise are competition, individual freedom and choice. But these are not the values of local government.

Local government values

Desmond King (1995) discusses the values inherent in local government from both the left and right political perspectives. He says that from the right we get notions of local government embodying liberty, participation and efficiency. Local government is about giving the populace liberty; freedom from state intervention occurs through introducing another lever of control. Local government is about participation, both in terms of voting and in terms of determining the community we wish to live in, and it should be efficient. It should allocate public goods and services in an efficient way. This view of the values of local government regards them as being similar to the values of private enterprise – it values efficiency, liberty and competition. These values mirror those of the dominant ideology of our time – from the rightwing of political thinking – economic rationalism. Social

democratic views of the values of local government on the other hand, tend to emphasise redistribution and autonomy. In this view, local government should be able to exercise considerable discretion in how it allocates resources, given that it is closest to the local needs.

King argues that when conservative governments made changes to local government in the 1980s and 1990s the changes were driven less by the need for financial reform and accountability, although this was often the stated aim, and more by a fundamentally different worldview about core values in society. That is, it was more about the ideology of freedom of choice and individualism.

Earlier in its history, local government was about service to the local people, initially only ratepayers of the municipality, then more universally. In the reform period of the 1990s, local government was pressed to introduce the values of economic rationalism – freedom of choice, individualism, and competition. This led to the splitting of purchaser from provider of service, contracting out of services, opening services to competition with the private sector and introducing notions of user pays for services offered. While the structures of local government changed in the 1990s and the language local government used to describe its activities changed, accordingly, it still provided fundamentally the same services for its local constituents, with the same ethos of public service behind its activities.

Economic rationalists prefer to believe that business is rational and any discussion of values is not conducive to efficient business practice, since values are relative and personal. In fact it seems true that people working together in either sector do desire to create narratives about their lives, including their working lives, and values are inevitably at the heart of these stories – even if they are values of competition, self-interest and freedom of choice. Yet if we think about life narratives they do generally involve a moral story. They may simply evoke the story of the successful life; even so moral worth does seem to be required at the end of a life story. Upon retirement we do not congratulate a worker for her ruthless pursuit of profit over her working career, but of her care and concern for others, perhaps her loyalty to the firm, her well-deserved rest after a life of diligence. Everyone does work on the basis that she is, on balance, a person of integrity. Economic rationalism is not who we are. Whilst self-interest and greed can be part of who we are, they are not the whole story and cannot sustain us as a society. We cannot afford to see others as our competitors in

every instance. It is a distortion of who we are to split personal values from social values and to import business culture into the public sphere and label its ways of making profit as suitable for those institutions engaged in activities for the public good.

In the next part of this chapter, leadership is examined. It is argued that, in the main, views of leadership as described in traditional leadership and management texts, are also simplistic and follow the same rhetoric of economic rationalism. They view leadership as a simple set of skills or traits that can be taught and that, once mastered, will guarantee success.

Leadership

Many management texts describe leadership research by quoting the same history (Koontz et al 1984; Stoner and Freeman 1989; Bartol et al 2001; Daft 1999). They note works on personality traits of leaders (Lord, De Vader and Alliger 1986), then move on to describe research on leadership behaviours (rather than the hard to define traits), where managers are defined on a continuum of 'task oriented' and 'people oriented'. They argue that these behaviours are learned and needed in different work situations. The Managerial Grid developed by Blake and Mouton (1964) is described in all the above texts. It is a grid of management/leadership behaviours along the lines of 'concern for people' and 'concern for production'. Leaders can fall anywhere within the grid (Blake and McCanse 1991). More recently, Fiedler's contingency theory, as applied to leadership, says that leadership qualities vary according to the situation. In 'situational leadership theory' a leader takes on a different set of behaviours depending on follower readiness (see Hersey and Blanchard 1988). This view still uses the somewhat simplistic behavioural term – traits (Fiedler and Garcia 1987).

A related view is expressed in Wheatley's (1999) comparison of the business organisation with an organic system that is constantly in a state of flux. She urges leaders to learn from the science of quantum theory and the realities of chaos, flux and change, which are ever present in the natural world. Here the states of chaos and change, generally described as 'rapid' and 'global', are again applied to organisations without analysis, but rather as an article of faith. Chaos and order are relational aspects of a living system and so they are in an organisation. Wheatley's views are an improvement on traditional, positivist science in the sense that she says there are no simple answers; no recipes for orderly progression and relationships are integral to the functioning of natural systems. However, the application of

the metaphor of quantum physics to the business world and human organisations is not made in any practical detail. Max Weber's concept of the charismatic leader has also become popular again to describe the good leader (Stoner et al. 1989).

While leadership tends to be defined simply as the art of using authority in influencing others, traditional management texts focus on the skills, personality traits and behaviours needed to be a leader and on tips for success by leaders in the business world. Good managers need three types of skills (Bartol et al 2001). They are, technical skills, human skills and conceptual skills.

Conventional wisdom in management now is that consultation with workers makes for good management (Bartol et al 2001:404). As in management in general, mainstream leadership texts fall into two broad categories – those that articulate the skills, tools and techniques of rational leadership as if it were a science and can be taught (Bartol et al. 2001; Silberman 2003; Daft 1999) and those that focus broadly on leadership as the mystique of charisma that motivates, challenges and supports other people to greater heights of success. Koontz et al. (1984) and Daft (1999) define leadership as the act of influencing others. Stoner and Freeman (1989) see the pendulum swinging in leadership studies, from the earlier work designed to uncover traits and behaviours of a leader, to trying to define the 'leader' in leadership by re-working Max Weber's concepts of the charismatic leader. Hubbard (2004) agrees that effective managing is not the same as leading. Leading must include setting a vision, guiding and coaching others to follow (Hubbard 2004:269). Management, in contrast, is about planning, directing, controlling and organising (Daft 1999:35).

Mant (1997:272) is critical of formal management training for avoiding and often ignoring any emotional aspects to managing and leading in the workplace. Worse, he says, sometimes, it studies techniques in order to manipulate behaviour. Goleman (2002) first coined the term 'emotional intelligence' and says that the fundamental task of a leader is to 'prime' good feelings in those they lead. He believes that a good leader needs emotional intelligence, which he describes as emotional self-awareness, self-management, self-confidence, empathy, optimism and transparency. Yet he still argues that these are competencies that can be learned. This is the basic belief in mainstream management texts – leadership is a constellation of skills, traits and competencies that can be learned.

For all its emphasis on tools, technique and the science of leadership, long lists of traits, skills and attributes are generated in the texts with no attempts to quantify, measure, compare or validate the significance of the lists (Hubbard 2004:269). An example list is given in Table 5.1 The traits are not only resistant to measurement but in general relate to the leader herself and do not pay much attention to the relationships with followers. Experience at Glenview suggests significant pressure is exerted by staff on the leader to behave in particular ways that fit stereotypes and unconscious projections.

Table 5.1 Leadership attributes

Self control	Self awareness
Clear agenda	Self sufficiency
Ability to produce change	Self confidence
Technical competence	Fighting complacency
A focus on results	Energy, drive, commitment
Empowering others	Ability to motivate others
Building teamwork	Desire to win
Creating a vision	Develop trust relationships
Articulating a vision	Personal integrity and character
A personal philosophy	Frugal and thrifty in experimentation

Adapted from Hubbard (2004), Cohan (2003), Maccoby (1976), Zenger and Folkman (2002), Crosby (1996)

So many of the texts on leadership rely on homespun philosophy,[11] have limited references but many quotes from heroes of the past and rely heavily on platitudes and pithy sayings.[12] They exhort the leader to forge ahead, remain strong, strive for excellence, and maintain a sense of urgency. They comprise simple tests and checklists – 25 tips for improving communication, 10 steps to become an effective manager, score yourself on your coaching skills, checklists for team effectiveness (all in Silberman 2003). This approach is anti-intellectual, rule bound and focussed almost entirely on the metaphor of winning the battle. A typical example is *Coach to Coach: Business Lessons from the Locker Room,* written by an American football coach (Robertson 1996).

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[11] For example, 'a good relationship takes thought' 'money is nourishment for an organisation, not medicine' Crosby 1996.
[12] 'Take time to deliberate, but when the time for action has arrived, stop thinking and go in – Napoleon'; 'nurturing customers and meeting their needs creates customer loyalty' Crosby 1996.

This book exhorts the business leader to have a vision, love what you do, focus on the process and develop the talent of your team players. It uses coaching language and metaphor throughout: being on a winning team, developing star recruits, being physically fit for the challenge, play hard, competitors are winners (Robinson 1996). These books construe the world as a battlefield. The fact that they draw so heavily on war and sporting metaphors shows that they are related to Bion's fight leader (Bion 1959).

Even those texts, that are dissatisfied with the narrow definition of leadership as a set of competencies and teachable skills still fall into defining the leader as a rational and motivated person but with the mystique to lead others, no matter what the situation may be. In this category of text we have *The 7 Heavenly Virtues of Leadership* which says that a leader must possess and show humility, courage, integrity, compassion, humour, passion and wisdom (Barker and Coy 2003), and *The Fifth Discipline,* which calls on leaders to look inside themselves (Senge 1992). Still the focus is on the qualities of the person in authority. So, too, is Robert Greenleaf's work on the leader as servant that has been an enduring concept since the 1970s (Spears and Lawrence 2002). Maccoby has been seeking leaders who can integrate 'head' (competence, confidence) with attributes of the heart (compassion, idealism, generosity) since the 1970s. Maccoby is realistic enough to acknowledge that the current ideology of rationality, with its aggression in government policy and in business and the separation of leadership from the ownership of production is a serious deterrent to the integration of head and heart in a leader (Maccoby 1976:240).

Leader as hero

Business and management training tends to put forward one view of leadership as the 'right' way: tough, self-reliant, no display of emotion and heroic. There are pressures on leaders to conform to the model, although Daft (1999) states that the model of the heroic leader is becoming 'extinct'. Unfortunately he supplies no evidence but simply reiterates the conventional wisdom that business must now be more like a network than a hierarchy to prosper in a world which is 'suddenly no longer stable' (Daft 1999:49). The pressures on leaders today range from social pressures to see the world as fair, in which everyone has an equal chance of success to personal ambivalence about fitting in and the fear of typecasting (Sinclair and Wilson 2002:96). Having to live in a world that is "suddenly no longer stable" has implications for the way work is done and adds to the fear of failure, the sense of

urgency and the sense that control is always just out of reach. This is an anxiety-provoking scenario to be sure.

In the current climate, we need wisdom to deal with complexity and paradox, perhaps, instead of simplistic tools and lists. CEOs interviewed for this research were aware that the toolkit approach did not solve all problems, and they used what they called judgement to find answers to complex problems. In the view of CEOs, judgement calls for rational thinking, combined with respect for history and experience, 'gut' reaction and recollection of and adherence to values. Judgement is a balancing mechanism, whereby it is understood that sometimes, when you make a decision, you may not be right and you need to accept that possibility and not be paralysed by it.

Sinclair (1998:37) maintains that notions of leadership are connected to an heroic archetype: a mythical hero who can save and protect us, a father figure, stoic, strong, self-reliant. The concept of gender is largely absent from the management literature on leadership because what the business world calls leadership traits are largely idealised male traits. Since these are the norm their gender is invisible. This thinking is connected again to economic rationalism. What is valued is self-reliance, individualism, competition, and rationality. It is a typical belief that anyone with the skills and drive can become a business leader and that this model does not exclude women, as long as they adopt the model (Acker 1990). Some feminist writers have taken up this aspect of organisational gender blindness and argue that, with more women bosses, a more balanced set of attributes will be brought into the workplace (Mumby 1996). However, it has also been argued that since the hero myth is so entrenched, it can occur that women bosses can take on more of the negative aspects of the stereotype under the influence of power (Ackers 1990).

In summary, leadership research and management education argue that leadership skills can be learned. As well as being blind to gender differences, they focus very little on individual early formative experiences of leaders that may influence the road they take (Mant 1993:79). They do not look in depth at the connection between the leader and those led. The implicit view is that a strong leader can lead anyone at any time, and the influence of the led is minimal. The focus is on skills, not relationships, and on individual attributes not group functioning. Zaleznik (1991:116) calls this research form over substance and structure over people. He focuses on 'true' leadership, for which there must be the 'leadership compact',

an implicit agreement to lead and follow. It is characterised by mutual responsibility and trust and dedication to the task.

Haslam (2001:85) summarises the psychology literature on leadership and personal attributes and concludes that while some personal attributes contribute to leadership success, leadership is largely a process of mutual influence between the leader and the group she leads. The group is not static and the leader is not fixed in her style. The synergy between the evolving group-leader relationship gives rise to good leadership. It is not a top-down approach. 'The complex process of interaction between leader and led, necessitating congruence in values and objectives and the conscious and unconscious imagery which accompanies these processes, has continued to mystify us' (Kets de Vries 1980:72).

However, this view of the dynamics of leadership is not a common view in management literature. In general irrational/unconscious motivations are not taken into account. There have been attempts by some to broaden the topic with discussions of virtues and values in leadership, using emotional intelligence and exploring contingency models of management. Such attempts have arisen as a natural reaction to the inadequacies of previous management models. Yet they still leave a sense of dissatisfaction because rationality is at the heart of these theories: no one is keen to go beyond the directly observable. The assumption of rationality is implicit.

Conclusion

Research and academic writing, as well as popular writing, in business management reflects the orthodoxy of economic rationalism and the 'so called' science of management. Its tenets are imposed on, and accepted by, struggling management practitioners in both the public and private sectors. I hold that not only is this orthodoxy unsupportable by any form of evidence in a scientific sense, but it is also irrational and demeaning because it paints such a narrow and restrictive picture of humanity.

Mainstream management theory, in service to economic rationality, attempts to explain the world of work as a battle to be fought and won by a strong, heroic leader, who is value neutral and rational at all times. It purports to be scientific, but there is no analysis of this assertion. In summary, management teaching is a series of prescriptions, rather than theories. It has limited scientific evidence of successful application of its theories. It

assumes the workplace is rational and that progress is linear, desirable and achievable. It does acknowledge that non-rational and chaotic things can occur, but its focus is on minimising and excluding them. The non-rational is considered to be located below the level of the system. It acknowledges that the most likely place for the non-rational lies in the people of the organisation and it uses psychological tests to measure, minimise and account for it. It assumes that good management and indeed leadership can be taught and learned, and, its model of good leadership is the rational male. It argues that the past was stable and now the world is uncertain and chaotic. Yet only rhetoric is used to back up this view, which is repeated in different texts and thereby given undue status as received wisdom. Moreover, mainstream management theory plays on fears.

The public sector has taken on the view that the business way of doing things is the best way and it emulates current trends and fads from the business world. Leadership in the public sector is considered no different from leadership in the private sector. Values have been incorporated into the public sector in formal documentation. What is not discussed in depth is how statements of value and leadership skills – as taught – can be enacted to make a public sector workplace the embodiment of the common good. Any discussion of the purpose of an organisation is, as Hoggett (2003) says, 'saturated with value'. We cannot discuss what an organisation should or should not be doing without recourse to what is fair, good, ethical and the right thing. The new phenomenon of publicising value statements by private sector companies is, simply, another marketing tool. Value statements advertise the market position of the company.

The next chapter outlines the methodological approach taken in this research. It argues that the desire for certainty and rationality also impinges on the ways in which research is undertaken and described. In researching groups of people in their workplace, it must be acknowledged that the background, experience and worldview of both the researcher and those being researched interact in sometimes unexpected ways.

Chapter 6

Investigating the Process of Change

Following from the previous chapter, where I argued that traditional management training artificially lessens the complexity of human interaction in a workplace setting, this chapter examines ways of investigating the workplace. It takes account of issues of self and other, rational and non-rational behaviour and the interpretation of events in a more holistic way.

I am interested in the values that underpin action and ways of being in the social world. When we interact we test ourselves and our views of the world against the beliefs of others. This interest shapes my choice of theoretical models and investigative frameworks. In this chapter I argue that the experimental, scientific method and a view of human interaction as occurring only within the rational sphere cannot account for the depth of meaning created when we interact. I argue that qualitative methodologies that use interview and conversation improve research outcomes, but that many of these methodologies still tend to be caught within the rationalist perspective and the search for *Truth* in social relations. While postmodern methods avoid the issue of *Truth*, they fall into a relativist hole whereby all observations are equally relevant and so equally irrelevant. I argue that social relations are explorations of self and other by those participating and that socio-analysis as a form of 'applied psychotherapy' provides a better way of looking at human interaction. It acknowledges both the self and the other in the communicative space, does not deny the impact of the researcher on the field of research and explicitly states that both unconscious and conscious issues interplay.

Questioning the application of the scientific method

It is important to be clear about the factors influencing the type of research undertaken and the way a researcher's background and worldview shape the research itself. I have not always thought this way.

There was not a great deal of learning directly about 'human nature' in my undergraduate Psychology course, undertaken in the 1970s. While I questioned the choice of topics, I did not question the need for a rational, logical, scientific approach to studying all phenomena,

including human behaviour. In fact I built a business on just that premise. I worked as a consultant for 15 years to public sector and community based not-for-profit businesses (including local government), advising them on drawing up mission statements, strategic plans, evaluating their programs, determining outcomes, benchmarking and developing performance indicators.

Many times as a consultant, I would be told that 'we can't seem to work together, if you can provide a strategic plan for us, a blueprint, we will be OK'. There were often personality clashes, conflicts over values, power games being played, and I felt no plan would be able to overcome these issues if they were not directly addressed. More often than not, in my experience, organisations were fearful of looking at underlying conflicts and wanted someone to provide a clear, rational, simple way forward. They wanted progress and a rational plan to get them there. They did not want to look below the surface of their organisation.

I became increasingly dissatisfied with this work as it became clear to me that other factors impinged on an organisation's ability simultaneously to 'stick to its core business' and to maintain a happy, healthy environment for its workers. I worked with local government during the decade of change under the Kennett State Government and witnessed the introduction of business practices and jargon into the public service. People had to rethink what they did, the way they did it and why. Focussing on 'the bottom line' in the public service caused confusion, conflict and often cynicism among those working in local government at the time.

For this thesis, I wanted to examine the workplace in a different way: to give voice to values and emotions, to look at espoused and enacted behaviour (Argyris and Schon 1967), to ask about the usefulness of current management tools and to observe the interactions of individuals in a group.

So how do we best learn and inquire about humanity? On the one hand we have the scientific method of experimentation, which follows a rational, positivist theoretical framework – essentially that the truth is out there for us to uncover and delineate and we, as rigorous researchers, must define the best means of objectively discovering it. On the other, my experience would seem to suggest that there may well be more than one truth 'out

there', depending on who is being researched and their motivations, position, authority and so on. Similarly, what part does the researcher herself play? Clearly the researcher can influence the outcome simply by her choice of participants and the questions she asks. Since researching human action involves interpretation, there is room for more than one interpretation of events and actions.

Qualitative methodologies – are they better?

In an organisational setting we cannot control and measure interactions as positivist science would. So we use qualitative methods (interviews, ethnographies, text-based studies, audio tapes and video tapes, or a combination). Qualitative research, as the catch-all phrase for various methods of inquiry into human activity, tries to account for some of the more complex layers within human interactions. It is often critical of the status quo, often seeks to involve those who are the subjects of research in the process, acknowledges that the process of inquiry is not straightforward, gives value to the data collected and shows respect for those situations and people it researches.

Qualitative researchers tend to prefer the analysis of words and images rather than numbers and naturally occurring data rather than experimental data. They look for meaning rather than merely to describe behaviour, and they prefer inductive, hypothesis-generating research to hypothesis testing (Silverman 2001:38). These ways of operating are more applicable to a human setting. Qualitative methodologies provide a place for laudable values, seeking to advance research beyond simplistic explanations of social phenomena. Yet, for all their rejection of the scientific model when applied to the study of humanity, qualitative methodologies are in the main still caught within the positivist worldview that all can and should be known and measured. Conventional methodologies often mimic the scientific method in that they emphasise validity, reliability and generalisability. While social science is often critical of applying positivist models to social phenomena, it does intrinsically accept the primacy of the experimental hypothesis-testing method of physical science.

Qualitative research textbooks give advice on ways to ensure rigour, reliability and generalisability of findings when researching in the social sphere. They often recommend the use of multiple methods to ensure rigour and suggest triangulation of data for generalisability (see Silverman 2000). The assumption underlying these methods is that human behaviour can be understood by direct interrogation of those studied and that, as

long as the study uses multiple methods and is well planned and rigorous, what it uncovers will be generalisable and therefore true in most similar cases. But is this a realistic endeavour?

Post-modern inquiry

There are some branches of social enquiry that take a different approach and attempt to account for the paradoxes and contradictions of the human condition. Social constructivism is a prominent example. (Guba and Lincoln 1981; Lincoln and Guba 1985). The backdrop of social constructivism in social science is the philosophical movement of postmodernism. It rejects of the idea that truth or reality can be found and identified.

Lincoln (2001) notes that constructivist inquiry grew from the failure of conventional evaluations of social programs. By conventional she means those evaluations that did not include participants in the evaluation of programs and that focused on success in terms of management's needs only. Social constructivism holds that capturing reality is not possible and thus it rejects some of the more mainstream qualitative methods that emphasise data reliability and generalisability.

Recently, Lincoln says, there has been a convergence of critical theory, action research and constructivism into one paradigm. This convergence has it that people construct reality as they interact. Truth is not a product of objective observation but a shared understanding of what we believe at a given point in time. In this view, what is true is what we define by language at any time. The emphasis in these postmodern theories on language as defining 'truth' is appealing. It is especially appealing because it can help to reflect upon the ways that business language creeps into public services and loses its meaning as it is taken up in so many places in which it would seem not to belong naturally. Gergen and Gergen (1984, 1986) write about how people account for themselves in the form of stories or narratives. Shotter (1993) is interested in the dynamic of interactions that occur between people to create a reality. Kemmis (2001), noting the influence of Jurgen Habermas on his thinking, highlights the impact that the 'communicative space' created in a joint research project can have on application to broader systems. Long (2001) similarly emphasises the importance of the 'in between' spaces in analysing organisations. French philosopher Michel Foucault reminds us that knowledge is embedded in history and culture. He is particularly interested in the way language is used to construct social realities. Similarly, Wetherell and Potter

(1992) write about 'text in action' and analyse everyday talk to discern constructed realities. Yet they do so as if there is nothing outside the text and the text is used to bring meaning to social situations only. They play down the influence of constructing the self in dialogue.

The notion of the self in research

Social constructivism and postmodern inquiry reject the idea of one single knowable truth and in this regard, I think they are right. The problem with their thinking is their denial of the notion of the self. Social constructivism speaks of the reality of the social situation and does not acknowledge the self as an entity outside the social situation. It rejects the notion of a single truth but also of an immutable entity standing outside the social milieu (Burr 1995).

It seems to me that social interaction is a two-way street. The social world impinges, and powerful discourses dominate our thinking, but we also impact on our environment. There is a self that acts, often unknowingly, on its environment. The ability to act is limited by outside forces and yes, the self is shaped and malleable to external forces. Often we do not know consciously what we are doing but there still exists a desire in each of us to understand the world and our place in it and to test and play out a version of our selves in social interaction. Long (1992) prefers the term identity to self as it makes explicit the idea of identification with a group which she argues is part of identity, but which is not clear in the use of the word self.

Social constructivism, as with postmodern thinking in general, also encounters the problem of relativism. In this view, history is not as valid as the moment we are studying, the self exists only within the social space and values and morality are what we collectively determine in a given point of time. In this approach, we create moral rules as we interact with each other (Wolfe 1989). Morality is negotiated and is time and place dependent. This approach denies the existence of an ego, a self, struggling to define itself and make sense of the world it encounters. However, there is a different methodological perspective that tries to account for both the self and its context and to account for the irrational in day-to-day experiences. This is the methodology used in this research, and I will describe it in the next section of this chapter.

Self and other – the object relations school of thought

Following from the Kleinian school of thought, Winnicott (1982) proposes that, rather than assert itself on the individual, socialisation occurs initially from the individual experiencing the space between herself (as a baby) and her mother. Repeated positive experiences give the baby trust that mother's love exists even if she is not immediately near. The space for individual freedom and play expands, symbols come to provide meaning and trust is developed that the world is a safe place. In this theory it is assumed that both the individual and the other in a social situation interact to create meaning and reduce the anxiety of interacting with others.

The Kleinian perspective has been developed and applied to workplaces by members of the Tavistock Institute in London and by key theorists including Manfred Kets de Vries, Larry Hirschhorn, Abraham Zaleznik, Harry Levinson and others. The approach of the psychoanalytically informed organisational researcher can be called socio-analysis. It provides a way of speaking about things that occur at work, that are otherwise difficult to describe or explain. The advantages of the theoretical perspective are summarised below:

1. it encourages researchers to look beneath the surface of day-to-day activities at work;

2. it provides meaning for otherwise unexplained but observed phenomena (such as people screaming at meetings over what may seem trivial matters);

3. it provides a framework for more critical reflections of power structures in the workplace;

4. it allows us to see paradox and depth in interactions that mainstream management research does not;

5. it allows for dialogue between the self and others in group situations;

6. it gives voice to other ways of looking at the world that rational ideology stifles;

7. it lets us include emotions that are usually banned from discussion – fear, anger and guilt do exist and do motivate us;

8. it helps us to understand why change does not work sometimes (why people may sabotage change and fear it); and

9. it provides a language whereby we can see the workplace as a full extension of human relationships, not a neutral value-free zone where ethics do not apply.

Socio-analysis is an approach to studying organisations that derives its methods and theories primarily from psychoanalysis, group relations and social systems thinking. It is an 'activity of exploration, consultancy and action research' (Chapman and Bain 2000). It is undertaken in conjunction with the group being researched for the purpose of shedding light on unconscious activity and suggesting a course of action that may improve the way the organisation manages its many challenges. It uses the methods of interview, field observation, participation in the work group and consulting with members of the work group.

My research had two parts; firstly I undertook interviews with local government CEOs about their work and their reflections on leadership and values. I used open-ended questions as a starting point for discussion. Each interview took around one and a half hours. Each interview was taped, but not every question was asked of each CEO and questions were not asked in the same order in each interview. In this way, the conversation was allowed to flow. Themes were then identified by looking through the interview transcripts, using key word searches.

Following the interviews with CEOs a second strand to the research was undertaken. In this part of the research, I spent six months observing one CEO in her workplace. I attended meetings, interviewed individual staff and councillors and spent time reading through the public documents of the local authority. The purpose of this part of the research was to further explore the role of CEO as it is enacted in the workplace and as it is expressed in documentation and in staff relationships. Themes were also identified from the material gathered in this part of the research. Further details of the method are given in chapter 8 and chapter 10 and in the audit trails of appendices A and E.

The research was not conceptualised as action research since there was no deliberate cycle of research, action, reflection and improvement. Neither was it construed as a consultancy in the usual socio-analytic sense because there was no presenting problem for the consultant to solve.

Problems with applying psychoanalytic theory

Applying psychoanalytic theory to the functioning of the workplace is, however, not without its problems. Psychoanalysis remains a contentious theory, regularly criticised for

scientific shortcomings, although falsifiable predictions are not a common feature amongst organisational theories generally. More significantly, the development from individual psychoanalysis to small group study (e.g. Foulkesian group analysis – see Foulkes and Anthony 1957) has stretched analytic technique considerably. In an organisational setting, it is probably better to speak of analytically-informed interpretation rather than organisational analysis as a specific methodology. Analytic thinking applied to organisational processes and psychohistory can encompass political and economic factors, or it can be crudely reductionist and formulate its interpretations in terms of personal pathology and infant experience as psychoanalytic therapy routinely, and appropriately, does.

Organisational consultants, psychoanalytically trained or not, are most frequently called in to assist organisations with problems, frequently quite severe, so a tendency to see the dysfunctional rather than the 'good enough' aspects of the organisation is understandable. The focus is on how people interact when their groups are entangled in the magical thinking of Bion's basic assumption groups, rather than when they are genuinely working well together to achieve a goal, although Bion reminds us of the power of the work group. Similarly, although it is useful to trace the roots of adult behaviour to experiences such as the fear of annihilation as experienced by the baby in early life, these influences co-exist with mature ego functioning and as Bion (1959) points out, we still do achieve goals, work together and overcome primitive fears.

While adding unconscious behaviour into the interpretive mix helps us to understand events at work better, it must be acknowledged that it may not lead to improvements in work situations, certainly not to the level demanded by many managers. Freud's proposal that psychoanalysis could replace neurotic misery with ordinary unhappiness is as true of organisations as it is of individuals. This is not a welcome thought to managers required to produce constant improvement against world's best practice. Bion (1959) acknowledges in *Experiences in Groups* that while there may be value in further studying his theories, a greater understanding of the primitive processes at work does not necessarily lead to improvement in group outcomes. Indeed, there is good reason to believe that demands for constant improvement in a finite, competitive environment are themselves evidence of primitive processes at work. Nevertheless, the insights provided by disciplined analytic reflection may increase the chances that receptive individuals may be able to withstand the

tides of change that can otherwise overwhelm people and this can in turn create a sense of stability in the whole group.

Further criticisms of the method must be acknowledged. It has been argued that the socio-analytic approach does not strictly and prescriptively define its diagnostic criteria or its assessment methods and strategies. It has not made the links between theory, diagnosis and practice clear and explicit (Gould 1991; Lapierre 1991). Yet while acknowledging these criticisms, applying psychoanalytic theories to the workplace does provide the opportunity to open up the sphere of management training to further scrutiny and gives voice to the emotional life at work. The method offers a way to show complexity in given human interactions. It is not prescriptive or positivist in providing *the* answer to the challenges of working together, and, explicitly acknowledges the part of the researcher in the interpretation. Any interpretation of, or intervention in, an organisation that disregards the unconscious will not succeed and may even as Gould (1991) says, do damage. This is because it disregards beliefs, wishes and fears that demonstrably affect people's behaviour. Saying that these are things that ought not to be included in a 'science of management' does not make it so. History shows us people can be greedy, cruel, heroic and passionate and these feelings occur at work too. People do behave in ways that they themselves do not understand, and rational, sensible rules are frequently broken.

Assumptions underpinning the psychoanalytic approach used in this study need to be made explicit. The first assumption is that individuals and groups do influence each other – they are interdependent systems. Secondly, and importantly, the psychoanalytic approach allows that there are both unconscious and conscious processes operating for individuals and groups in organisations. Thirdly, it assumes that unconscious behaviours are driven by powerful emotions based in childhood experiences and are non-rational.

As a method, socio-analysis also assumes that if the inner life of participants is not examined, any management changes put in place are unlikely to be successful. Further by investigating the inner emotional life of people at work, positive change can result. There is so much scope for projection of inner fantasies of the CEO onto the organisation: since it is a position of power, the potential for damage is always there. Also, the organisation can be more dynamically managed, more cohesive and well regarded if the CEO is aware of the impact of her own internal reality as it is projected onto the organisation and aware, too, of

projections from staff within the organisation. Self-awareness allows for greater containment of projected unconscious material (Lapierre 1991).

In observation and consulting methods, interpretation of events inevitably comes into play. Interpreting events in which individual and group actions occur is complex and adds richness to the description and to meaning. It also means that the researcher must face her own unconscious biases and anxieties in the situations she confronts.

Socio-analysis is more, however, than a stab in the dark at meaning. It requires a longer process of uncovering and not a one off visit to a workplace. The researcher must look carefully for themes, match patterns that may be historically evident in the organisation or a key individual, understand that stories can have meaning at several levels and seek psychological urgency in a text – a pervasive relationship pattern, a real need (Kets de Vries 1991). Table 6.1 summarises the methods of socio-analysis and their advantages when investigating complex human systems.

Table 6.1 Socio-analytic methods and advantages

Research Method	*Advantages*
Investigates and works across the organisation	Sees issues from many viewpoints – not just management's point of view. Not seen as a lackey of management or there to impose a specific change
The whole organisation sanctions the project	Staff tend to own the outcome
There is time to reflect on matters raised during the course of the project	Reflective space improves outcomes by encouraging new actions or changes in direction for the project
The researcher asks the questions, but does not necessarily have the answers (is not the 'expert')	The researcher contains fears and worries while allowing everyone to explore possibilities. No imposed 'correct' answer, or improved process so creativity is encouraged

Research Method	Advantages
Assumes the organisation will have defensive mechanisms in place that serve a purpose	Understands that defensive mechanisms will undermine any simplistic structural change ideas
The researcher looks behind the initial presenting issue or problem	Effort is made to look beyond what management may say is the issue and the time is taken to formulate a deeper understanding
Sees each setting as unique	Does not impose a formula solution or one learned in a text book
Looks at thoughts and feelings	Brings the unconscious and non rational to light to provide a way to say safely what cannot be said in the organisation
Aims to develop capacity	Not focused on problem solution, but on developing the capacity of individuals and groups to learn from experience and apply it for the future

Adapted from Chapman and Bain (2000).

There is no denying that the researcher influences and is influenced by the person being researched. In this approach there is no suggestion that there is one objective way to view the situation. The meaning given to the research situation is explicitly the interpretation of the researcher. The researcher is an active participant in the creation of meaning.

The socio-analytical approach looks for meaning in interaction but sees the interaction in a more complex way than simply the space created between people as they interact. It assumes that each person brings psychological factors to the researched situation, is influenced within that space, and influences others in the space both consciously, and unconsciously and may be changed for good or ill as a result.

In the same way that social constructivism may claim to combine critical theory and action research so, too, the socio-analytical approach combines elements of action research (or more correctly participant action research) and has a critical stance in that it seeks to

understand the relations of power in social groups and seeks to provide insights that may improve the outcomes in a social situation.

Because it acknowledges the unspoken and unconscious in human interaction, it allows a rich multiple-level understanding of social interaction. It also brings out the differences between what actors say they are doing and what others may perceive in their actions (because of projection). In addition, it is conscious of differences between espoused theory and theory-in-action, where a participant may provide the researcher with an account of what guides her action in the workplace but be unaware of other factors that influence actual behaviour. Interest for the researcher lies in that space in which actual behaviour (theory-in-action) is different from espoused theory.

Through careful exposing of potential projections, gathering stories, listening more acutely when a narrative feels uncomfortable for teller or researcher, a richer understanding of a particular situation may arise. The impact of organisational history, social and political structure or personal history on the events we witness and interpret today cannot be forgotten. All these factors combine to enhance the interpretation of the situation as one of the more likely explanations for what is studied. Rather than minimising or rejecting the subjective, this approach puts subjectivity at the centre of the investigation and uses a psychoanalytic state of mind 'to receive and understand other states of mind' (Long 2001:174). The superior applicability of this methodology is that it does not deny the influence of the self (both conscious and unconscious) in a social setting. In fact it specifically tries to account for the parts individuals play in social settings.

In summary, then, the socio-analytic framework is a paradigm – an interpretative framework – a basic set of beliefs that guide my actions as a researcher (Guba 1990:17). It uses subjectivist epistemology (researcher and researched create meaning together) and employs naturalistic methodologies (observes people in their place of work). I make this clear so that the reader can judge the work accordingly. The framework does posit that an absolute reality exists outside us, but that we can only know it through our own perceptions. This is in keeping with Bion's concept of 'O', which he describes as 'unknowable, ultimate reality'. In his work, *Transformations* (Bion 1991) argues there exists a fundamental world out of which our precepts arise. Our precepts are inevitably removed from reality by time and by our own mental capacities for understanding what we are seeing. So while there is a reality,

we may each know it only partially and the moment we attempt to describe it we distance ourselves from it. Bourdieu says that in social research, the researcher takes on both the role of subject and research observer. The researcher forms a bridge between the subjective and objective by reflexive knowledge of the subject researched and her own thought. 'First, there is the work done in the act of observation and the objectification or distortion of social reality which it is likely to produce. Second, there is an awareness of that distortion and of the observer as a competent social actor in his/her own right.' (Jenkins 1992:50). The dichotomy of quantitative verses qualitative is also therefore, not a real distinction in my view, since all research is subjectively based on the researcher and her place in time.

In this approach I acknowledge my own interaction with the situation I am studying, my choice of what to study and to write as reflecting my own interests and the impact of the way I tend to see the world as influencing my interpretation. I also acknowledge my own part in shaping the dialogue between myself and the participants and my tendency to try to control situations to reduce my own level of anxiety about being in new and uncertain environments.

I also acknowledge the impact of role, place and time on the words that are spoken in meetings and interviews. A CEO may say something completely different to me, and certainly to another researcher, in answering the same questions at another place or time. Yet I still believe that, despite this level of subjectivity, there will be things said that may be helpful to some CEOs. I believe they are helpful, not because of scientific rigour, not because of a pseudo-objectivity but because of a genuine attempt to see myself in relation to the situation I have determined to study in the manner that I have constructed it. In addition, the approach is collaborative and reflective, not imposed or simplistic in its problem focus. It is not exploitative of people with less power in an organisation. It recognises power relations exist in the workplace.

One area where socio-analysis is silent is on the matter of respect for those participating in the research. A basic aspect of my approach to research is respect for those who agree to participate. Participants give their time for the purpose of the research, and I try to listen without judgement of the motives behind their participation or what they say. I have asked

questions of local government CEOs about how they feel about specific issues, situations and dilemmas. I accept that they are being as truthful as they can in that time and place.

While I do interpret the meaning behind what participants choose to say or not to say, I try to keep in mind the practice of *Dadirri*. Dadirri is a quality of listening respectfully and being aware that the speaker is conveying meaning at many levels at once. It is inner, deep listening and quiet, still awareness. It is a unique quality of understanding common to all Aboriginal nations in Australia but has no direct translation into English. Miriam-Rose Ungunmerr (1988) is an Aboriginal artist. She wrote about Dadirri as a quality of listening and hearing from a deep spiritual place.

> *It is our most unique gift. It is perhaps the greatest gift we can give to our fellow Australians. In our language this quality is called Dadirri…Dadirri recognises the deep spring that is inside us. We call on it and it calls to us. This is the gift that Australia is thirsting for. It is something like what you call 'contemplation'.*

Methods used in this research

This research consisted of two parts: part A – interviews of 18 CEOs and then, part B – observing one CEO and her interaction with senior managers over a 6-month period. My aim in this section is to describe what was done and why it was done in that way. This is necessary for the reader to understand the data from which conclusions are later drawn. In keeping with the arguments outlined earlier in the chapter, I also describe my own experience of interviewing CEOs of local government authorities and of observing at one municipality. I reflect on the issues that arose, the contradictions, the misunderstandings that occurred and the construction of meaning by myself and those interviewed, or those observed, as it was revealed during the course of the research.

Research part A – a conversation with 18 local government CEOs

For this research 18 CEOs were interviewed (face-to-face) and they were asked about their experience as leaders of public sector institutions. Open-ended questions were used to encourage the CEOs to be reflective about their experiences. Not all questions were asked of each CEO and if the interview went in another direction, this was accepted as the direction it needed to take on that day and time. Appendix B contains the interview schedule

that should be considered as an *aide de memoir* since it was used as, and if, needed in interview.

The 18 CEOs who were interviewed came to the study in three ways. Firstly, some 12 volunteered after a presentation I made about the research at a Local Government Professional Officers Association (LGPro) breakfast meeting. Secondly, four CEOs known to me from previous work experience were approached personally. Thirdly, an advertisement was placed in the bulletins of both LGPro and the Municipal Association of Victoria (MAV). One ex-CEO was also included in the sample, and this CEO was approached directly.

The CEOs were interviewed for between one hour and one-hour-and-a-half, generally in their own offices. Each CEO agreed to the interview being taped and each saw and commented on a transcript of the tape at a later date. All CEOs accepted the transcript without comment or alteration, with the exception of one CEO who, while not changing the content, made alterations to improve the grammar of the original spoken text. The interviews were conducted as focussed, open-ended interviews. I did not take notes during the interview so that I could attend more to what the CEOs chose to tell me. I tried to practise *active listening* (Rogers and Farson 1995) whereby I did not express my view, but maintained eye contact, listened for content and emotion and mirrored the feelings as expressed to me (as I interpreted them).

I decided against using computerised tools for analysis of the content, opting rather to read and re-read the transcripts looking for themes that were apparent across all interviews. I created a large matrix comprising each CEO and each question asked. I hand-wrote a summary of each answer given, using the words, phrases and terms used by CEOs themselves. Doing this helped me to engage closely with the data. Eyeballing the data sheet, allowed me to see patterns across answers and between CEOs. I noticed that the CEOs used similar terms and spoke of similar issues in relation to the role of local government, managing in the public sector, the reform period, what makes a good CEO, values formation and so on. Following this process I did key word searches on all transcripts that were stored on my computer. The selection of words to search for was based on my own interest in emerging themes and also because some words (or synonyms) arose often enough to make them important for the CEOs. Examples of these words are 'arrogant' and 'mediocre', when

describing qualities not admirable in a CEO, 'stewardship, advocacy and community well being', used when describing the role of local government. Themes of interest to me were those regarding the differences between public and private sector management, notions of leadership, values and how they are adopted in the workplace and the impact of the period of reform in local government in the 1990s. While I had pre-conceived views of what topics I wanted to explore, I reviewed the data inductively, that is, I looked for patterns to emerge from the data and later applied hypotheses to the patterns which emerged (Harding 2006). In this way, I uncovered unexpected findings – the view of CEOS that reforms were needed and for the best, that a legislated requirement for measuring performance is not fully adhered to, that public sector CEOs are possibly not as good as their private sector counterparts, that the private sector is regarded as ruthless and that management tools and techniques are used, in general, as and when needed and not in a systematic way – amongst others.

Types of questions asked and their purpose

The interviews explored how CEOs conceptualise themselves and their professional frameworks within the context of local government. To begin the conversation, I asked for a description of the work of local government and its place in the broader political and economic context. I then asked about the CEO's management style (as each saw it) to determine the management tools and techniques currently used in local government in Victoria and to find out if CEOs see a difference between themselves and private sector managers. Finally, I asked 'what's important in this work?' – to give CEOs an opportunity to articulate the values that underpin their work in local government.

There are 79 CEOs of local government authorities in Victoria. By interviewing 18 (including one ex-CEO) I had approximately 20 per cent of the total. I was not looking for a statistically valid sample. My purpose was to have a conversation with a sufficient number of CEOs in order to see themes and interpret meaning, to recognise patterns in the conversations and to discern the different levels of understanding operating between myself and those interviewed. By interviewing 18 CEOs I was able to sift through my responses and theirs to see themes emerge. I wanted to know what leaders say about themselves and their work when given the time to reflect. I was aware, however, that there is a self-conscious construction in this conversation and that the way the CEOs perceive their role and how they perform it may be viewed differently by others in their workplace. Therefore,

I decided to add to my information by spending time observing one CEO in her workplace and speaking with other members of her staff.

Observations on the process of interviewing CEOs

I was aware that the CEOs were busy and had important jobs as leaders of up to 1,000 staff, overseeing budgets in the range of $80 million annually. I was, therefore, well prepared for each interview. I endeavoured to display a professional manner, showed respect to the CEOs who had volunteered their time to me, showed interest in whatever they chose to share with me and thanked them for their time. I became aware that my manner had an impact on how the interviews unfolded for many participants. Eight of those interviewed were men aged in their 50s. I felt a rapport with the men that I did not feel with the women I interviewed. I observed that, in the main, they were pleased to have the opportunity to talk about themselves and to talk about the job in more than a 'nuts and bolts' way. They were prepared to reflect on the meaning behind what they do each day. I found the women, conversely, were very task focussed, business-like and very conscious of the time allocated for the interviews. I did not experience a sense of them finding enjoyment in telling anecdotes, as I found with the men. I am uncertain as to the meaning in this observation. It may be that as women leaders in a male dominated profession, the female CEOs felt time pressure more keenly than the men; they may have less desire for self reflection (or self aggrandisement?) or possibly, there may have been a sense of professional jealousy occurring between myself and those women I interviewed.

I had no difficulty in gaining volunteers to participate in the research and stopped at 18 because I felt I had enough data, although I had two more CEOs willing to be interviewed. Initially I did not propose to ask questions about the CEO's family of origin or formative childhood experiences, but I later included it since CEOs raised these matters with me.

After 18 interviews it was interesting to note the tangents that each chose to take on the same questions, the way they individualised or misunderstood the questions, contradictions and paradoxes that came up, how often they said the same things (especially that management literature was not often useful) and then how oddly different their views were on some topics. This was especially evident when they said the period of reform was a very difficult time and some said that they did not like the way they behaved at work during those times, yet others said that the reform period had no impact on them personally. They

also described it as a time of great excitement. Many of the men relished leaning back and talking about themselves. I noticed that they constructed a picture of themselves as we talked, based on what they believed about themselves, what they thought I wanted to hear and what they thought might be helpful to me. They each expressed the hope at the end of the interview that what they had said had been helpful.

Researching at Glenview

In April of 2003, I spoke at a breakfast meeting of LGPro, the local government professional officers association, about my research and asked at that time if any CEOs would be willing to participate in the research by allowing me to observe them at their workplace over a six-month period. The CEO at Glenview agreed to participate. The CEO discussed my proposal with her executive team, which comprises herself and her four second-level Directors. I wrote an outline of my purpose in observing (see Appendix G) and this was circulated to the team of second-level managers and third-level managers. They were asked if they agreed to be involved in the research and, if so, to inform their own staff teams of my presence and purpose. The four Directors who make up the second level of management at Glenview agreed to my proposal (as outlined by the CEO) and they then requested the support of third-level managers who report to them. There are 30 third-level managers[13]. Each third-level manager has between 10 and 100 staff working for him/herself in teams.

Following the agreement of Glenview staff, various protocols were drawn up and signed by myself, my research supervisor and the CEO at Glenview. These are located at Appendix G as part of the research audit trail. One of these agreements was that I would maintain confidentiality and anonymity and I would give the CEO the opportunity to view and comment on my findings and on the draft thesis chapters relating to Glenview. This occurred in July 2004 and again in July 2005.

During my six months at Glenview, I spoke with the CEO, council members and many members of staff individually. I also attended and observed at several meetings held by the organisation. The schedule of what was done and who participated is located at Appendix E.

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[13] Barbara Schofield, the Glenview CEO has informed me that as at July 2005, following restructure, there are now 19 third-level managers.

Commencing the research, I attended the June 2003 meeting of third-level managers, which the CEO and second level Directors also attend, to speak to my research proposal, answer any questions and gain support for my work. I gave my e-mail address to all present (more than 35 staff) and invited all to e-mail me if they wished to discuss any aspect of the research and to participate. Of the 30 third-level managers, two managers agreed to participate directly and ask their staff if they would like to be involved. They were from a finance area and a human services area. As it turned out, involving these staff was more difficult than imagined and this is discussed below. In addition to speaking to the staff in these areas, individual staff were approached and interviewed anonymously.

In June 2003, a spare desk was found for me in an open-plan office area. I attended the municipality on average one day a week. I sat at my desk and reviewed annual reports, budget information, strategic planning documents and value statements of the organisation, in between interviewing those who volunteered and observing at regular formal meetings.

The presenting issue at Glenview

This thesis documents a research project, rather than a consultancy in which the organisation identifies a problem and seeks assistance from a professional organisational consultant. The aim of the exercise at Glenview was simply to spend time observing and to look beneath the 'public face' of the organisation as presented in its annual reports and corporate plans. I anticipated gaining insight into the day-to-day practice of being a CEO by observation of the CEO in action and by interviewing staff to see if perceptions coincided. I did not seek to examine the organisation as a whole, or to prescribe any action that the organisation needed to take to improve any issues or problems. I did not give advice on organisational matters. I did not expect to interview a representative sample of staff or canvas all issues at Glenview. In keeping with the arguments presented earlier in this chapter, I was aware that my presence itself might impact on responses of staff to the research. Moreover the research is not action research in that it does not incorporate cycles of research and implementation for the purpose of improvement. It was observational and interpretive in nature. Nevertheless, it was interactive in that hypotheses were adopted following observation and themes have been developed by further observation and discussion with key players at Glenview. Hypotheses were developed and tested in discussion with a staff member at second level, one at the third level and with the CEO herself.

The CEO was clear that, by allowing me into the organisation, she was helping me with my research rather than expecting specific outcomes that would benefit the organisation. She agreed to be involved on that basis. It is fair to say, however, that she hoped to gain some insight into her own actions as a CEO by reading my work. It should be noted that all themes have been developed by myself as researcher and, as such, are acknowledged to be my own interpretation of what was observed. The CEO has, however, seen the chapters on Glenview and corrected errors of fact. She does not dispute my interpretations (except where noted).

For the duration of my time at Glenview I kept a journal of my thoughts, ideas, impressions and feelings about what I was observing. Extracts from the journal are used in the following parts of the thesis to add to the exposition of themes. In addition, I saw a very experienced organisational consultant each month for the six months of my stay at Glenview in order to reflect on what I observed, to discuss themes and patterns emerging and to contain any anxieties that I felt might flow from the work.

Meetings and interviews at Glenview

I attended and observed at two of the weekly meetings the CEO holds with her four-member executive team (second-level Directors) and three meetings of the third-level managers that are held monthly. I also attended and observed at two meetings of a team at Glenview (third-level manager with her staff). A further three of these meetings, which I expected to attend, were cancelled.

I interviewed nine staff from various areas and levels within the hierarchy of the organisation and spoke more informally with a further 10 staff. Several staff members were interviewed on more than one occasion. It is important to note that there are more than 1,000 staff in total working for Glenview, with around 350 of these being full-time staff.

In spending time at Glenview, I had no specific pre-determined plan as to how to elicit information and which meetings to observe and which staff to interview. I simply outlined my research and its purpose and asked for volunteers. I did wish, however, to observe formal meetings at all levels of the organisation and hoped to speak to staff individually at all levels of the organisation. I wanted to observe in order to participate in the emotional states experienced by staff; I wanted to feel what it is like to be a worker at that

organisation. I also wanted to interview key individuals, as Harding (2006) says to allow 'for better representation of the whole system dynamics as compared to solely using the researcher's experience.' The purpose at Glenview was to gain views of the CEO from those close to her and those more remote from her decisions. In observing at meetings and speaking to staff, I was interested in perceptions of the CEO and the values that are explicit and implicit in the organisation. Table 6.2 details both the meetings and interviews that I undertook at Glenview.

Table 6.2 Interview schedule at Glenview

Formal Meetings Attended	*Number attended*	*Level of staff Interviewed*	*Number of interviews*
Executive Team (CEO and 2nd level Directors)	2	CEO	2
Managers Meetings (CEO, Executive and third-level managers)	3	Councillor	1
Team Meetings (third-level manager and her staff)	3	2nd level Directors	2
		3rd level Managers	4
		Other staff	2

Interviews with individual staff members took around one hour and were generally conducted in their offices or a meeting room (if they did not have a separate office). I reminded staff that their responses were anonymous and that they did not have to answer any question that they were not comfortable answering. To increase the probability of honest responses, I began by saying that I had previously interviewed 18 local government CEOs and that the aim of my research was to see if what CEOs say about their style is seen in the same way by their staff. I had an open-ended conversation with each staff member that generally covered the questions below.

1. How long have you worked here?
2. What's the best thing about this organisation?
3. If you could change one thing what would it be?
4. What is valued here at Glenview?
5. How do you describe Glenview? What do you call it? What is the culture here?

6. Can you think of one word or image to describe Glenview?

7. You probably have some interesting experiences in this job, can you tell me one of them?

8. What role does the CEO play here? Does she set a tone for the organisation?

9. What one word sums her up - what is your experience of her/how does she seem to you?

Matters of privacy and confidentiality were of utmost concern to me during my stay at Glenview. I wanted people's honest thoughts about what it is like to work at Glenview and their views of the CEO. Ensuring anonymity is essential in gaining this level of trust. Since the CEO had endorsed the project, I was aware that staff could be concerned about my relationship with her. Therefore I made every effort to ensure that staff members knew that I could be trusted to listen to their views without passing information back to the CEO.

In the analysis of themes at Glenview in chapter 12, I have used only those topics that were generally enunciated by all those interviewed. I have not included any idiosyncratic opinions or views that may be identifiable. Some non-essential details have been altered to avoid identification of respondents. Only views gained from formal interviews, not from any overheard conversations in the kitchens or open plan offices, are included.

General observations of Glenview

Staff were friendly, helpful, polite and welcoming. I observed them interact with people who came to the reception desk with courtesy and patience. In the open-plan office where my desk was located, staff were polite but did not approach me or ask me about my research. People who agreed to be interviewed were courteous and candid. They said remarkably similar things in relation to my questions about the values of the organisation and the role of the CEO. Their responses are outlined in *The CEO at work*.

I observed the CEO in her weekly meetings with her four Directors. It was a new team with two original members and two newer members. I observed that the CEO chaired the meetings and controlled the agenda. The meetings I attended were primarily administrative in nature, lasting just over an hour, rather than long in depth discussions of future plans or organisational problems. My attendance at each formal meeting was agreed prior to the

meeting and all staff attending were aware that I would be observing. I said nothing at any of these meetings and took notes on occasion.

I did not tape record or take copious notes because I wanted to observe from a position of not knowing (Willshire 1999). I wanted to retain a friendly and open manner; to display as Hinshelwood and Skogstad (2000:22) suggest an 'open interest in whatever is going on.' On the other hand, I did not want to become too involved in group processes. When I took notes, they were generally to help me to reflect on my own emotional state while in the meeting. It is fair to say, however, that staff were very much aware of my presence. How this impacted on their behaviour in the meeting is hard to gauge. I did notice they relaxed more around me on second and subsequent attendances. Interestingly, at each meeting, if a joke or an aside were made while someone was speaking at the meeting, there were several furtive glances in my direction to see my reaction. My experience was that it is not possible to be 'invisible' in the group. While I observed in silence, it was clear to me that members of the group were very much aware of my presence and group processes were probably modified as a result.

Willshire (1999) notes the tension in observation methods between being drawn into the events one is observing or feeling isolated and emotionally distant from proceedings. I experienced this tension; sometimes I felt the stress of the meeting when personal issues were on the agenda and at other times, I felt distant and bored by proceedings. The accuracy of interpretations arising from my observation must be tempered with this understanding of the limitations of an individual's capacity to be both present in the moment and objectively monitor group processes.

I attended three managers meetings, which I recorded in my journal at the time, were 'sombre and boring'. Attendance levels were high each month. The meeting was followed by either lunch or drinks for the late afternoon meetings. People chatted when they arrived for the meeting and before it got started. When executive team members arrived, the meeting started and the mood felt quieter.

Reflections on my time at Glenview are taken from my research journal and presented below. While there was no presenting problem as such in this research it seemed that 'going

through the motions' summed up the way people at Glenview went about their day-to-day activities and this is how I described the culture in my research journal at the time.

going through the motions

It was evident in executive team meetings that were 'short, agenda driven, no digression'. It was evident at the third-level managers meetings that were 'sombre and boring' and it was evident in people's appearance of courtesy towards me, but with no real engagement with me. It was also raised as a theme, without prompting, in the interviews with individual staff. Since the proposal that I attend over a six-month period was endorsed and promoted by the CEO, it is hard to know how much genuine interest there was in the project from other members of staff. Going through the motions suggests a lack of identification with whatever is on offer at Glenview.

it's not worth your while

In the community support team[14] that agreed to participate in the research, it became clear that while the manager agreed and told me her team was happy to participate, this might not have been the true situation.

Several meetings were cancelled, times and arrangements were changed and staff forgot to tell me of the changes. On one occasion I was told it would not be worth my while to come to a meeting at Glenview that Monday morning since two staff of a team of six had called in sick. I pondered on the meaning of 'worthwhile' and why the staff person felt she could make this decision for me. Surely I was in the best position to judge what is worthwhile with regard to which meetings to attend or which staff to see. When I said I would come to Glenview anyway that day, she then said she would cancel the meeting. Was I being told my study was not worthwhile?

This experience with the community support team made me think about the word 'worthwhile' and its meaning in the context of working at Glenview. Is it worthwhile in the public sector just to keep your head down and get the gold watch at the end or is it

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[14] I did not meet with the finance team that had agreed to participate because their team meetings were held after hours.

worthwhile to come in and make a contribution, make a difference in the workplace and for clients in the broader community? I felt there was a shared sense, amongst the lower level staff, that they are not required to make any difference, that keeping your head down and going through the motions is the accepted and acceptable way to spend the working day. They appear to want everything on an even keel and do not want to buy into any turmoil. I also got the message that I was not required to come in and make a difference either. I was not allowed to disturb the balance. There was a consistent pattern of being subjected to inconvenience by lower level staff that I suggest reflected a covert level of hostility in the organisation. Since I was probably viewed as a lackey of the CEO, then *she* could be inconvenienced, not directly, but through me. My view is that how they behaved towards me is consistent with an unconscious wish. It confirms my sense that there is a gap between the CEO and her leadership team and other staff at lower levels. While staff agreed to participate in this research, it is difficult to know why they agreed. What impact did my presence have on the way they interacted and what they chose to tell me about the organisation? Hinshelwood and Skogstad (2000) note that the observer is an organisational intruder and suggest that how the organisation negotiates permission for the observation provides valuable information about the functioning of organisation. In the case of Glenview, the appearance of support seemed an important ideal.

rather than drowning in input, I hardly have a toe in the water

I had arranged to meet monthly during my time at Glenview with an experienced organisational consultant who works in the psychoanalytic framework. Following the suggested methods of Hinshelwood and Skogstad (2000) and Willshire (1999). I felt it would be important to write notes of the meetings I observed and then bring these notes to a regular discussion with someone experienced in this technique, to assist me in becoming more conscious of intuitive issues I may have picked up during observation. I arranged this also, because I am aware that observation in this framework has been criticised as unreliable. I agree with Hinshelwood and Skogstad (200:24) who argue that such a discussion with others does not negate the inherent subjectivity of the interpretation, but rather accepts it and goes some way towards 'honing that instrument'. I anticipated that I may be overwhelmed with emotional material and unable to adequately reflect on its meaning. What I found was that I was *under*whelmed with material from Glenview. On 14th October 2003, I wrote in my research journal,

> *everyone is polite and helpful, but not really interested in talking to me. It's like they are saying, yes we welcome you, but we are not really going to let you in... I am underwhelmed with emotional information, not overwhelmed as I had expected to be. I hardly have a toe in the water, rather than drowning in input.*

Glenview seemed to be an environment where risk was avoided. I felt left out, cut off, not part of it and this may reflect staff feelings too of being isolated, being quiet in meetings, just going through the motions at work. I may have been unknowingly involved in a parallel process (Smith and Crandell 1984), whereby groups and individuals interacting can display similar emotions and behaviours. I was surprised to encounter this level of disinterest. Before I started at Glenview, I imagined staff would either be interested and happy to participate or perhaps hostile and suspicious of my motives. I guessed there may be some indifference amongst staff, but was surprised by the generality of this attitude and I was also surprised, candidly, by the fear it engendered in me.

The experience of superficial acceptance and politeness at Glenview caused me to work harder to find meaning in my interactions with staff. For the first three months at Glenview, I felt cut off from what people really thought and felt. I found introspection difficult. I did not know the meaning of what I observed. Yet introspection is required in this process of psychoanalytically informed observation. As Hinshelwood and Skogstad (2000:18) argue the method

> *[a]cknowledges that much of the observer's experience occurs outside conscious awareness; it is influenced, sometimes deeply, by childhood experiences of the observer, and observations arouse intra-psychic conflicts which not only affect the observation but can be important indicators within the observation.*

I imagined that there may be some very rich meaning underneath this polite veneer, but that I would never be able to see it and my research would yield nothing of use. It was demanding for me to try to work out what this experience meant. It raised my own fears of inadequacy in relation to producing a worthwhile outcome with my research.

I felt that there may be deep secrets to know in this organisation and I was not able to know them. I felt frustrated and isolated. I felt foolish that I had thought six months of visiting an organisation of that size would allow me to gain any insight into the complex patterns of relationship, history and structure. Then I reflected that maybe nothing is actually happening to be worked out; maybe everyone is just plodding along and that they are stalled in terms of really making change. I came to see that I had wanted to find a significant issue within

the organisation, so that my research would be 'worthwhile'. After months of frustration and reflection, I let go of the desire to find a 'dark secret' in the organisation and allowed myself to hear whatever staff said to me. This letting go gave me the opportunity to listen and then later to see patterns in their narratives.

In conclusion, the general observation I made about staff at Glenview in their interactions with me was that there is a veneer of good will but also an aversion to any deeper exploration that may upset the outward appearance. Further enunciation of, and justification for, this observation is made in the following part of the thesis, in which the themes that arose from formal meeting observation and interviews are brought together. The picture is shown to be more complex when the themes at Glenview are seen in the light of its divisive recent history.

Conclusion

When inquiring into human behaviour in social groups, qualitative methods are likely to yield richer information than experimental data. I believe that looking at language and the stories we tell about ourselves helps to uncover our views of the world. Acknowledging the impact of the researcher and the time and place of the group being researched, rather than diminishing the outcome, will add texture to it. Understanding that each space and time within the research may well be unique and possibly not generalisable across every similar situation adds depth to the meaning of what is said and encourages participants to say whatever they will. It honours those who participate.

Further, having an understanding of psychological motivations, and acknowledging that the 'dark' sides of power, conflict, anger and fear do exist in our interactions, helps to make the picture more complex, paradoxical and sometimes contradictory. In that way the analysis is less prescriptive, less caught in the myth of linear progress and more encouraging of contemplation.

This chapter has outlined the methodological framework used in this research. It has also argued the case for its advantages when attempting to shed light on the complexities of leadership and groups working together. The next section investigates the impact of management theories on the day-to-day experience of being a CEO in local government. CEOs are interviewed and discuss their own management and leadership styles, the theories

of management they subscribe to, the impact of business models on the way they go about their work, why they choose to work in the public sector and if they feel it is different from being a CEO in the private sector.

Part Two

Listening to the Leaders

Chapter 7

Interviews with CEOs

In this part of the thesis, called *Listening to the Leaders*, I outline part A of the research that was undertaken. The research was conducted in Victoria, Australia with local government chief executive officers. The three chapters in this part of the thesis relate to interviews with CEOs. They encompass both data and analysis of themes from those interviews. The next part of the thesis, called *The CEO at Work*, has three chapters that detail the data and analysis of the six months spent in one municipality. A full report of the interviews conducted with CEOs and the process undertaken with the City of Glenview is contained in Appendices A and E.

This chapter introduces the field research by simply describing the CEOs who were interviewed, their backgrounds and their aspirations for the future. The local government leaders interviewed and observed for this research were largely, career public servants. The majority were men in their 50s from Anglo-Celtic family backgrounds. Only two of the CEOs I interviewed had substantial private sector experience and came to local government during the time of the Kennett reforms. Only one of these is still working in local government. Eight of the 18 were CEOs in local government before amalgamations. Fourteen of the 16 who answered a question about their future plans, said that they would probably remain in local government.

Interestingly, 43 per cent of CEOs came from families with four children or more. Seventy-five per cent of the 16 who responded to a question of their age-position among their siblings, were either in the middle or towards the youngest in their family of origin. 50 per cent (eight) of respondents had parents who worked principally in the public sector. Twelve of 16 thought families influenced their value set (three thought not and two were not asked). I also interviewed four female CEOs. Before the Kennett reforms, there were no female CEOs in local government.

Location of municipality of interviewed CEO

There was a broad cross section of CEOs from rural, regional and metropolitan settings amongst the interviewed CEOs. The ex-CEO is included in table 7.1 according to the locality of the municipality she had led.

Table 7.1 Location of interviewed CEOs

Location of municipality	*No of municipalities*
Inner suburbs of Melbourne	3
Middle suburbs	4
Outer suburbs	3
Outer suburbs/rural fringe	2
Rural fringe	2
Regional city	2
Rural shire	2

Age and gender of CEOs interviewed

I interviewed four female CEOs and 14 male CEOs. One was an 'ex-CEO', having left local government some six months prior to interview and another of the group left local government two weeks after being interviewed. There are currently nine female CEOs in Victorian local government, representing more than 10 per cent of the total CEO population. Thus I interviewed nearly half of the total female leadership in local government in Victoria. Eight of the CEOs were aged in their 50s. Seven were in their 40s and no age group was recorded for three CEOs.

Educational background

Every CEO had post school qualifications (no information was recorded for two). Eleven of the CEOs had qualifications in a business related field: four had MBAs, with another CEO commencing an MBA but not completed. One had earned a PhD, and another had a Doctor of Business Administration.

When asked how they describe their professional background, eight answered general management or public management, three answered civil engineering, three answered social

work/social science and two named planning. These answers indicate that whatever background they came from, the majority identified themselves as managers.

Employment history

Of the 18 CEOs interviewed only two had substantial private sector employment before they worked in local government. A further three had some experience early in their careers, and four had some experience mid way into their careers, primarily as management consultants. A total of nine CEOs had no experience at all in the private sector. One of these CEOs had worked for local government only during his whole career, but those who had worked elsewhere were still within public sector workplaces (State Government, education department, Federal Government, public transport corporation, Board of Works and so on).

It would seem from those I interviewed that 10 years on, State Government Premier Jeff Kennett's attempt to inject private sector experience into local government at the highest levels has largely been unsuccessful. Only two of the CEOs I interviewed had substantial private sector experience and came to local government during the time of the Kennett reforms and only one of these is still working in local government now. Two others, who came during the Kennett period, but not with substantial private sector employment, are still working as CEOs in local government.

Eight of the 18 were CEOs in local government before amalgamations.

Family of origin

Since I am interested in values and how we develop them, I wanted to ask CEOs about their family of origin and about any early experiences that may have impacted on their value development. However, I was unsure how to go about asking the question and whether it may be perceived as being irrelevant or intrusive. What I found from the first interview was that CEOs spoke of early experiences and the influence (positive or negative) of their family on the choices and directions taken in their lives. So I continued to ask the question: 'Has your family influenced your career choices?' Commonsense would suggest that early experiences do have an impact on our choices and value set, but there is little exploration of this idea in management literature (Sinclair and Wilson 2002:16). Nonetheless there is evidence to suggest that early experiences and birth order do impact on later life choices. Research shows that first-born children are over-represented as business leaders. Twenty-

one of the first 23 US astronauts were first-born. Two-thirds of the US *Who's Who* are first-born and 55 per cent of US Supreme Court Justices are also first born. All this has occurred even though first-borns represent only 35 percent of all children (Connellan 2003).

Alistair Mant (1993) argues that leaders are essentially the product of their family, birth order, school and employment experience. But few other texts look at this aspect of leadership. Mant says that those born after the first tend to be more interested in fairness and democracy (Mant 1993:44) and Sinclair and Wilson (2002:25) say that children born to larger families and further down the birth order may be 'natural democrats with a vested interest in fair play'. This would seem to hold true for the sample of CEOs I interviewed, as is shown below.

Sinclair and Wilson interviewed senior managers who had a style different from the mainstream model to try to ascertain why they were different. They found similar results to those explicated here. They found that nine out of 10 male managers with a different style were not first-born and most came from larger families (average of nearly four children) which is in contrast with the Australian average where five per cent of families have four or more children (Sinclair and Wilson 2002:25). The CEOs in my sample were all born in the 'baby boom' period from after World War II through to 1960. The majority were born in the 1950s. The average family size in my sample was four children. In the 1950s, in Australia, average family size was 3.1 children. Family size hit its peak of 3.5 children in 1961 and has since dropped to 1.7 in 2000 (ABS 2002).

In the case of my interviewees, 43 per cent of CEOs came from families with four children or more. None came from only child families. While I did have three first-born males in my sample, 75 per cent of those who responded (16) were either in the middle or towards the youngest in their family of origin. It is interesting to note that the CEOs did not know this fact about one another and were intrigued by the meaning of it. It was relayed to me from LGPro that this aspect of my research was a popular topic at informal conference dinners. It would seem that the information about birth order and family size gave CEOs an opportunity to identify with each other in relation to their backgrounds and thus to endeavour to help to break down the isolation of leadership. They are also at an age when thoughts turn to the influences that shaped their lives. See figures 7.1 and 7.2 for the data on CEO family size and birth order.

Figure 7.1 CEO siblings in family of origin

No. of children in family of origin

Figure 7.2 Birth order in family of origin

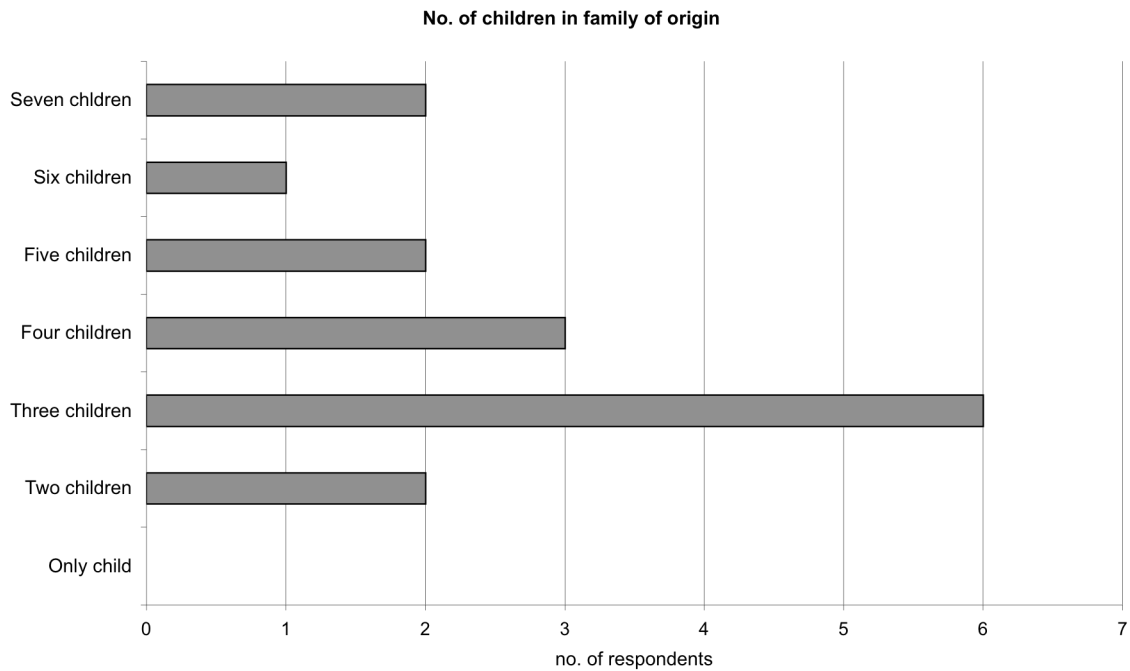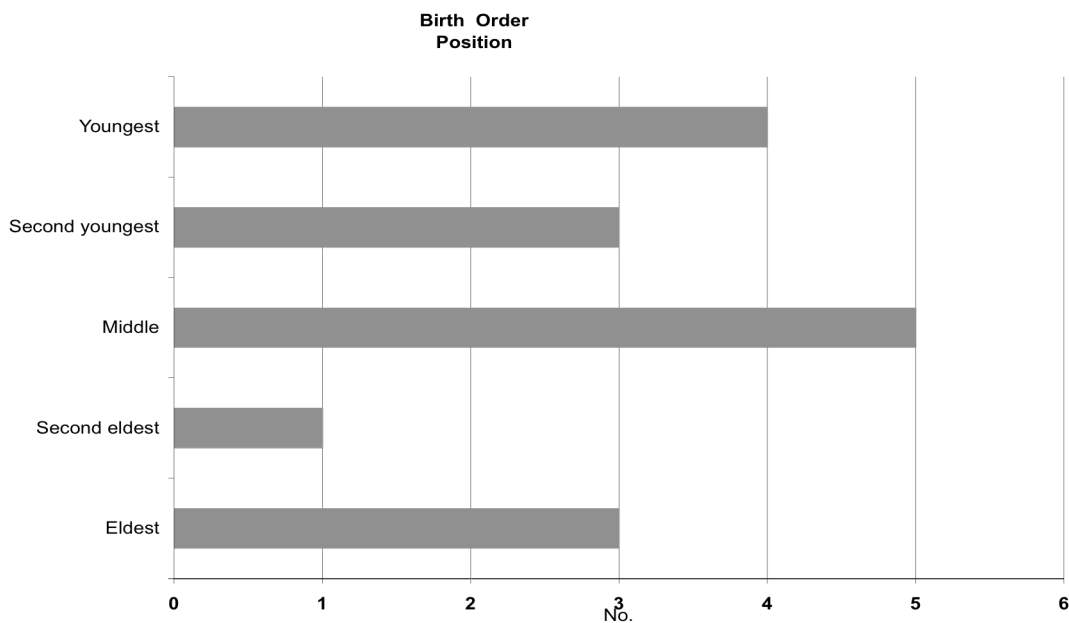**Birth Order Position**

I suggest that the CEOs interest in these facts about family of origin stems from the realisation that there may be patterns in career choice influenced by personal history that they had not considered before. It proved to be a fresh area for personal exploration and insight. I asked CEOs: 'Do families influence your value set?' Ten said 'yes' (55 per cent).

Three saw no connection and two saw a connection, but it was in terms of wanting to do the opposite. These CEOs had negative experiences of absent, alcoholic or unemployed fathers. Three did not comment directly. Fifty per cent of respondents (8) had parents who worked principally in the public sector (MMBW, taxation office, 3 sets of teachers), six (37 per cent) had parents who worked mainly in the private sector but in varied jobs (sea captains, farmers, textile-firm manager), two were not asked and two said their fathers were more often unemployed.

Occupation of father of CEO

Table 7.2 Occupation of CEO's father

Public sector worker	Private sector worker	Absent/unemployed	Not asked
8	6	2	2

All parents of CEOs I interviewed had held middle-class or lower-middle-class jobs, by which I mean they were not judges, surgeons, or from wealthy or privileged backgrounds, but rose through the ranks in their chosen fields. It is probable that by working in the public sector, the parents of my interviewees, saw a stable and secure means for their children to be upwardly mobile, too. I have given each CEO a pseudonym and provided direct quotes on relevant topics wherever possible throughout this and the next chapter to illustrate my points.

> *My father worked in the private sector. He was the GM of a concreting company and very unexpectedly was made redundant. That had a major impact on the family and also has made me probably more wary of and concerned about losing my job than other people might be.* Chris F

> *I guess I was influenced by my mother who said if you are going to have a job, you might as well have a job that is worthwhile or beneficial to society.* Alan F

> *They didn't encourage me to go into the family business… I think they felt there were better opportunities for me elsewhere.* Ed S.

Two CEOs saw no influence from their family as to their career choices, while three saw influence, but in a negative way (i.e. they did not want to repeat their father's choices). Four CEOs said the main family influence was the importance of education to getting ahead in the world. Three specifically noted their mother's influence and seven noted their father's influence on their choice of careers.

Where will the CEOs next position be?

Fourteen of the 16 who answered this question said they would probably remain in local government, but four put provisos on that. Provisos included that perhaps they *should* consider other options, that it is difficult to move out of local government as it is seen as specialised or perhaps they may go to another large-scale public enterprise or to academia.

The role of the CEO

CEOs were asked to list the three most important roles of the CEO. Sixteen responses were received. (See Appendix B for details). According to the respondents there is clearly a broad range of roles. The most mentions were made of matters to do with:

- leadership, innovation, setting direction for the organisation (mentioned 21 times);
- managing staff, setting the culture, empowering staff and so on (mentioned 18 times);
- liaising, engaging, facilitating decision-making between the organisation, the community and the elected representatives (10 mentions).

Challenges for local government

CEOs were also asked to list the three most important challenges facing local government in the future. Sixteen CEOs responded to the question (see Appendix D for details). Their emphasis was on financial viability, including issues related to cost shifting, increasing community expectations and the aging population (mentioned 17 times). Next came community involvement and connectedness (mentioned 7 times). Third was asset and infrastructure management, again related to financial considerations (mentioned 6 times). Fourth was corporate governance and the relationship with elected representatives (mentioned 6 times).

Conclusion

Eighteen Victorian local government CEOs were interviewed for this research. They spoke candidly about their role, the challenges facing local government, the formation of values, career influences, the complexity of the work, the differences between public sector and private sector work and the impact of the reform period of the 1990s. In responding to each question, they raised issues relating to leadership and values. They agreed that managing

human relationships at work is the most complex and most rewarding aspect of the work. In the next chapter, I examine the themes common across the interviewed CEOs.

Chapter 8

Themes of Importance to Local Government CEOs

This chapter summarises the responses CEOs made in interviews to the questions asked of them. The CEOs said they worked in local government because they wanted to make a difference in their local communities and they valued the diversity of activities in the job. They said the role of local government is to develop local communities, foster democracy and advocate on behalf of local citizens. They believed a good CEO is a person who has a vision and can communicate it, is honest and shows integrity and is in touch with the people she deals with. The CEOs were very clear that they did not admire or condone CEO behaviour that was mediocre, arrogant, selfish or autocratic.

CEOs hoped to contribute to improvements in the functioning of the organisation, to community well being and to setting the direction for the local community into the future. Most felt that while some management books were helpful sometimes, practical experience and the assistance of mentors were more helpful in achieving their goals.

The way that they describe local government, its role and why they are part of that activity shows the values they hold for themselves and for local government. They emphasise the service orientation of local government, the importance of listening to others and of representing and advocating on behalf of citizens to groups outside local government. They emphasise the longer term, not simply providing programs for citizens now but guiding the community into the future. They described their management style as being open and consistent in their approach to decision-making, or, as empowering and developing others.

What local government is about

A profit-making enterprise centres on making and selling a product and the profitable return to shareholders of their investment in the product. The values that underpin this enterprise are competition, individual freedom and choice. But are these the values of local government?

The first question asked of CEOs in interviews for this research was: 'what is local government all about?' The results are presented in table 8.1 below. The table includes key excerpts, from each interview, using CEOs' own words. In summary, the role of local government according to the CEOs interviewed is community development or community well being, advocacy and democracy.

Interestingly, there is no mention of local government as a business or of achieving efficiency, continuous improvement or a balanced budget. There is no talk of a 'primary task' as members of the Tavistock Institute may have discussed in the 1950s. In fact, where the provision of services is mentioned, it is considered more as the means local government uses to achieve the abstract ideals of community governance, advocacy and community well being.

What CEOs are saying when they describe what they believe local government is about are the values of local government. The work of local government is to provide a sense of community among citizens, to serve the community and to uphold democracy. All that local government does is based therefore on the values of solidarity, protection of the vulnerable and having a say in how we are governed.

What is local government about?

> *It's not what the Kennett government thought, i.e. service delivery – it includes that. But it has developed to a level of representation and governance which is larger. As we are more globally driven, the local community is the one place where there is stability.* Don A

> *There are two or three roles. Advocating on behalf of the community, providing a whole raft of services as a collective, which individuals wouldn't be able to do, and as an agent for other levels of government and providing what I call the 'cave' for residents. Making their living environment a pleasant place to be.* Bruce D

Below are listed the verbatim excerpts of all interviewed CEOs on the question of the role of local government. These comments best represent a summary of the CEO's answer to the questions posed. The reader can see how service, advocacy and community development issues are linked in thought by the CEOs.

Table 8.1 The Role of Local Government

Don A*	Meeting community needs, provide stability locally
Bruce D	Services, stewardship and advocacy
Greg C	Representation and governance
Linda T	Liveability
Peter S	Services and advocacy
Bob M	Democratic governance and service, advocacy and planning
Tim M	Close to community, visionary
Anna P	Service provision and advocacy
Brian L	Democracy, making a difference locally
Paul C	Grass roots service, building capacity, helping communities grow
Alan F	Advocacy, providing safe environment
Ed S	Community government
Chris F	Services, community well being, long term planning
Barbara S	Service, advocacy
Judy T	Democracy and community engagement
Graham R	Lead, fulfil community aspirations
John D	Providing best possible services for the community
Richard A	Delivering services and community leadership

*CEO names are pseudonyms

The table shows that for the CEOs interviewed, the focus of local government is providing service to the community. Service is a word noted again and again. The CEOs do not focus at all on the business side of the enterprise of local government. They do not mention the regulatory framework or local government as an agent of the State Government in ensuring citizens and businesses abide by planning regulations, building regulations, parking, health and traffic laws. The regulatory, legal, revenue-raising side of the enterprise is suppressed in this discourse. Yet more than two-thirds of income for local government is generated through rates, fees and charges (see chapter 10 for details of the City of Glenview income sources).

So it seems that local government provides a workplace where values to do with nurturing, caring, guiding, helping, providing a safe environment now and for the future and speaking up for others underlie the work. It suggests a motherly role and may attract to it people who

wish to be involved in this caring side of life. The CEOs interviewed for this work were not consciously aware of this possible connection.

Why were the CEOs drawn to work in local government and what is good about the job

Three CEOs said they fell into the job initially by accident. Either it was the first job they applied for or they knew someone who worked in local government. But all CEOs went on to describe why they continue to work in local government, except for two who simply said they 'fell into the job by luck' and 'liked the work. Had a good boss'.

The main reason for continuing to work in local government was the desire to make a contribution locally. The second most common reason was the diversity of the job role. The verbatim excerpts of 16 CEOs are included in table 8.2 below and are grouped under two headings chosen by the researcher to capture the theme of the comments.

Table 8.2 Why do you work in local government?

Making a Difference	*Diversity of Activity*
Make a difference	Diversity of activity
Mother said 'make your life worthwhile'	Diversity, variety
I can make a difference	Diversity and political environment
In touch with the community	Role is diverse
Reform process interested me, I wanted to make a difference	Diversity, complexity, making a difference
Came to local government because I am interested in social justice and the community	Diversity, challenges, leadership opportunities
Wanted to contribute to change in the way local government works	
Serve the community	
Can see the impact of your work locally	
Close to the people, I can help people	

The focus of responses here again is about service and having an impact on the local community. Again the stereotype of local government as a service enterprise is repeated. Interestingly, the diversity of the role is reminiscent of a mother's role, too, in that a mother

must provide a very broad range of services to the family – teacher, doctor, cook, cleaner. Mother also nurtures and guides her children, keeps them safe, stands up for their rights and disciplines them when required. Local government plays both parts of the parenting role. It provides service and guidance, but it does also punish and take away freedoms for transgressions. So what skills and style does a leader need within this milieu?

Management style of CEOs

As noted elsewhere in this work, the typical description of a business leader in management texts is an idealised male figure – strong, stoic, self-reliant, no display of emotion, always rational, tough, outcome oriented and heroic. The prevailing view is that these are traits that are both desirable in a leader and can be taught. Is this the appropriate style of leadership in a public enterprise? Clearly, CEOs I interviewed took a different view, at least as they espoused their management styles. Each saw her management style as developing and empowering others in the organisation and making decisions in an open and consistent manner. This reflects their attention to the most complex domain of the work – dealing with people.

Table 8.3 below shows responses to the question about management style from 13 CEOs. Again, I have grouped the comments into themes. Not included are comments by one CEO who described her style as 'eclectic', one CEO who described her management style as visionary, strategic[1] and three who used different phraseology but still described their style in relation to the human dimension of the work. They said their style was about:

> *Human relations, how you deal with people*
> *Communication and decision-making are critical*
> *Managing people first*

CEOs said the role of a CEO was to lead the organisation, empower staff and engage and liaise with the community.

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[1] She also said she tried to be collaborative in her management style.

The style needed in local government (especially perhaps with the breadth of services it provides) is to encourage, motivate and communicate with staff in an open and consistent manner.

Table 8.3 CEO management style

Empowering	*Open style*
Empowering of others	Open, communicative
Coach, draw out people's skills	Open consistent, don't play favourites
Empower others, maximise their potential	Clear, up front, open
No specific style, let people have their heads	Democratic, open
Develop people, give them opportunities	Consensus model
Balance between hands on and hands off	Tolerant, accessible
Motivational, drive change	

These results raise the questions: does local government attract to it individuals who desire to lead in a more empowering way? Are they people who would not naturally feel comfortable in the rough and tumble of the business world? Does the complexity of the work require a greater degree of reliance on senior staff? Perhaps CEOs mirrored for me in interview what they felt was the prevailing orthodoxy in local government leadership: leadership in a service enterprise may demand a more open, consistent and empowering model of authority. Perhaps, the CEOs reflected on how they aspired to lead, wanting to be open and inclusive in their style. How successful they are cannot be known**.**

What makes a good CEO

Binney et al. (2003) note that, while management texts often list qualities, skills and attributes of leaders, they do not usually ask why a person is drawn to be a leader. Why is leadership attractive to some and not others? What is the internal drive to be a leader?

Asking questions about what CEOs find is not admirable in a CEO and what they hoped to be remembered for, gives some insight into the internal issues with which each leader grapples. Binney et al. (2003) call these internal issues or themes the 'worm inside' and 'inner demons'. They result from formative experiences, accompany all of us through life and we are driven to work on such internal issues throughout our lives. The terms 'worm' and 'demons' are unfortunate because they have a pejorative tone. It is as if something nasty

lurks within us. While I think it is true that formative experiences are played out again and again in our adult lives, I prefer to think of these inner struggles as yearning. It is these yearnings that give us energy, strength for action and determination to improve ourselves.

In the cases of the 18 CEOs interviewed for this research, it became clear that the things that they yearn for are to improve themselves, to move outside their own comfort zones and at the same time to achieve without being selfish, arrogant or autocratic. There was remarkable similarity in their motivations as shown by traits that they do not admire in leaders. These traits are listed in total and in CEOs own words in table 8.4 below around headings that I believe adequately group each sentiment. It is hard to know if these traits come to the fore in interview because they are the lifelong internal yearnings of CEOs or the fears and worries attached to the jobs they are currently engaged in. Did those who fear mediocrity push themselves to a position of authority to overcome these inner feelings and doubts, or does the job hold so many demands that the fear of failure is ever-present? Are they in a job that fulfils a lifetime desire to serve others selflessly or does the job provide so many opportunities for power and self-promotion that they express their contempt for it as they experience it? Perhaps both explanations are right.

Table 8.4 Qualities CEOs do not admire

Mediocre	*Arrogant*	*Selfish*	*Autocratic*	*Hypocritical*
Ignorant	Egotistical	Selfish	Autocratic	Corrupt
Limited breadth	Over confident	Self-serving	Autocratic	Two faced
Inward looking	Arrogant	Self-serving	Aggressive	Don't walk the talk
Lacks insight	Egotistical	Selfish	Bully	
Too comfortable	Arrogant	Self promotion	Autocrat	
Don't take risks	Arrogant			
Stay inside own comfort zone	Thinks he's something special			
Not pushing boundaries	Seeing people as disposable			
Mediocre, lazy				

Qualities CEOs admire

Table 8.5 shows all comments made by CEOs (two declined to comment). It reflects not only the qualities CEOs admire in other CEOs but also, I believe, the qualities, they aspire to in themselves and that they struggle to see in themselves. The comments fall into three broad categories. The local government CEOs interviewed wish to be visionary, display honesty and integrity and be seen to be in touch with the people with whom they work.

Table 8.5 Qualities CEOs admire

Honesty, integrity	*Communicating a vision*	*In touch with people*
Knowing what the CEO stands for	Vision and capacity to communicate it	Not directive, in touch with people
Ability to engage, integrity	Facilitator of a vision	Politically astute and good people manager
Give honest, constructive advice	Strategic thinker, ability to deal with people	Relaxed, easy sense of humour
Openness, fairness, consistency	Not bogged down in detail	Longevity in the role, introduce change slowly, empathy with staff
Dignity, integrity		

The comments of three CEOs are slightly different and not included in the table above. The qualities they admired in a CEO were:

> *Partnerships with community*
> *Objectivity, inner confidence, steely resolve*
> *Charismatic, strong, challenging*

In her work, McDermott (1988) interviewed 18 regional managers in a public welfare enterprise**.** She asked her regional managers to describe an effective manager and the characteristics of an ineffective manager. She noted that all managers used personality traits to describe both types of manager. That is, they cited characteristics such as fair, hard-working, personable, loyal, approachable, good listening skills, kindness and openness. The ineffective manager was characterised by negative personality traits, such as being indecisive, lacking awareness, being abrasive, opinionated and complaining. She noted that

while the emphasis was on intellectual capability and personality, nothing was mentioned about the task of the job itself as a measure of effectiveness. None suggested effectiveness in terms of targets reached, improvements in service achieved, budget achieved and so on. This is the case in this work, too.

What CEOs want to be remembered for

But what is it the CEOs actually want to achieve? What do they hope to be remembered for? The next table 8.6 shows they had, largely, quite modest ambitions. All their comments fell broadly into two researcher defined categories. Either they wanted the workplace to be improved or the community to be better off. Three CEOs specifically named a visionary legacy (not in the table).

Table 8.6 What CEOs want to be remembered for

Improving the organisation	*Contributing to community well being*
Turned the organisation into a model place to work	Bringing more life and colour to the community
Well regarded place to work	Developing community vision
Reforming organisation, make it sustainable	Strong viable community
Creating stability	Developing a better community
Financial stability. An employer of choice	Contribute to community well being
Organisation in good shape	Environmental improvements
Organisation where people have fun and have a sense of achievement	Making a difference
Making the organisation a more human place to work	
Being a competent manager	

One word to describe you

When asked to sum themselves up in one word, many CEOs had difficulty. Seven had difficulty using one word only to describe themselves and answered in whole sentences. Two were not asked the question. It is interesting that so many had difficulty saying just one word. They are the leaders of their organisations, and yet saying the word out loud caused some consternation. Only one third could actually bring themselves simply to say 'leader',

without some additional comment or apology. This may well relate to their fears about their own leadership style as expressed in traits they do not admire in CEOs, i.e. arrogance, selfishness and autocratic.

Table 8.7 CEO in one word

One word to describe you	Number of mentions
Leader	5
Cheerleader	1
Coach	1
Catalyst	1
Mentor	1
Just another person, really	1
I'm a person	1
Invaluable, harmonising, moderating	1
Leader and motivator	1
Not charismatic, stable, honest	1
Leader, I suppose	1
Tough, but fair	1

A typical mainstream business leader would be seen as needing to have a touch of selfishness, arrogance and an autocratic style in order to motivate and inspire others to bigger and better things. But in the case of those I interviewed, this seemed something to be avoided and denied in themselves.

Is a private sector CEO the same?

CEOs were asked to identify the difference between a CEO in the public sector and in the private sector. Their responses showed ambivalence towards their career choices in some cases.

> *I think to be a CEO in the private sector you need to have a stronger competitive streak. I think I am driven by different motives.* Chris F

Several CEOs associated the private sector with risk. It is a risky area to work in, and the stakes are higher if you lose.

...my father worked in the private sector. He was the GM of a company and very unexpectedly was made redundant. That had a major impact on the family and also has made me probably more wary of and concerned about losing my job. Chris F

...the consequences of failure are more immediate in the private sector [are they?] *Well I think private organisations don't hang on to a CEO who hasn't delivered. I only know what I hear, but I think turnover in some of those positions is a lot higher than in local government.* Peter S

...there is a greater tendency for people to be career local government people. [Why?] *A range of reasons, a degree of comfort - you are in the business that you know and enjoy, you are good at it so you stick with it. That's a primary reason; there is an element of risk taking by moving out of the sector.* Peter S

They [private sector leaders] *live in a harsher world of competition. They don't have the luxury to remedy a mistake by raising taxes. I'm sure a number of my colleagues would take umbrage at that but the truth is if you make a large number of mistakes in the private sector, you fail, the company fails.* Alan F

Several CEOs noted that they had not tested themselves in the private sector market. They believe they would have made more money but would have had to overcome a certain 'squeamishness' as one CEO put it:

I suspect that if I was given the opportunity to make that different [private sector work] *I might have overcome that squeamishness. I don't know. It's untested. I just suspect it might be true.* Don A

I think from a personal perspective, the thing in the back of your mind is have you really tested yourself in private enterprise, not so much in other government areas, but private enterprise and that's probably a negative. Then if you look at it purely on financial grounds, could you have done better had you moved out of the public sector? Graham R

CEOs also pondered whether they could have been successful in the private sector. They reflected on the ruthlessness that is perceived to be required, the narrow focus on financial considerations and the meaninglessness of the work.

They [private sector leaders] *are prepared to ruthlessly sacrifice people to corporate or personal ends. It wouldn't satisfy me – I'd find it intellectually arid. No doubt they get some compensation, a Mercedes.* Don A

I couldn't identify with the role of MD for an insurance company. It would have been lucrative and within my capacity – at the end of the day the business was exploitative of vulnerable people. Don A

Could these CEOs have carved out a successful career in the private sector? Several seemed to believe that they did not have it in them. It was as if they were saying there is a specific type of person who is ruthless and driven to be successful and to achieve wealth, but it is not in their natures.[2] This corresponds with the difficulties they found in simply calling themselves leaders, without apology or comment. Several used the word 'ruthless' to describe private sector leaders. They seemed to be saying that you have to 'sell your soul' to work in the private sector. Being ruthless does not necessarily mean behaving in an evil manner, but it does mean acting without allowing guilt to constrain you. To be ruthless means achieving goals regardless of the consequences to others and regardless of how others perceive your actions. Local government CEOs felt constrained by guilt. They could not act without feeling bad about negative consequences.

> *I sort of look back and think well, I'm not sure. I don't think I felt that I was capable of selling cars.* [wasn't in you?] *I don't think so.* Alan F

> *Opportunities to move from public to private do occur and it's more the entrepreneurial type of person who is really prepared to throw themselves in and the focus is a lot on the monetary side of things. I'm not that sort.* Graham R

> *...not sure I was good enough to be successful in the private sector. I've had the opportunity.* Don A

But they have in fact risen to the top of their professions, and their career development must have required some ambition and drive similar to a leader in the private sector. If they had simply wanted to serve the public and not be part of a profit-making enterprise, they could have remained closer to the public in a more hands on, direct service role, not a leadership position. It would seem that in the minds of several CEOs, the drive for personal fulfilment, success and ambition are negative qualities to be denied in themselves. Others may be like this, but it is not part of their nature. This is despite their positions of leadership in local government.

There was a certain defensive tone among some CEOs about their perception that a private sector leader has more kudos than a public sector leader. It was as if they felt the community only valued those leaders who managed large profit-making enterprises and their skills and achievements were undervalued.

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[2] Two CEOs felt they could have succeeded in the private sector, and two more came from the private sector. The remainder expressed uncertainty, no interest or ambivalence.

And, um, I like to think that, from a management and leadership point of view, that I am as good as anybody in private enterprise. Graham R

I am increasingly coming to the view that they [private sector] can learn more from us. Tim K

I used to think guys in the private sector had something really going for them… and really special. But I have had a lot to do with them over the years and there is nothing special about them. Bruce D

They felt largely untested, in the private sector world. Several felt that they did not have it in them to succeed in that realm because it required ruthlessness and a capacity for risk that was not admirable. They saw themselves as serving others and private sector CEOs as self-serving. They described themselves as a different breed of leader whose skills are just as good as those of private sector leaders, whereas they actually work in a more complex environment, requiring all the typical management skills, including an ability to oversee an extensive range of services and to exercise political nous as well. Some have come to the realisation that they may have undersold their abilities. Their irrational guilt about the exercise of power has not been helpful to them.

The examples that they [management texts] *give of poor management practices are things that are just so integrated into our repertoire in the public sector. I sort of read it and think, huh, how ridiculous and yet it is...you know, this is a revelation in General Electric and what they've done. I just think oh god!* Barbara S

It would be interesting to ask an MD of a moderate size company as to the intellectual gymnastics that they need to run through compared to the sort of things that go across the desk that I have. Alan F

I think a lot of the sort of skills that are required at a high level in the public sector are undervalued in the private sector. That appreciation of process, the importance of process particularly intra-organisationally, getting people on board and on side and engaging people. Barbara S

Peters and Waterman would say you should stick to your knitting, but how the hell do you stick to your knitting in local government, well you focus on community well being, but they never envisaged anything as complex an organisation as local government. John D

Yet the CEOs seemed defensive, ambivalent and unsure about their careers and how they are perceived by society. The sense for eight CEOs was that the opportunities to test themselves had now passed them by. They will never know if they could have made it in the

private sector. They ascribe their own feelings associated with the fear of failure to society in general, which does not appreciate them. Local government CEOs are well compensated for the work they do and have the capacity to provide service to the public, which they say they prize highly, so it is strange that they feel so unvalued. Is it a genuine concern, reflecting how society treats public sector leaders or is it a refuge for individuals who feared putting themselves to the test of leading in the private sector and then blamed others for their lack of drive?

In the main, local government CEOs are happy with their career choices. As one said, they had the 'luxury' of working in accordance with their values. Most feel they would have to overcome some 'squeamishness' in the words of one, to succeed in the private sector. Yet they wonder why society applauds the perceived selfishness and ruthlessness of the CEO in the private sector. They also wonder whether they were not tough enough to have succeeded there, or if, perhaps, they took the easier road in the public sector? Of the qualities CEOs did not admire in a leader, mediocrity was the most often mentioned. I wonder what this says about them. Do public sector leaders fear they are mediocre themselves, or are they simply trying to do leadership differently? Why does the private sector CEO seem to have more kudos?

Perhaps their view reflects some envy of the perceived freedom of the private sector manager to achieve without restraint: to be self-serving. All CEOs spoke clearly of the values that underpin their public sector work. All spoke of the ethos of service, but perhaps this is envy that reflects the negative side of service: i.e. the feeling of being a servant. Public sector workers are 'servants of the people'. They are not free to pursue wealth without restraint and as, servants, they are not considered equal. They also have to contend with the guilt associated with what they perceive a leader has to do to succeed.

> *People are drawn to local government because they do genuinely want to make a difference.* Paul C

> *As you go through your career at certain points you stop and reassess. Do you continue to want to climb a corporate ladder or think more in terms of values and what you do having some inherent value to it?* Linda T

> *I've always enjoyed making a real difference to people's lives and I still feel that quite strongly. I think it also sat very comfortably with my own personal values.* Chris F

The Kennett reform period

All of the CEOs interviewed for this study were in local government at some stage during the decade of the 1990s, the time of amalgamations. Some had worked in State Government or other not for profit enterprises in the period. Eight of those interviewed were CEOs of local authorities in Victoria before amalgamations and had won CEO positions in the newly amalgamated cities. Three CEOs came during the period of amalgamation specifically because of the challenges presented. The remainder were local government senior managers at the time, not CEOs.

Since the majority had experience of working in local government prior to the reform decade and after it, I asked CEOs how they felt about the reform period, if the changes were needed, were they for the best and how things are now in local government.

CEOs were critical of the reform package only in so much as political decisions were taken with no regard for implementation problems and the haste with which reform was implemented. They commented specifically on the human cost of the reforms, but overall the view was that this reform was needed in local government. One CEO felt splitting policy from delivery was 'garbage', one felt a compulsory 20 per cent rate reduction was 'nonsense' and one felt that reform was already occurring and so the scale of change was not warranted.

> [Amalgamation] *created viable organisations because of size and CCT was a very painful exercise and costly for good people that it demoralised and lost from the sector, but I would say that it was the driving force for change that needed to happen*. Linda T

> *That* [forced to market test services] *to my mind was a very healthy thing to happen and a very timely thing to happen. At the time of amalgamations local government organisations were being turned upside down*. John D

> *I think they understood what they were doing politically, but not what they were doing to the sector or to individuals...um, and, but nevertheless, having said that, local government needed to be reformed*. Richard A

> *The big thing that came out of CCT was that local governments were forced to specify what they were doing*. John D

Expectations of CEOs in the reform period

CEOs describe an 'exciting and scary' time when hard work and a tough attitude were required. The reform period was a time of ruthless change. It was the very thing CEOs felt was required in the private sector and was what alienated them from that sector. Yet they were very much part of that period of ruthlessness. In this case, the Premier, Jeff Kennett happily took on the guilt associated with rapid and ruthless change. He was their scapegoat. The CEOs did not appear to take on the guilt associated with this level of change. But it was a manic period.

The punitive and contemptuous fervour of the time is evidenced by the words of the Director of the Office of Local Government, John Hartigan. In 1996 he said that there had been allegations made that local authorities were 'rigging' the CCT process in favour of in-house bids. He said that this view was widely held, although not substantiated, and the only answer to it was for the State Government to become even 'more prescriptive' with local government.[3]

> *I was appointed as a temporary CEO, council is coming together, nobody knows if they have a job or not...every other staff member says 'what's going to happen', at the same time you've got compulsory competitive tendering and they are saying, 'we are all going to lose our jobs.'* Graham R

> *So in that space from '94 and '98 it was helter skelter, it was challenging.* Graham R

> *Although some of the changes were positive, they happened too fast.* Tim K

How are things now – was it for the best?

The majority of CEOs interviewed were very clear that reform was for the best. This is a surprising finding since they also noted the negative impact of the changes and it is the contention of this thesis that the changes were ideologically driven, not evidence based. Yet, now all but one municipality have mended the split between purchaser and provider in their organisations, retain the bulk of services through in-house business units and believe the current method of maintaining service relevance (Best Value) is better than the old CCT system. While one CEO feels now is a time for reflection on the role of local government in community development, there is little indication in the statements of CEOs of any

continuing impact of the loss of jobs, the dislocation and disruption during that time and the personal cost to themselves and colleagues during that time of vigorous reform.

> *...in some respects, the experiment with CCT, the fact that it bailed out after only one cycle was a pity because it was starting to mature and its equilibrium would have come back.* Alan F

> *Then competitive tendering is by the by and we go into Best Value and it is a good continuous improvement mechanism, but it is not as threatening.* Graham R

> *No doubt pre '94 there was a greater strength of togetherness of the leaders in local government. They actually enjoyed each other's company, spent a lot of time at social functions. Now since amalgamations a lot of that has fallen away.* Graham R

The personal cost of reform

Several CEOs noted that the reforms caused specific instances of pain, which stay with them to the present. There is a sense of loss and loneliness that mitigates the validity of the view that the reform process was good for local government.

> *I have never experienced greater pressure in all my life than in post amalgamation. It's something I don't want to experience ever again. Because I don't think you can continue that level of pressure and stress and not have it detrimental to your health and other aspects of your life. It's just not possible.* Ed S

> *If people aren't performing, I don't want to just get rid of them. I don't want another notch on my belt, but that was the way it felt. That was part of the culture a bit that was developed in post amalgamation times.* Ed S

> *My appointment to the City of X at the time, displaced a whole lot – not a whole lot but a couple at least of really good operators. Couldn't help that and then we had to go through that displacement cycle. So at that time you are pretty much alone.* Judy T

> *A desire to have connections with colleagues and other networks [is apparent now]. We've had to be insular and focussed and you don't get the same level of job satisfaction, the sense of camaraderie. I think, in any job you are looking for opportunities to find that.* Tim K

> *The CCT model was the worst example I've seen in my career of a government saying here's your medicine now take it three times a day.* Greg C

It is interesting to note that CEOs are critical of the haste of the reforms, the human cost, the loss of financial reserves to pay for rate cuts, the ruthlessness required to achieve targets, the

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[3] John Hartigan was quoted in the *Municipal Journal* of September 1996, vol 76, No 1107, p.6

loneliness of the job and the forced nature of the reforms. Yet they still maintain on balance that the reforms were needed. Were they? There was certainly a perception that local government was moribund before amalgamation and attempts had been made to encourage voluntary amalgamation, but what is the truth of these perceptions and why did the CEOs believe them? Why do they still believe the change was necessary even after counting the human cost? I argue in part four of this thesis that the evidence of need for these reforms is equivocal and the outcomes of the reform are very mixed. These facts open up the question for discussion.

In her study of local government at the time, O'Flynn found that the purchaser-provider split required by the State Government's Office of Local Government was not easy to achieve in practice. 'This study found that long standing internal relationships were fractured…' (O'Flynn 2003:97). O'Flynn also quotes key players of the day who noted that after re-structuring for the purchaser-provider split, those who ended up on the provider side of the split felt like second-class citizens and that there was a 'nasty, horrible feeling around the council' then (O'Flynn 2003:123). Several CEOs expressed the pressure to identify with the aggressor (i.e. become a clone of Jeff Kennett) as a defence against being his victim.

> *Certainly for me I felt that pressure. It's an interesting phenomenon about the State, when you have at the head, someone who is just so powerful and so controlling; it's a form of oppression. People felt a bit oppressed and that's not good.* Chris F

These attitudes show the value conflict that the CEOs live with. It is management orthodoxy to describe public services as inefficient and needing a business approach and an injection of business thinking in the top echelons. So perhaps it is unacceptable to express the view that the reform period was unnecessary or unhelpful to local government. CEOs distanced themselves from the human cost of the havoc and upheaval of the period and justified what occurred with the rhetoric of neoliberalism. It is possible that they genuinely believed reform was needed and for the best. Perhaps change was needed, but the scale and pace of the changes seem to have been unsuccessful and caused lasting pain. This apparent contradiction is not acknowledged by CEOs and in this way it opens the finding to interpretation. Perhaps they could not live with themselves if they had participated in the reform period without believing it was necessary. It does not sit well with the CEOs' articulated values.

Differences between managing in private enterprise and local government

Half (9) of the CEOs interviewed had no experience at all in the private sector. Four had some experience early in their careers, and three had periods of management consulting and two had substantial experience in the private sector. One of the latter is no longer a CEO in local government.

Their views on the differences between the sectors were acknowledged to be largely from their perceptions rather than direct experience. Four CEOs also noted that they believed things were changing in the private sector, with more consideration of governance issues and looking to the 'triple bottom line' of economic, social and environmental sustainability within decision-making.

On balance, CEOs who were interviewed believed that there were significant differences between being a senior manager in local government and in a similar sized corporate entity. It was a general view that good management skills are the same across the two sectors, but the environment and expectations make working in the two sectors very different. IN local government…

> *…you need all of the skills of a good corporate manager and leadership skills and then you have to do all of that in a political context. And you also have to make sure that what you are doing is responding to your local community.* Linda T

In terms of the skills required in both sectors, it was largely agreed that the managerial skill set is similar. Nonetheless, it was felt by some CEOs that there was probably a stronger financial and marketing focus in the private sector and a corresponding lack of marketing expertise or requirement in local government. This comment goes to the heart of one of the major differences between the sectors: the lack of natural competition in local government.

There is little natural competition for service provision at the local level for the bulk of the services that local government provides. Attempts have been made to introduce competitive notions, such as benchmarking, community satisfaction indicators, performance indicators and Key Results Areas (KRAs). The most pervasive attempt was CCT in the 1990s, and the legislation requiring competitive neutrality means that local government cannot be seen to be competing unfairly in the market place. Nevertheless, natural competition for libraries,

dog registration, recycling, road and drain maintenance, and park maintenance is largely absent.

The CEO views[4] about the difference in managing in the two sectors fall broadly into six categories. They are described in detail below. They are the:

1. breadth of local government services – which makes managing in local government more complex;

2. focus on excellence in service, not profit – which provides opportunity for longer term planning;

3. strict governance matters – which mean that every activity and decision in local government must be able to withstand close public scrutiny;

4. a council is not a board – which means there can be conflict between political goals and managerial goals;

5. closeness to the community – which means honest and open communication with a variety of stakeholders is a key skill in local government and that there is also greater emphasis on process as well as outcomes;

6. values are different – which means that the purpose of local government is about something very different from making profit.

Breadth of services

Local government authorities in Victoria operate between 80 and 140 discrete services for their communities. These services range from road maintenance and rubbish collection to providing in-home care and meals to the elderly and frail.

> *I'm not sure that I can readily identify a company that has such a disparate range of activities within the same company. To run a community arts centre and a tip. Normally you would say 'we'll stick to the knitting' and we'll be in refuse disposal, buy trucks, manage a landfill site...so you've got vertical integration. You wouldn't start running a nursing home.* Alan F

Adding to the complexity of diverse activities in local government is the fact that up to 50 per cent of staff in a local authority provide human services. This adds a degree of complexity because of the inherent customer satisfaction issues. If rubbish is taken at the specified time, then citizens are largely happy. But services provided for the frail or elderly,

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[4] It should be noted that these are views from the top, and the view of a cleaner or maintenance worker may suggest there is very little difference between the sectors.

a youth service, a community development activity are inherently more open to interpretation as to the efficacy of their outcomes and the need for them in the first instance.

Evidence of the complexity of some local government services can be found in O'Flynn (2003). She describes in detail the difficulties local government officers faced in specifying and quantifying the activities associated with community services programs in preparation for putting the programs to tender in the 1990s.

It would be simplistic to suggest that private enterprise does not exist in a complex environment also. They have competitors, suppliers, banks, government regulation, environmental concerns and so on. Nevertheless, those interviewed say managers coming into public service from the private sector are surprised and sometimes dismayed to find the array of organisations they must deal with. This fact is also stressed by Pollitt and Harrison (1992:5).

Excellence in service, not profit

While the prevailing view among those interviewed was that the breadth of services made the work of a local government CEO more complex than her private sector counterpart, they were also clear that there was considerable pressure on private sector CEOs to ensure company profitability, possibly at any cost. There was a view that any private sector CEO who was unable to return profit in the short term would not last in the job. However, in local government, there is more flexibility in terms of achieving budget.

> *...because they* [private sector CEOs] *live in a harsher world of competition, they don't have the luxury to remedy a mistake by raising taxes.* Alan F

There was a strong sense among CEOs that, because they are primarily on about making their communities better places in which to live, they are more oriented to long-term and sustainable goals than are their private sector counterparts. Regardless, it was generally acknowledged that private enterprise has been adopting more social and environmental priorities in recent times. It was noted by two CEOs that this may be because there is some regulatory pressure to do so or it could be to use environmental priorities as a marketing tool to regain consumer confidence after several high profile business failures (Enron and HIH were named).

> *And many more corporations are seeing that they do have a social commitment. Unfortunately that is something that is a bit of a trendy thing, and also seen to be a marketing tool, 'oh we are really caring, we care for the environment, we only used recycled products'.* Barbara S

Further they felt that, while the private sector has a priority to increase shareholder value[5] as its primary objective, local government is committed to incorporating economic, social and environmental objectives in all its planning decisions. This commitment to the long term in local government was seen as increasingly difficult with shrinking resources, ageing infrastructure and increasing demands upon the rate dollar.

Governance issues

CEOs interviewed believed that there was a greater level of scrutiny of activities in local government than in the private sector. All councillors live or work locally, have their address and phone numbers publicly available and their meetings are open to the public.

While this level of scrutiny was considered appropriate for custodians of public monies, it also provided a measure of difficulty in the work of the CEO. One CEO decided not to have a business credit card believing that one day the credit card statement would appear in the local newspaper. CEOs felt that a council decision on any matter large or small and the process that led to the decision, were both open to scrutiny.

> *You need basic management skills and then more skills in the public sector, because you work and manage in an open way. Not just what you deliver, but the way you go about your job at any time will be subject to public scrutiny.* Linda T

> *I have always felt that in local government if you have a problem whether large or small you have to go through the same amount of rigour whichever way it goes.* Alan F

In addition in local government there are regulatory constraints on the services that councils provide. Local government authorities may not simply 'opt out' of a service that is costly to run.

> *We had someone on our audit committee (no longer on our audit committee and that is probably a good thing). We were going through the home help outstanding accounts. This person's view was, 'well if they can't pay, just stop the service'.*

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[5] I recognise that shareholder value and profitability are not identical, but they are near enough for the purposes of this discussion.

> *Other audit members took a different view and just looked at him, 'we are going to starve a little old lady because she can't pay her account?'* Judy T

Local government must also be very aware that it is spending public money. It is harder to engage in risky or innovative ventures that may or may not provide benefit in the longer term.

> *...you do have to be a bit risk averse, particularly in a highly political environment...you are always managing risk, whether it be media exposure or watching how much maintenance money you need to spend on a facility before, you know, without creating a safety issue. You are managing, juggling those sort of things all the time.* Barbara S

> *Local government needs more entrepreneurship. It often shuns the riskier propositions. But in actual fact it's what they need.* Greg C

The role of the CEO is complicated by the two types of accountability in local government: management accountability and political accountability. In political accountability elected representatives wish to explain and justify their actions to the populace they represent. It is their purpose to take actions that reflect the values of those they represent – however vaguely these values may be defined. On the other hand, there is also managerial accountability. It is perhaps a more restricted term (see Pollitt and Harrison 1992:3) that embodies efficiency and effectiveness in carrying out actions so that ratepayers are getting value for money.

A council is not a board

There was a good deal of lively discussion with CEOs on the differences between dealing with private company boards and local government councils. While the majority of those interviewed discussed some of the difficulties and complexities of working with councillors, all were of the view that the democratic process is the best way to govern at the local level, and they supported the notion of directly elected councillors as the local decision makers.

It was noted that, in the private sector, board members are often appointed (although sometimes voted in by major shareholders). Appointment to a board means a degree of control over the selection of like-minded people, filling perceived skill gaps in the expertise of the board and gathering a cohesive group with similar goals to advance the company. This is not the case in elected local councils.

> *...since '95 there would not have been a councillor whose professional career which would have led them to a job equal to a third-level manager here. So, yea, therein lies some interesting challenges... you know, how they cope with understanding how an $80 million business works, is difficult and it has put huge responsibility back into the staff.* Alan F

In local government elections individuals are elected who may have specific expertise (accounting, human services, legal background) or they may not. In addition, councillors are elected often on a specific platform or to represent a specific group within the community. Their desire to represent that group may cause dilemmas on occasions if there is conflict between the needs of that group and those of the community as a whole.

The separate council members then have to work together as a team in becoming the decision-making body of the local authority. Some CEOs noted that the goals and values of councillors were on occasion more aligned to their own futures than those of the community as a whole.

> *You would not normally align with a company unless you were comfortable that your values and the company's values were a good fit. A lot of the tension at this municipality has been that the personal values of the senior management team and the perceived personal values of the council are quite disparate.* Alan F

> *In this council, we've always had good quality candidates – I feel like wringing their neck at times – but they have well thought out and articulated views. There aren't any free loaders. I don't know whether that's...*[long pause]*...I'm always astounded by the quality of ours compared to others.* Tim K

Another difficulty of working with councils was the fact that the individual council members may bring very different views to the council table and the administration must provide the best advice it can on any given issue, with the knowledge that views may differ significantly.

> *I find the political process sometimes testing. It is more complex than I found in the state system on a day-to-day basis, because it's like you have the government and opposition together at the table, getting the same information and you are not sure who is the government or opposition on any particular issue.* Bruce D

> *I always say 'we* [the staff] *are providing professional advice, you make the final decision, we have thought through it carefully, if you want to adopt something else then you will have to put something up in the Chamber' ...in the old regime, the planning recommendations were tailored to what the estimate of the majority of councillors would vote for, or in response to pressure from ward councillors.* [that's

not uncommon?] *It's very common in local government but it's a fundamental that I just will not adhere to.* Barbara S

Council has made some poor decisions, which have disappointed me on equity or ethical grounds, but I can live with them, they are legal and proper. They result in deflecting resources into certain areas and away from others. Don A

Closeness to community

A view was expressed among the CEOs that local government is close to the community it serves. The corollary of this view is that private enterprise (enterprise of the same size as a local government authority) is not close to its customers. In addition, local government has a more diverse range of stakeholders than a comparable private enterprise. Local government has a more complex relationship with its constituents who are simultaneously customer, citizen, voter and ratepayer (Pollitt 2003:18).

> *And there is a complexity about our consumer too. It is not defined by a simple niche market, they cross all categories. The dilemmas are almost impossible. We have to find a solution that may make some of the market happy and some of the market unhappy. It's hard to please the whole market.* Greg C

CEOs are very aware of their communities, the impact they can have on councillors, the potential for decisions to be questioned, motives misrepresented and the fact that it is hard to please all of the people all of the time. This perceived fact leads to differences in the way CEOs go about their work.

CEOs stressed the importance of honest, open communication in their work and patience in dealing with differing community views. They emphasised the skill of dealing with integrity with the public, equanimity in the face of public criticism and understanding the value of consultation. One CEO felt that the process that underpins decisions was undervalued in the private sector. Those interviewed stressed the importance of having a vision for the municipality and making sure people can come along with that vision.

> *...the ratepayers are right there on your doorstep and to whom you are accountable.* [aren't you accountable in the private sector too?] *Yes, but it's much more at arms length. But you don't have the same sense of delivering to the customer. You meet them on the street, you work amongst them.* Linda T

> *People, community, the democratic process is necessarily inefficient. We must include other opinions...there are subtle shifts all the time.* Don A

> *...it is unusual for an MD to have to be affable to the shareholders, the purchasers of all the products and the staff as well as satisfy his or her board.* Alan F

Values

All CEOs interviewed were clear that work in local government required a specific skill set not unlike a manager's in any other field, but it also required an understanding of and commitment to the purpose of local government. The purpose of local government was variously described as making a difference, service, stewardship, advocacy, meeting community needs and aspirations, community well being, creating liveability, representing people's aspirations.

> *...and providing what I call the 'cave' for residents. Making their living environment a pleasant place to be.* Bruce D

> *There is also a compulsion in the public sector that you have a justice commitment, a sort of, what I would call, higher order principles that are part of your* modus operandi *in the public sector which are not the same drivers in the private sector where it is much more about the bottom line.* Barbara S

> *To effectively lead a community is worthwhile. The opposite is selling cigarettes or gambling machines. It's the opposite of that feeling. I couldn't identify with the role of MD for an Insurance company.* Don A

> *We are not driven by the same things* [as private sector CEOs]. *There is a drive for efficiency and effectiveness, but not profit. Driven by providing benefit through service delivery.* Bruce D

> *The main feature of local government is being altruistic.* Greg C

> *To contribute something to the public good, rather than private gain and shareholder wealth. There's a certain reward in that, doing a good job, but being able to do those things and also have some sense of contributing is even better.* Linda T

Local government CEO values

When specifically asked to articulate their values, CEOs were able to talk around the notion of a value but, as can be seen from their paraphrased comments in table 8.8 below, naming values is quite difficult. For example 'teamwork' might more correctly be described as a

means of achieving the value of loyalty, but one CEO has cited both as values. Similarly, in the case of the CEO who said 'aloof but friendly'. This is probably his way of enacting the value of fairness. Expressing values is complex because there is so little opportunity given for leaders to articulate values in day-to-day conversation.

Table 8.8 CEO Values

CEO	Values
Don A	Doing something worthwhile
Bruce D	Fairness, aloof but friendly
Greg C	Participation and engagement, walk your talk
Linda T	Honesty, strong ethical sense
Peter S	Teamwork, loyalty
Bob M	Empathy
Tim K	Relationships, public service
Anna P	Trust, respect, integrity
Brian L	Honesty, integrity
Paul C	Making a contribution to the common good
Alan F	Honesty, integrity
Ed S	Respect, fairness
Chris F	Service, nourishing staff, making things better
Barbara S	Social justice, integrity, honesty
Judy T	Loyalty, team work
Graham R	Balance between work and family
John D	Social justice
Richard A	Leading by example

In the following few pages, the comments of CEOs about values and ethical behaviour are noted. The quotes show that many had difficulty articulating values, enacting values, measuring values, dealing with different value sets at work and living up to the value expectations of others. One CEO noted the discomfort brought up by discussing values.

> *To me this stuff is about the spiritual side of organisations and from that point of view it's almost too hard for people to tackle and get into. When we did this exercise…. it was sort of like asking them to drop their pants or something, it was like 'show your belly'. It was really, really, really difficult and it was about 'this is about me as a person and you*

are asking me to define that, which I have never had to do and then to tell you'. Oh, oh too scary! Barbara S

Are organisational values and personal values the same?

The CEOs themselves saw lists of values as problematic unless they were incorporated somehow into the fabric of activity in the enterprise. Several CEOs thought the exercise in formalising values was worthless.

> *… people spend hours writing such ridiculous twaddle as vision statements… They are the same as everyone else's. Need to think about what we really do. No one ever paid any regard to them in terms of driving us forward. What junk, what absolute junk.* Don A

> *…then you have all your other normal values like transparency, blah, blah, blah, customer service.* Judy T

Municipalities with values statements worked hard to incorporate them into the behaviours of staff. Nevertheless, the majority of the CEOs interviewed felt that it was they who truly embodied values for the staff. This sometimes caused difficulties, as people from different backgrounds may have different value sets. It is hard to live up to ethical expectations of staff, council and community all the time, and there can be a loneliness in creating the distance needed to maintain values.

> *There are pressures to make decisions that don't align with my values. They are the times when I really struggle. I sit back and I say 'why am I having difficulty with this?' I am having difficulty with this because it doesn't fit with me, the way I think and the way I operate.* Barbara S

> *I found that, as we started to change the culture at the City of X, people who didn't find congruence between personal goals and organisational goals or values, once they got out of sinc, people felt uncomfortable.* [How did that manifest?] *Well, I suppose in difficult behaviour. It was ok for problems to surface and so they did.* Linda T

> *I think it is about ethical behaviour at the end of the day. Having appropriate relationships with councillors and staff – aloof, but friendly. Easily the most difficult part of the job is the loneliness of the job. Easily the most difficult. I learnt years ago that you can't become friendly with your direct reports because if you have to take a tough decision, it makes it just about impossible to do.* Bruce D

> *I try to be consistent. I think they* [staff] *understand my value set about fairness and how I expect people to be treated.* Bruce D

> *it's such a simple philosophy and I would say the way I live my life is the way I actually manage. It is some of the traditional ethics around trust, respect, integrity and so forth - work ethic, some very, very basic values.* Anna P

There was an awareness among the CEOs that, just as they embody values for their staff, so they must act on the values in which they say they believe. One CEO acknowledged that this is not easy to do.

> *...my very honest response to that would be that I would espouse a certain style of management, but my management style in practice is different to that. That's been highlighted to me in the last few years and something I am working hard on.* Chris F

What do other staff think of CEO values?

I asked 15 of the 18 CEOs 'do staff understand your management style?' Nine were confident that their style was well known and understood. They used as evidence the surveys undertaken (two cited 360-degree feedback), the low turnover of senior staff, the robust debate that occurs and the emphasis on teamwork and communication. Six CEOs were hopeful that their style is understood but accepted that, in truth, they did not know. One CEO was not able to comment, as he was not long in the job. Another said it was a 'constant battle' and a third described it as a 'vexed question'. This indicates that CEOs, while trying to embody values, are aware that how they believe they are seen and the reality may be different. This issue is taken up in some detail in chapter 11, in which the experience of one CEO and her staff are considered in depth.

> *Um that's always a very vexed question. People see different sides of you.*
> Barbara S

Where do personal values come from?

Haigh (2003:11) highlights three of the US top executives and the influence of their mothers in their careers. The CEOs of Wal-Mart, IBM and General Electric all stated their mothers were the motivators behind their success. When asked how they came by the value set they hold, the CEOs in my study answered from their family, education, previous role models or, in one case, that it is simply intrinsic to the person.

> *Most of my values came from my father.* Greg C

> *My core values came from my family. Not just work ethic, but family, relations, loyalty, things you do to support colleagues. All of that has come from them, I know.* Anna P

> *I think parents are a fundamental influence. My father worked in an organisation where he would never even take home a pencil. So those sort of ethical principles get drummed into you.* Chris F

> *I think, well, family clearly provide you with your values. I don't think there is any doubt about that.* Graham R

> [I'm from] *A working class western suburbs family whose parents did not have educational opportunities and educated their children. Values – yes very influenced by parents.* Barbara S

Interestingly, family can also be a negative influence, as one CEO describes.

> *My father was a dedicated alcoholic, as was his father, as a consequence of which I am a teetotaller… He was a bit of a layabout, I am if anything excessively committed to my work and values and so on. So I am a bit of a reaction to everything he was. Is the way you grow up significant to the way you do your job – unquestionably.* Paul C

One CEO noted the impact of women in his capacity to articulate values.

> *I've been very fortunate I think, my last three out of four bosses have been women. I've learned more from women managers than I have from men. They have assisted me to get in touch with your own emotions, not denying them, recognising and utilising them. Understanding their impact on other people. There isn't this myth of the super-rational value-free manager.* Tim K

Measuring organisational values

I asked CEOs what was rewarding about doing their job and also what is rewarded, in the formal sense of performance pay and bonuses, and if these were the same things. Since values rated as a vital part of their career choice and role, one would expect some measure of value to be part of a formal appraisal of the success of the CEO in the position. By 1993, the *Local Government Act* required performance-based employment contracts that specified criteria for annual performance review of all senior staff by the CEO, with council required to evaluate the performance of the CEO annually. Despite the legislation, in the early 1990s there was still limited use of performance appraisal in Victorian local government (Kloot 1999). Kloot noted that this had changed by 1999, with both organisation performance measures in place and individual performance appraisal taking place. She concluded that the change occurred solely because of the requirements of the State Government. From the mid 1990s, CEO contracts required annual performance review.

In 2003, CEOs were still split in their views about what can and should be measured for the purposes of remuneration. Four CEOs did not have performance-based bonuses, 10 did have bonuses and the remaining four did not comment directly. There was considerable discussion about the value and purpose of measuring behavioural or value based outcomes in performance reviews. This is an unexpected finding, given the legislative requirement has been in place for a decade.

> *Before I arrived, the basic values had been developed, workshopped through council officers. But they say nothing. It's the four – integrity, teamwork, respect and so forth. But we are at stage two of the process now, which is what are the attitudes and behaviours that sit behind the values, both acceptable and unacceptable. Because people say, 'how do we know, what does it mean?' We are workshopping that with third-level managers.* Anna P

> *I would find it very difficult to measure those other things (values). It's too difficult to measure values...I don't measure my staff in that way either. I mean they could have quite a different outlook on life and still achieve the same results. That's fine.* Bruce D

Opinion varied on the matter of performance-based pay being appropriate for local government with four CEOs being quite against the whole idea of performance appraisal in local government. Three said a simple performance-appraisal system focusing on the easy to measure is fine, while the majority (10) tried to adapt performance appraisal systems from the private sector so that they better reflect the complexity and diversity of local government work. This research suggests that commitment to these outcome based measures of performance is not strong among leaders at the local government level and raises questions regarding the appropriate application of this concept to local government. Table 8.9 below paraphrases the responses of CEOs to the question: 'Do you use a performance appraisal system at your local government authority?' 2 CEOs did not respond directly to the question. In the table KPI refers to Key Performance Indicators.

Table 8.9 Performance appraisal systems in use

Yes, simple, objective KPIs are what we use and they are adequate	No, the whole KPI system should not apply to local government	Tried to improve the KPI system to reflect local government aims and values – we believe we are doing that well	Tried to improve the KPI system – encountered problems in relation to measuring value based behaviours
3 CEOs	3 CEOs	4 CEOs	6 CEOs

Different reasons were given as to why the system should or should not be in place. For those who did not use a performance based system, the reasons were that only those matters that are easily measurable can generally be included and this artificially reduces the scope of the job or makes people fearful for their futures. Another CEO felt that it was not logical to tie salary to quantum increases in performance.

> *That's all bullshit. Completely and utterly, it is unsophisticated management.* John D

> *It's blindingly obvious it doesn't work.* [Why?] *Because people are more complex than that.* Tim K

> *The work that we do is far too diverse and complex to lend itself to simplistic evaluation systems – so we don't have one.* Paul C

Three CEOs said that using simple, measurable KPIs was adequate. Examples of such KPIs were enterprise bargaining agreement signed satisfactorily, capital works program and budget achieved, customer satisfaction ratings. However, they had different reasons for thinking these were adequate. For one CEO anything else is simply too hard to measure realistically. For another, it is a two-stage process in which the measurable is tallied and a discussion takes place about what really happened along the way. For a third, the concrete, measurable KPIs were used because it was felt council was not competent to judge performance adequately on any other measures.

Those CEOs who implemented a modified performance system did so to reward the true work of local government. CEOs commented honestly on whether they felt their modified systems were working successfully or not. Four felt they were working well and six acknowledged the difficulties with appraising qualitative and behavioral measures.

The more difficult things are to do with capabilities. So you struggle with it and keep struggling with it. Linda T

We are trying to reward the right things. I don't think we have it right at the moment. No. Tim K

We have clearly differentiated between dollars and performance and growth in the job. Peter S

The competence of elected councillors

Using a modified performance appraisal system, which includes measuring behavioural traits or personal capacities, is problematic in local government especially because the people making the assessment of CEO performance are elected representatives who may have no experience of working in a large and diverse organisation the size of a local government authority. Local governments vary in size, of course, but they can manage budgets in excess of $100 million annually, employ 1,000 or more staff and manage up to 120 different services for the community. The skill set required by the CEO and senior managers is similarly diverse and complex.

The skills of councillors vary, but generally none have been managers of such a large and diverse enterprise themselves. All interviewed CEOs raised this issue and commented on this aspect of performance appraisal for themselves. This view is also expressed by Victorian local government CEOs in another similar study (Pullin and Haidar 2003). The authors concluded that to minimise councillor interference in the managing of senior staff and to offset councillor lack of competence in performance appraisal that a simple, quantifiable unambiguous and 'impersonal' appraisal system should be in place (Pullin and Haidar 2003:293).

You are dealing with people who have no management experience, usually, have never in their lives been a manager. I found that a frustration, I have to say. They would comment on something that was really petty. It was one of the most difficult aspects of being a CEO, reporting to a board who don't have managerial competencies. Alan F

The reason I don't want a bonus is that...councillors hate doing performance appraisals on CEOs, in my experience, they are uncomfortable. Greg C

They like me...well what does that mean? [that you are doing a good job?] *I don't know, sometimes you might not be doing a good job if they like you.* Barbara S

Other CEOs accepted that having elected representatives rate their performance is part of the uniqueness of local government and a relationship and level of trust must be built up with councillors.

> *By and large the majority of councillors on any council, while perhaps not understanding what it is that the CEO does, will make a reasonable objective assessment.* Paul C

How do you measure the value of the work you do?

All CEOs in this study reflected on the difficulties of applying performance appraisal in their workplaces. The believed the fact that local government is a service organisation and largely not concerned with making profit, makes the system more difficult to apply. They said the role of local government is to develop local communities, foster democracy and advocate on behalf of local citizens. These aspects of the work are most rewarding to the CEOs concerned but are difficult to measure as outcomes of the work. Pullin and Haidar (2003:293) conclude that in local government: 'In many functional areas it has been very hard to establish any kind of meaningful performance indicators.'

It is the CEOs' view that this difference, along with the diversity of the roles of local government and the competence of elected councillors to measure success, makes performance appraisal challenging for local government. The majority (10) believed that performance measures should reflect the difficult-to-measure activities of local government (advocacy, democracy and community well being) but most struggled to measure these adequately on an annual basis.

> *Performance targets are objective to me. I would find it very difficult to measure those other things (values). It's too difficult to measure values.* Bruce D
>
> *Siting beside the performance indicators and the deliverables is a capability model almost. Judging people against a capability model is very difficult.* [Not worth doing then?] *Oh not at all, just because it's difficult, doesn't mean it is not worth doing.* Linda T
>
> *We have tired to mix qualitative and quantitative stuff but what emerges at the end, is always the quantitative stuff because it is easier to measure.* Ed S

The majority of CEOs in this sample take their responsibility for community development, advocacy and democracy very seriously and wish to use a system of performance appraisal that reflects the importance of these aspects of the work. However, they find a traditional

system that measures simple, quantifiable outcomes does not adequately take account of what is important in the work, and attempting to introduce measures for intangibles is problematic.

CEOs in local government are driven by matters of value, and the importation of private sector performance appraisal systems does not take adequate account of that fact. This research, based on the views of 18 CEOs in Victorian local government, shows that there is diverse opinion as to the merits of performance appraisal systems in a public sector enterprise and that there is a gap between the rhetoric of the usefulness of performance appraisal and the reality of its application by practitioners in local government. It further suggests that commitment to a system of performance-based outcome measures may not be strong among leaders in local government and thus raises the question of the applicability of the concept to local government. This result implicitly questions how useful mainstream management concepts are in application to the public sector.

Usefulness of management theories

Those CEOs interviewed would argue that, on balance, they did not find management books especially helpful and they did not subscribe to a theory of management. See table 8.10 below. They preferred practical, on-the-job experience and mentors to teach them. What they learned from their experience is that, sometimes, you have to live with and embrace contradiction in yourself, your roles and in those with whom you deal daily.

Table 8.10 Usefulness of management theory

CEO	Usefulness of management theories
Don A	Systems theory, chaos, none have all the answers
Bruce D	No theory, no books read since university
Greg C	Mix of theories
Linda T	No theory, it is situational
Peter S	Read a lot but nothing suits
Bob M	No books cover all facets of building community
Tim K	Two books in particular on chaos and communication
Anna P	I've read hundreds, all helpful in different ways
Brian L	No, too busy to read
Paul C	Leader as servant

Alan F	Strategic management
Ed S	No books, I try to be practical
Chris F	Read thousands of books, interested in the difference between espoused & enacted
Barbara S	Not really, I make sure actions match words
Judy T	Certainly not, learned by watching others
Graham R	No particular theory, but strong on vision and teamwork
John D	Read a lot on decision making
Richard A	No. Practical experience

McDermott (1988) notes that the ability of the managers in her public enterprise study to locate their actions within a theoretical framework was 'slight'. They were only broadly aware of management theories. It would seem to be largely the case in this work, too. Four CEOs have undertaken some study in the past four years.

In summary, in response to the question, 'which management theories are useful?' two CEOs (11 per cent) acknowledged that they do not even read books on the topic[6]. Four CEOs (22 per cent) answered that they did not know of any theories. Six (33 per cent) read widely, but nothing suited them entirely. The remaining six CEOs (33 per cent) named areas of interest, for example, chaos, leader as servant, strategic management, communication/decision making theories, espoused and enacted theories. More specifically, when asked about whether they followed a management theory, the CEOs were direct.

> *No. Certainly not.* [Any useful books?] *I've tended to pick up management styles I think, by working with managers. I probably think that's how I tend to learn, probably more so than by reading books. I mean I have read the...what is it?...the 7 successful habits…I've done an MBA and I've done all the….you know usual courses.* Barbara S

> *No. I probably haven't read a management book since Uni. I get bored with them as soon as I start reading them. I don't know why...I would never follow it (a book of management theory). What I have built up works for me. I have learned by observation.* Bruce D

Since the common view was that management theories do not assist a leader with the complexities of the workplace, how do local government leaders advance their organisations

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[6] These CEOs had not studied for some 20 years.

and get the best from their workforces? How do they deal with difficult issues, conflicts of interest, ethical dilemmas, competing priorities, frustrating situations, blown budgets and the like? The CEOs I interviewed, although it was hard for them to articulate, seemed to rely on their own experience, the advice of trusted others and the values that they believe are intrinsic to their make-ups.

What frustrates you at work?

Investigating frustrations and ethical dilemmas at work, gives insight into the worldview and psychological make-up of CEOs. As table 8.11 below shows, a broad range of things frustrate CEOs at work. Four CEOs noted dealing with councillors was the most frustrating. For example, councillors did not abide by decisions made, interfered in business arrangements for their own benefit or argued over decisions to be made. A further three CEOs mentioned frustration around the slowness of the process of achieving aims.

Table 8.11 What is frustrating at work

CEO	What is frustrating?
Don A	Getting common understanding between groups
Bruce D	Trying to convince others my way is the best way
Greg C	The 'well poisoners' who resist change
Linda T	Unfair behaviour and feeling powerless to stop it
Peter S	Slow resolution of issues due to poor communication
Bob M	Lack of tolerance
Tim K	I get impatient with people, but I can rise above it
Anna P	Unwarranted public criticism
Brian L	Trying to get others to see your way is right
Paul C	Selfishness, lack of appreciation of what council is trying to do
Alan F	Interference by councillors – feeling compromised by that
Ed S	Getting bogged down in the detail
Chris F	Try not to rant and rave when staff make mistakes
Barbara S	Not having total control over what you want to achieve
Judy T	Councillors harassing staff – not abiding by decisions
Graham R	Lack of respect, lack of cooperation from State Government
John D	Greatest source of frustration is dealing with councillors
Richard A	Slowness - not achieving what you want in the time

Although there was a range of frustrating issues, the most mentions were made of dealing with councillors. Since this came up many times in interviews, I asked some CEOs 'wouldn't we be better off without elected reps?'

> *If you fundamentally believe in democracy, which I do, then the frailties of it are such that I am prepared obviously to work with it. And I have said previously to the three members of the corporate management team, if we are unable to be persuasive enough to sell the ideas or encourage them to modify their ideas then we have failed badly, and I think we have failed badly.* Alan F

> *Conflict of interest was rife. They gave direct instructions to staff. So it's a very difficult context to manage in, because of that closeness between the CEO and the elected reps. It's the best and the worst. When it works well it's fantastic. A real buzz; it's so exciting to see a level of government at work and to feel that you are part of it. It's very exciting and really satisfying.* Linda T

> *So elected reps is the best balance in my opinion. Every job has its difficulties and there is no doubt that is the biggest challenge in local government – working with your elected reps. No doubt, if you can get that right...if you can get the councillors to work together and they have respect for you and the organisation and it does mean the organisation is ticking over pretty well….Democracy is the best system. It has proven itself throughout our lifetime.* Graham R

This belief in democracy despite its 'frailties' suggests CEOs feel more comfortable with exercising authority that is legitimately delegated to them from the elected representatives of the community. They would, perhaps, feel uncomfortable exercising direct power as an expression of their own will or taking power by virtue of their strength and leadership skills. Authority is given to them. It is codified and legitimate. Delegated in this way, power becomes authority and is acceptable. It is associated with the position, not the person in the position. The strong private sector leader may take control of a company for her own ends, but public sector CEOs are protected from this temptation by the laws of a democratic institution.

The use of the word democracy (perhaps its overuse) by CEOs also reduces it to a jargon term. It embodies all that is good about our current system of representation, without deriving from any deep thought about its pros and cons. Despite the evidence of its failings, CEOs defended it. However, as George Orwell (1946), noted: '…in the case of a word like democracy, not only is there no clear definition, but the attempt to make one is resisted from all sides. It is almost universally felt that when we call a country democratic we are praising it.'

Relationships with council and ethical dilemmas

As with the discussion of frustrations at work, questions regarding ethical dilemmas were mainly raised in relation to working with the elected councillors. Why was so much negative energy reserved for councillors and their 'frailties'? The question was asked of 16 of the 18 CEOs: 'does the job bring up ethical dilemmas for you?' Eleven CEOs answered, that, yes, ethical dilemmas occur all the time. The remaining five CEOs acknowledged that the potential for ethical dilemmas always exists in local government. Table 8.12 provides the CEOs' responses.

Table 8.12 Ethical dilemmas

CEO	*Does the job bring up ethical dilemmas?*
Don A	All the time, in minor ways with councillors
Bruce D	Not really, but it's hard working with councillors
Greg C	Na
Linda T	Considerable problems with council leading to contract termination
Peter S	Always difficulties with ethics. Must be transparent and accountable
Bob M	Yes, especially when you live and work in same area
Tim K	Every day. It's about relationships, not codes. It's lonely, it's a judgement call
Anna P	Na
Brian L	Don't know. Coming to terms with own behaviour and appearance to others
Paul C	Potential exists regularly, need trust and openness, not rules
Alan F	Challenges are put to you. You only have your own integrity. Frailty and self-interest of councillors is a problem
Ed S	Sometimes happens. Your own principles get you through it
Chris F	It does happen. You have to deal with the excesses of council
Barbara S	It happens heaps. You have to implement your value set all the time. Happens most with council
Judy T	Yes. We have clear guidelines in place. You have to protect staff from unfair requests by councillors
Graham R	Clearly there are ethical dilemmas. Councillors have different values bases
John D	Yes. Corporate governance principles need a good ethical value base
Richard A	There is a potential. I have a strong set of values. Councillors have two agendas (community good and getting re-elected)

There are two commonalities in this topic. Firstly all CEOs felt the dilemmas were generally about minor issues and, secondly, most (nine CEOs) were concerned with clashes between

the council administration and elected representatives. The results are consistent with a similar survey of local authority chief executives in Britain that found that the most difficult aspect of the work was interacting with the political sphere, which was characterised as having the greatest degree of 'paradox, ambiguity and risk' associated with it. (Broussine 2000:506). The results are contrary though, to those expected by the critics of Neoliberalism. A view has been put (see part four where it is discussed in detail) that introducing a business culture in public services may lead to public administrators feeling more free to 'cut corners' to achieve positive outcomes. It would not seem to be the case here. It is hard to know if CEOs would disclose evidence of this if it were happening. Yet it is fair to say, that they saw the administration as highly regulated and took pride in their adherence to the spirit, as well as, the letter of the law.

The type of conflict described by CEOs generally fell into the category of 'ignoring wise counsel' (Pollitt 2003) where CEOs felt that they were able to see the whole picture on a particular matter and the elected representatives saw only the aspect that related to their needs, and so they rejected the advice of the administration.

Examples of ethical conflicts include councillors holding meetings with potential property developers that the administration advises against because it sees the potential for councillors to be bribed and for the newspapers to see it that way. The councillors, however, see it as a fact-finding mission. Councillors might also reject advice to repair or replace ageing infrastructure in order to keep costs down for ratepayers, but they leave the administration with a health and safety risk of greater proportions. Councillors sometimes speak directly to staff to convince them to lobby the CEO for a particular decision. They ask staff to waive parking fines of political allies. They have been known to use council funds for their private use (mobile phones and cars) and use council newsletters to further their personal political aspirations. In some cases they have gone to the press to seek support for reversing a decision made by the whole of council.

Table 8.13 below shows all the comments made by CEOs in relation to ethical dilemmas. It shows that more comments were reserved for ethical issues in relation to council than for any other area. Again I have grouped the responses.

> *The vulnerability or exposure* [for CEOs in relation to council] *is primarily around a clash of values or a clash of a perceived way of operating.* Barbara S

All of the strong value-based policies that were built in the City of X in consultation with the community, this group of councillors just pissed on as if they were worthless. Linda T

Table 8.13 Ethical dilemmas with council

Ethics comments – in relation to council	*Ethics comments – other matters*
We have guidelines in place to protect staff from undue requests from council	Every day, it's about relationships, not codes of conduct
Not really dilemmas, but it is hard working with council	Have to come to terms with not just what you do, but how it appears to others
Considerable problems with council leading to contract termination (two CEOs)	Yes, especially when you live and work in the same locality
All the time in minor ways – with councillors	Your principles get you through it
How to deal with excesses of council is hard when you have a contract with them	Need a good culture, not rules
You have to implement your value set all the time, especially with council	
Challenges are put to you, councillors can be frail	
Clearly there are dilemmas, councillors have different value bases	

Conclusion

In all the themes touched on in conversation by CEOs, the common points were that management texts and theory cannot solve every problem encountered in the work. Similarly, codes of conduct cannot provide answers to every ethical dilemma faced. CEOs know that, in their day-to-day working lives, the '10 easy steps' approach to management does not work. They articulated that working with people is far more complex. Yet they did, to some degree, follow models taken from the private sector. They did implement various management tools and techniques, including preparing strategic plans with statements of values in them.

However, they acknowledged that, writing down the values of the organisation does not automatically make the organisation live the values each day. Having a rational, codified

plan may be useful in some instances, but when making priorities and bearing in mind the more intangible meanings behind activities, the CEO is the embodiment of value for the organisation. What the CEO says and how she behaves gives congruence to the activities and decisions of the local authority. This situation means CEOs need to deal with unconscious projected material from staff, community and councillors.

The CEOs were aware of the contextual nature of ethical decisions. They were aware that compromises are made and lived with and that elected representatives have different priorities that shape their ethical stances. Every situation requires a moral judgement based in universal principles, but guided by the constraints of time and place.

These public sector CEOs work in the sector because it provides an opportunity (called a luxury by one CEO) to work in accordance with their values. Their values come largely from their families and early life experiences. They acknowledge that the day-to-day living of their values is difficult. Their honestly and integrity are tested by the actions of others, in particular, by elected councillors. This situation leaves them disappointed and lonely at times. It makes them question how well they are appreciated for the work they do.

Although most have limited experience of the private sector, the CEOs perceived that a leader in the private sector is more free to generate personal wealth, is more respected for the work she does and has a simpler task to perform – with a more supportive board. CEOs saw ruthlessness and desire for personal power and greed as motivators in the private sector and denied these feelings in themselves. Similarly, they minimised their own part in coercive, compulsory activities such as planning and building regulations, parking fines, fees and charges. Yet despite the regulatory nature of local government, several CEOs pondered whether they could have been successful in the private sector, and several thought there was one type of person who is suited to the private sector and another who is more suited to the public sector.

This view corresponds well with literature on the differences between the private and public sectors summarised by Pollitt (2003:21-22). Pollitt maintains that, while there is a good deal of information on perceived differences, research that actually measures the differences is very limited. There is evidence to suggest a public service ethos does exist and that managers perform in the public sector in the presence of intense public scrutiny, political

pressure and with expectations of higher levels of honesty, fairness and accountability. Their goals are also more diverse and services harder to measure, and their enterprises are more bound by red tape and reluctant to innovate than are their private counterparts.

Academics writing on the topic of the differences between the public and private sectors point out that the picture is by no means black and white (see Boyne 1995). There is a continuum between public and private enterprises: including privatised entities and private not-for-profit companies. There can even be differences between staff members within an enterprise depending on job type: a lawyer and a new products researcher in a private enterprise may hold very different attitudes to their work. What is interesting in the comments of CEOs in this study is the ease with which stereotypes were applied and the defensiveness of comments made about the differences between the sectors. Boyne (1995) summarises the key literature of the differences between the sectors – principally the work of Barry Bozeman and Hal Rainey. Both these researchers contend that there are major differences between the sectors, specifically the ethos of service. But Boyne concludes that the only clear evidence suggests that public managers are less materialistic, their organisations are more bureaucratic and they have less organisational commitment than their private sector counterparts. While the rhetoric and the perceptions of the differences between the sectors are common, the evidence is lacking.

The CEOs showed some ambivalence about their career choices, difficulty in acknowledging the power inherent in their positions and a sense that their skills are not widely appreciated. Yet, paradoxically, they are not, on balance, critical of the business model of management being adopted by public enterprises, despite the lack of natural competition or a profit motive and despite the human suffering brought about by the large scale and rapid introduction of the business model in the 1990s. They accept the conventional wisdom that change had to occur and that it needed to be done in the way it was. While they acknowledged the pain caused, they distanced themselves from personal responsibility (eight were CEOs in that time) and from any ongoing repercussions.

The next chapter looks at some of these ambiguities, paradoxes and the splits in the themes that I have introduced in order to provide a more rounded picture of the complexities of the local government CEO. It will also delve more deeply into socio-analysis to extract possible insights.

Chapter 9

Analysis of Themes

In this chapter my own interpretation is placed on the themes I identified in the CEOs interviews described in the previous chapter. The purpose of this interpretation is to try to find meaning and coherence among the themes. Values are important to the CEOs interviewed, although they had some difficulty in both articulating and describing them. They believe values are intrinsic to the person and come from early experiences, particularly (for the majority) in relation to the family. The CEOs focus on intangibles as goals and rewards rather than profit or short-term outcomes. They feel that their choice of career aligns well with their values and they try to embody and live out their values at work. They see no distinction between who they are outside of work or at work and are aware that how they enact their values shapes the responses of staff. They are very clear that they are not running a business in the narrow sense and feel that adhering to their principles has caused them to be not as successful as they might have been in the private sector.

Several CEOs interviewed feel that there are two sorts of people: those who can comfortably work in the private sector and those who cannot. Those who can be selfish without guilt have the ability to work in the private sector. CEOs ponder whether it is a strength or a weakness to be a different manager in a different business. They wonder about their fitness to lead. Are they as *good* as private sector leaders? They feel their work is not well understood or appreciated.

Values at work

The CEOs see their values as the driving force behind their work. While they accept that a CEO must possess a range of management skills, as would any manager in the private sector, they see a greater purpose, a calling, to the work they do. They see no distinction between personal values and how they behave at work. They recognise that they have a role in modelling behaviour and values for their staff, councillors and the community.

It would be foolish to suggest that people who work in the private sector have no values, but there is no higher order purpose to the work in the private sector. Rather private sector

managers must simply do their best to make the company profitable. For me, this is the fundamental difference between the private sector and the public. Management skills and knowledge are *vital* tools for the private sector manager to improve efficiency and profitability, since these are the primary driving forces. A CEO's own values are either not relevant to the running of the business or are used to further that main aim. Values are put to use by the business in the pursuit of profit and the continued existence of the enterprise.

In local government, in contrast, CEOs believe strongly that their role is about the achievement of social values such as fairness, justice, protection of the vulnerable through democracy, advocacy and developing community well being. All of their activities are directed towards these aims. Management tools are not vital, as they are in the private sector, but are taken up or not as they are useful and if required by other levels of government or the public. Whether the ideals of local government are enacted in the day-to-day and whether the CEO truly lives up to this ethos of service is not tested in this chapter. However, it is taken up in more detail when the experiences of the Glenview CEO are described in chapter 11.

Just as values-based management has become the catch-cry of business in the past five years, so local government and the public sector generally have also adopted a values approach to defining the work of the enterprise. Not only are personal values seen by CEOs as intrinsic to the way they do their job, but most local government authorities have also developed value statements that accompany their mission statements as part of the corporate planning and annual reporting process. Many authorities have long lists of values for which they stand. Articulating values associated with the work of local government, gives the organisation an opportunity to distinguish itself from profit-making enterprises. It could be a way to show the moral superiority of a service organisation.

Table 9.1 Examples of local government value statements

The City of Hume – Statement of Values[7]

Democracy

Community Leadership

Diversity

Access and equity

Advocacy

Communication

Sustainability

Community partnerships

Environment

Staff development

Efficiency and effectiveness

Customer service

City of Boroondara Values[8]

Transparency and accountability

Proactive and innovative leadership

Alignment and consistency of decision making with council policy and direction

Listening and responding to our community and sharing information with our

community

Sustainable and solution focussed outcomes

A high level of professionalism

A caring and enterprising approach which will develop and instil values based on

honesty, respect and equity

The two value statements in table 9.1 are included to show that the temptation is to list everything, to use jargon phrases and to include concepts without thinking through what a value may actually entail. Listening and responding to the community, for example, would seem more like a means to an end, rather than an end in itself. The meaning behind the lists of values is sometimes lacking, as is a recognition that the values may sometimes be in

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[7] City of Hume Corporate Plan 2003-2006.
[9] City of Boroondara Council Plan 2002-2005.

conflict in everyday applications. In some cases the values espoused are hard to grasp and hard to measure.

CEOs are aware that having values statements written down can be a double-edged sword. While they want to promote the ethos of service among staff and gain the support of the local citizenry for the ideals of service, they are aware that the organisation is more easily called to task when values are not enacted. This is especially the case when the list in many local authorities runs sometimes to 10 or 15 values.

Value statements have several inherent problems. Firstly, we seem to have difficulty naming values. We try to list anything and everything. We do not distinguish well between values and behaviours and we show no understanding in our lists that values may at times be in conflict with each other. Moreover merely writing them down, of course, does not mean that they will happen in practice. The other potential problem with value statements is that they can be used coercively on staff. This is especially true when performance appraisal and, therefore pay and promotion, is based on an assessment of the individual's enacting of the stated values.

Several local authorities in Victoria have 'second level' plans relating to organisational values. By this I mean they believe that unless values are embedded in behaviours of staff they do not mean anything. They adopt a set of acceptable behaviours for staff, so that they know they are enacting a value. In 2002, the City of Knox developed a process in which annual appraisal of staff requires demonstration of the values and behaviours. This code of conduct has been a model for other local authorities.

The City of Knox has five key values (teamwork, innovation, integrity, enjoying work and service excellence). Staff at all levels are measured against behaviours under each value. An extract from Knox's plan, showing how each staff level will be assessed on the 'value' of teamwork, is below in table 9.2.

Table 9.2 Values at the City of Knox

Value	Staff	Co-ordinators	Managers	Executives
Teamwork	Work together to achieve shared team goals	Encourage and involve staff in setting team goals	Instil processes to reinforce strong culture of teamwork	Act as a consistent and united leadership team

In addition, all staff levels are measured annually on satisfactory behaviour regarding each of the stated values. An extract from the plan, reproduced in table 9.3, shows how behaviours are demonstrated under the value of teamwork.

Figure 9.3 Measuring values at Knox[9]

Unsatisfactory	Achieving	Outstanding
Does not co-operate with others, blames others	Contributes to the team, deals with issues within the team	Puts the interests of the team before their own

It is easy to imagine this regime causing considerable stress as staff members attempt to live up to the ideal behaviours and worry about how each will be measured and assessed. Each effectively requires a subjective and possibly arbitrary assessment by a superior. Yet this system is in place at Knox and applauded elsewhere.

As with the instance of the adoption of performance measures for senior management, some local authorities try to put values into practice, while some simply list the values and leave it at that. A few (two among my CEOs) do not think the exercise is worthwhile at all. My experience at Glenview, which I outline in the next chapter, suggests that staff see how senior managers behave as having more meaning than any statement of values. The incongruence of leader behaviour and stated values causes a 'snicker factor' (Clemmer 2005) in staff. A sly snicker behind the hand, the raised eyebrows and rolled eyes allow staff to express, in a hidden way, a sense of solidarity with each other and a sense of power. The snicker factor uses humour as a strategy to acknowledge, among themselves, that staff know

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[9] Taken from Knox City Council – Values and Behaviours used with permission (Employee Relations, City of Knox. 15.11.04).

what is really going on when managers do not act in accordance with the values of the organisation. It would seem that the best test of whether an organisation lives its values is in the behaviour, day-to-day, of its leadership. This means that CEOs must embody and act according to the values of the organisation at all times. Clearly this is a high mountain to climb. By writing statements of value for the whole organisation, some responsibility for enacting values is, presumably, shared. Like a parent, however, the CEO is the role model of correct behaviour and expectations fall heavily upon her.

CEOs are not naive in their understanding that how they see their own behaviour at work may not be the way they are seen and understood by staff and other key players. While psychological terms such as 'projection' were not used in our interviews, CEOs show their awareness of the complexity of leading with integrity by describing the difference between espoused and enacted leadership as a 'vexed question' and a 'constant battle'. They acknowledge that they must 'walk the talk' and commented on the loneliness of appearing to go back on their word when a compromise decision needs to be made. They strive to be good and selfless in their work and grieve when their view of themselves is not understood or is impaired by the behaviour of others.

Part of acknowledging the messiness of life is understanding that having a set of values does not protect one from the consequences of making a decision. Adhering to a value does not guarantee a correct decision will be made in a given instance. If a CEO seeks always to make the right choice, basing decisions on a value set, and fears a wrong choice could make her appear selfish or arrogant, then the CEO is open to capture by those very fears. A good leader needs an inner voice that helps to deal with the contradictions of decision-making power. A healthy CEO accepts that decisions are mixed and messy. Idealising values makes a CEO more open to manipulation. A CEO caught up in wanting always to do the right thing, may find herself open to attack from a persecutory super-ego. Others may manipulate this desire of the CEO to do good and appeal to her inflated desire to appear altruistic and honest at all times. A CEO in the grip of a persecutory super ego, needing good behaviour and good decisions at all times, is more open to being brought undone because of the need to deny any possibility of poor choices. This behaviour can also lead to the denial of values-based behaviour altogether, where it is easier, in the end, to believe the public sector is just as much about the bottom line as is the private sector.

Values are a central aspect of the task of the public sector organisation, but they need to liveable and achievable, and in their adoption, there needs to be an understanding that conflict and compromise form a part of life. A public sector organisation does not exist for the purpose of proselytising particular values – that may be the role of a church, perhaps – but values in the public sector are embedded in the task of the organisation. The public sector need not copy the private sector in writing 'shopping lists' of values, which are both hard to live up to and often contradictory in their application. This may well be done in the private sector to convince customers that there are values in the enterprise when such values are not immediately apparent (for example cigarette manufacturers).

Value statements are written in local government for varied reasons, some of which may have negative impacts on an organisation: they may be demoralising as they are too hard to live up to. They may be devoid of meaning as the idea is simply copied from the private sector model of a good corporate citizen. They may be used punitively – adopted to share the responsibility and, therefore, the blame when compromises are inevitably made. They may serve the purpose of denying the dark or unacknowledged parts of an organisation and may also be in place as a means of coercion – to control staff and ensure they are loyal by linking values to promotion. They may be the outward manifestation of a CEO's unhealthy desire to be seen as always upholding the right course of action. Alternatively, they may be the result of a backlash against the intrusion of business practices into the public sector – an attempt to display moral superiority.

While local government organisations do well to debate and explore the ethos of service, generating lists of values will foreclose this process, not facilitate it. Staff are usually well aware of the purpose of the organisation and look to their leaders for guidance on how to implement the ethos of service. The CEO carries the values of the organisation in her day-to-day actions and must be aware of this aspect of her authority. A good CEO sees values as expressing the aspirations of the organization, not as strict rules to dominate behaviour and create feelings of guilt and failure. The primary task of local government is to provide democracy and service to its community.

CEO as container of leadership myth

Staff look to the leader to provide a sense of direction for the organisation. But this role is greater than guiding staff in actions that best fit the strategic plan of the enterprise. The

CEOs told me the role of leader is in setting a vision, encouraging innovation, setting the organisational culture, facilitating decision-making and empowering staff. This is what the CEOs said was their role in local government. They want to be seen as leaders, not simply managers.

Leadership has been extensively researched but with no clear definition of why some are leaders and some not (Sinclair 1998:15). What is the difference between a good manager and a leader? I have argued that CEOs are leaders when they take on the role of providing a 'moral compass' for their staff. It is this embodiment of values that separates manager from leader. It provides the enterprise with a vision and strong sense of purpose, but it also brings with it a powerful set of unspoken expectations of the leader.

The notion of leader cannot be divorced from the 'mythical' or from a construction of the leader/follower connection. Sinclair says notions of leadership are connected to an heroic archetype: a mythical hero who can save and protects us. It is a father figure, stoic, strong and self-reliant. (Sinclair 1998:37). To take on the role of leader means taking on the fantasies that the leader has of leadership and taking on the fantasies of others about what leadership means. It is a powerful experience to be a leader and to follow a leader, because it reminds us of our earliest experiences of being safe, or fearful, in the face of parental authority. It is a fantasy of the child, who is totally dependent on the parent. It is to believe that the father is the only one who can do everything for us and those being led have no part to play. This is explored in relation to a previous CEO at Glenview, in the next chapter.

The parenting role of local government

Local government provides services to the community. These services are for the general community (libraries, parks, rubbish removal) or for specific groups in the community (aged care, child care), and there is a range of regulatory services that help to keep order in the community (planning, building and health regulations, traffic and parking). Local government is set up to provide services to the community that we need to ensure our own collective safety and order and to help those in need or special groups.

Local government, as described by the interviewees, is a caring, nurturing entity concerned for the welfare of others. It provides a 'safe environment', advocates on behalf of its community, fines members of the community who transgress its rules and ensures all are

treated fairly. It 'fulfils community aspirations'. It provides 'a cave for residents', as one CEO put it. It is reminiscent of a parenting role: caring for and nurturing children, providing guidance, being fair to all members of the family, disciplining when required, and undertaking a broad range of services. As the stereotype goes, a mother must be teacher, doctor, cook, cleaner and moral guide.

It is this service function that gives public sector staff a sense of purpose in their lives. Not surprisingly the CEOs articulate a management style based on similar principles. Thus the CEOs describe their management styles as empowering others and as open and consistent. They admire honesty, integrity, being in touch with people and the ability to communicate a vision. They emphasise the role of local government as advocacy, democracy and community well being and they work in local government in order to make a difference and because of the diversity of the role.

It is intriguing to think about the motivation that draws some people to this work, while others do not seem similarly motivated. It would seem that this primary role of local government attracts to it people who want their work to be associated with altruism - service to others. Later in part four of this work, I use the term altruism in a psychological sense, rather than a moral sense, to mean the extension of one's boundaries of identification to include identification with the larger group. In this manner, I employ the term as a value. Are CEOs simply describing their work and their motivations as altruistic; are they genuinely committed to service to others or are they caught in defending against their own sense of greed and ambition?

In interview the CEOs commented that they did not admire mediocrity, selfishness, arrogance and autocracy. Perhaps they fear that these are characteristics that they see in themselves. It is possible that working for the public service assists those inclined, more easily to reject and disavow their own mediocrity, selfishness and arrogance. It would not be consistent with the focus on service to others to acknowledge personal ambition or self-interest, yet it would seem plausible that these, too, are part of the make-up of a public sector leader. Everyone is capable of acting selfishly or arrogantly. This line of argument raises the question: why are arrogance and selfishness so fearsome that they must be avoided? Possessing some level of ambition and, possibly, arrogance is necessary to motivate us creatively and provide opportunities for growth. Those who seek a career in an

organisation that undertakes a service role may be bolstering their internal sense of goodness by helping others. Klein (1975) argues that those with a poorly developed sense of the internal good object avoid competition and success in life because envy of what others have impacts negatively on their unstable sense of internal goodness.

Emotional factors relating to guilt, envy and the denial of power, of selfishness and ambition were part of the discourse of CEOs in this study. Most CEOs did not think private sector managers would succeed in their own complex world. In a similar vein, some CEOs complained that the complexity and diversity of their job role is not well understood or appreciated by the community.

Service organisations undertake a parenting role. Part of the complexity of a parenting role is the power vested in the role (authority over children), where the parent must do things for children who are unable to do for themselves. These roles can raise conflicting emotions in a parent. There is, undeniably, a power differential in the relationship. There is a feeling of satisfaction arising from helping others and seeing them grow. There is a difficulty in relinquishing power as independence increases and there is the sense of being a servant to the family – not equal, not appreciated. This is how the CEOs described their work.

Perhaps the CEOs are attracted to the work of local government because of its inherent parenting role. It provides service to others and thereby generates a feeling of well being for those involved. It allows them to see themselves as caring and selfless, not ambitious and greedy or contemptuous of others. Along with the authority of the position comes the responsibility to act in the best interests of those being served. Local government does have power over people's lives. It does punish members of the community who fail to live up to its ideals, it does sometimes have difficulty in allowing its 'family' to grow to independence and it does feel like an under appreciated servant at times. On the other hand, authority does also have a 'dark' side. If authority is acknowledged and clear it can be well used to keep us safe, to provide boundaries and encourage appropriate risk-taking. If it is ignored, unspoken and unacknowledged it can become corrupt and authoritarian in nature, and this can occur when we deny and split off our own need for safety and security and deny those less desirable aspects of ourselves.

Necessary and appropriate authority can seem similar in practice to the exploitation of power and can be confused with authority that is exploitative. CEOs are in a position of power and must use their authority wisely. The desire of CEOs to serve others and to be seen as caring led them in part to ignore the regulatory side of the enterprise for fear of being seen to be exercising an exploitative power rather than a legitimate and limited authority. Fear of power led CEOs to deny the legitimate breadth of their own authority. It was expressed in the inability of the majority to describe themselves in one word, as leader; in descriptions of private sector leaders as selfish and ruthless; and in describing the characteristics of leaders that they said were not admirable (i.e. mediocrity, arrogance and selfishness).

Being part of this type of enterprise causes some CEOs to consider whether they could have been as successful in the private sector. They characterise the sector as ruthless, selfish, simplistic, risky (unsafe) and narrowly focussed on the short term and on the bottom line. In their understanding the private sector seems very much a man's world. CEOs expressed a split in their view of the world of work – the public sector is service oriented and good; the private sector is selfish and bad. Their characterisation projected ruthlessness onto the private sector. It is something they could not be part of. Yet in reality decisions can be made in either sector that may bring harm. It would seem more balanced to acknowledge this, feel sorry and move on rather than avoid any action that may bring unwanted consequences. It is hard to know if this splitting simply reflects reality in our society, dominated by economic rationality, where the split is in fact a cultural phenomenon, and service to others has no value. How much of this splitting is related to CEOs own fears of failure, according to the tenets of that credo, is also hard to know.

While few have researched the issue of the motivation of public service managers, as opposed to those in the private sector, and even fewer have drawn conclusions regarding motivation and performance (see Pollitt 2003), the general consensus is that public sector managers are somewhat different from their private sector counterparts, although the various studies exhibit methodological difficulties and are difficult to compare (Boyne 2002). In summary, public sector managers hold a less materialistic set of values; they have weaker organisational commitment and place more emphasis on the public interest in their work (Pollitt 2003:145; summarising Boyne 2002). So it may be true that public sector managers are a different type of person from their private sector counterparts, especially in

terms of their work motivations and their desires to implement projects for the public good. The emphasis in neoliberalism on individualism may in fact damage their sense of self worth.

More than one type of manager

Rather than concern themselves with fears of mediocrity, local government CEOs could instead articulate and propound the way they lead as a viable alternative to the stereotype of the private sector leader. Rather than compare themselves with the mainstream model of the tough, resilient, rational male manager and find themselves lacking, the public sector manager should feel pride in the caring aspects of the role. There are, of course some similarities and some overlaps between management skills and techniques across the sectors, but there are also fundamental differences in management that are related to the primary tasks of the respective organisations.

Rational economic man is only half a person: this construct denies the irrational, denies the feminine and denigrates the parenting role. The parenting role broadens the view of leadership, it does not diminish it. It is built on a commitment to nurture others without specific reciprocation. Held (1993:212) argues that mothering is in fact the primary social relation and as such is a more sound basis for building a moral society than the model of 'economic man', where contracts promoting self-interest are exchanged. Held notes that moral decisions made by women often take account of context and relationship more so than the abstract ideals of rational thought allow. This view holds true for local government CEOs. They are very much aware of the contextual nature of ethical decisions. They are aware that compromises are made and lived with and that elected representatives have different priorities that shape their ethical stances.

There are values, inherent in a parenting role, which could usefully be adopted for leadership in any workplace. Guiding others towards independence, setting clear boundaries and guidelines for behaviour, being fair to all and demonstrating a model of fairness (Hauserman 1999:212). A leader needs to combine the parenting functions of nurturing and discipline while accepting and understanding the frustrations often felt by those who do not have the authority of the leader.

Power in the workplace

Part of accepting a parenting role is understanding and accepting the power of the role. The CEOs I interviewed had some difficulty with accepting the power they had at work. This is evidenced by:

- the difficulty many had in describing themselves simply as 'leader' without apology or additional comment;

- in not mentioning the regulatory side of local government when describing its role;[10]

- not directly acknowledging their own ambition which must have been present to some degree to help them attain the position of CEO;

- not admiring CEOs who are selfish, arrogant, egotistical or autocratic, and, finally,

- wishing to retain the democratic function of local government, despite its perceived failings, because, with democracy, comes legitimate, delegated authority to the CEO, not personal power.

A certain degree of self-confidence and self-interest would surely be normal and useful character traits especially in a leader. Yet the interviewees were consistent in their view that selfishness and arrogance were undesirable. They gave these traits a negative tone as part of the process of rejecting them as undesirable. Yet selfishness could in some instances be construed as confidence and decisiveness, positive traits in a leader. It is possible that, in their desire to be seen as worthy people, they down played this aspect of their own personalities and denigrated it when they saw it in others. However, there is a danger in denying aspects of self that are considered not desirable. Ambition seems to be taboo in the public sector.

The denied aspect of CEO power is tied to the fact that they do not speak of their role in the regulation and control aspects of local government authority. The regulatory side of the enterprise is a potentially conflict laden area where citizens are controlled, sometimes coerced and fined if they do not submit to the authority of local government. This side of the enterprise of local government is more akin to Bion's fight/flight valency, and it is apparently not comfortable for CEOs to discuss.

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[10] When I fed this comment back to CEOs they argued that in describing local government as a service organisation, they include regulatory functions as part of service provision and do not ignore their existence. Nevertheless, I stand by my interpretation as not one CEO named any of these functions when describing their service orientation; they spoke only of the more 'positive' services.

They prefer to name and therefore highlight the caring side of local government. The themes they raise are consistent with the values they hold about themselves and local government. It is a service-oriented enterprise that cares for its constituents, gives them a voice in the future and uses its authority to advocate on their behalf, as a mother would for her children. It also gives those who work in it an outlet for their disowned feelings of dependency.

What is ignored is not brought into the light for discussion and debate. It therefore has not had the chance to be well thought through. If something is not brought to the light and acknowledged, then the dark side of its nature can gain ascendency. The need for regulation is a positive thing if we are all to live together harmoniously. Regulations and laws keep us safe as we live and work together. Yet the CEOs' reluctance to describe local government in this way reflects a splitting of appropriate authority with authoritarianism. The CEOs have the authority to enforce the regulations of the *Local Government Act*. It is an integral part of their function. Perhaps, in their silence, they deny the need we all have to be kept safe.

Perhaps, also, CEOs feel more comfortable with the apparent sharing of power with the elected representatives because it would be as unseemly for a virtuous person to want personal power, as it would be for a parent to abuse the power she wields over her children. Part of the drive to view ourselves as selfless includes denying those attributes that diminish this picture of ourselves. CEOs believe that greater opportunities for the exercise of power exist within the private sector, where they believe there are fewer constraints on the drive for personal power and wealth. Yet is this really true? It could be that CEOs in middle-sized private companies are better paid, although, at an average of $200,000 p.a. plus benefits, local government CEOs are well remunerated. Do private sector CEOs have less constraints on the exercise of power? It seems commonsense to say the opposite is true. Private sector CEOs are constrained by boards, shareholders, competition, market share, government regulation, and their influence is confined largely to their employees and the products they sell. Local government, on the other hand, has power over the quality of people's lives. Perhaps the greater the potential for the exercise of power, the greater the denial of its potential for abuse. When people disavow their legitimate authority, or fail to exert it fully when it is required, informal power structures expand into the gap thus created. Even when these power structures are essentially benevolent, this process is inherently corrupting.

It could be argued that it is a cultural phenomenon in Australian society to deny power and to dislike and distrust authority. It is typical, for example, to view the police force as impinging on our rights and liberties rather than as providing us with a sense of order and safety. CEOs may be reflecting this cultural phenomenon in denying aspects of their authority. However in doing so, they deny their own need for safety and security and deny their own feelings of guilt and stress in having the power to limit and control others. In this way they may open themselves to potential corruption. They have to live with stress and do not allow others to feel safe in the protection of acknowledged, legitimate authority.

The paradox of leading in the public sector

Of course the parenting metaphor has limits in defining a different model of leadership. While it is important to reclaim the service aspects as a legitimate part of leadership, it is important to understand the public sector CEO is embedded in the cultural phenomenon of economic rationalism. Certain expectations of role and function are mandated. It is not as easy as simply recovering the parenting aspects of self and applying them at work for success.

Being a leader in either sector today is complex. If you want to get ahead at work, there is pressure to conform to the stereotype of the manager (the hero male) and be ruthless in the pursuit of efficiency. This path requires values to be split off from actions at work. There can be no tolerance of ambiguity or difference, and there is denial of non-rational events in the workplace. It leads to a diminished view of self. To try to be a different sort of leader to whom values are central to actions at work, causes doubts to come to the fore, and paradox and conflict are harder to deny.

Management theory tries to provide the answer that will help managers to manage in any situation. However there are no universal prescriptions, and one theory will not apply in every case. Inherent contradictions in doing the work need to be recognised and not seen as necessarily counterproductive. Public service workers must at times be political in the way they operate, professional in abiding by the rules of the professional background they come from and managerial when dealing with subordinates at work. These three modes require contradictory ways of operating (Talbot 2003).

It is hard to expect local government to be accountable, transparent and rigorous in its use of public funds and also to be innovative and creative. Some of the contradictions and dilemmas of the position of CEO of a local government authority that were apparent from interviews are detailed below. The good CEO sees these contradictions and different modes of operating as part of the day-to-day tension of the work, not as a problem to be mastered and resolved. Remaining calm within this tension is the skill of the good CEO. The temptation is to hope for a resolution, but the job requires living with the tension.

Contradiction 1: Boss and team worker

The CEO of a local government authority is legislatively responsible to the elected council for the entire operation of the authority. The CEO of a local government authority cannot be an expert in all of the diverse range of services the authority provides and so relies on others with professional expertise to guide her actions. The CEO must therefore, at times, be both directing and consultative with her senior staff.

Contradiction 2: Professional expert and generic manager

Senior staff with professional qualifications in, for example, social work or engineering may attempt to influence the CEO using their superior expertise in the relevant area. Nevertheless, the CEO is the conduit to the council decision-makers and so must find ways to balance the autonomy of professional staff with the needs of the organisation and the priorities of council. At the same time the CEO will need to control and minimise the power of professionals in the organisation. As Pollitt and Harrison (1992) argue, managing staff means getting things done through other people, while professionalism tends to suggest a certain level of autonomy in decision-making as the professional is the expert in her field.

Directing and controlling staff reduces the need for trust but can stifle creativity. Whereas working as a team means gaining the trust and commitment of workers to the values of the CEO. This requires a high tolerance of error, avoiding blaming behaviour and less direct control being exercised by the CEO.

Contradiction 3: Risk averse and innovative

CEOs are expected to be cautious and prudent in spending public monies and, of course, the processes for budget allocations are public. Public sector debt was considered untenable in the 1990s. Yet, at the same time, CEOs are caught in the prevailing view that all enterprises must continually innovate, improve and do more with less. With innovation comes risk, and this is a tension for local government CEOs.

Contradiction 4: Plan for the short term and long term

Related to the matter of avoiding risk is the issue of short-term or long-term planning. All CEOs interviewed felt long-term economic and environmental sustainability were important goals in their work. Yet elected representatives (elected for three-year terms now, but about to be elected for four-year terms) require outcomes that appease their electorate within the time frame of their elected tenure.

Contradiction 5: Generic manager and political animal

Following from the dilemma of planning for both short-term and long-term goals is the related issue of dealing with the political environment of both the council and the State Government. The CEO may have to persuade her political masters of the value and purpose of a particular decision that may not be liked among the community. Similarly the CEO has to deal with staff feeling betrayed when a proposal they put forward (supported by the CEO) is not enacted by council. Because of their close connection with the council, CEOs can appear distant from the day-to-day realities of the work.

Contradiction 6: Local government is a business and it is about democracy and community development

Local government faces pressure to perform to the expectation of State Government, council, staff and community. It must use its resources efficiently and effectively. It must be above reproach, transparent in its operations, consult widely, address competing priorities within its many constituencies yet still promote itself as an efficient, streamlined business

continuously improving its outcomes. CEOs expressed frustration with the slowness of processes in local government.

Contradiction 7: Efficient manager and consultative manager

Sometimes the best decision is not made and the best outcomes are not achieved, because so many stakeholders are involved and compromises must be made. The CEO must be able to balance the needs and wishes of many stakeholders. She must balance competing priorities and cannot appear to be ruthless in determining how resources are allocated. She must be a strong, decisive, rational leader and also a good listener, good at compromise and respect expediency.

Contradiction 8: Holding values and being value free

The traditional manager as portrayed in management texts is a morally neutral professional. She recognises her values may not be the same as those of co-workers. She sees values as relative and personal. The CEO must be 'value free' in order to be a good manager. However, in local government, the CEO must also hold strong values about the future, the vision and the aspirations she holds for the community she serves.

Managers, especially in public services have to be both directive and facilitative at the same time. Quinn (1998) argues that, since this is contradictory, managers choose one way of operating and ignore the other. Excellent managers in contrast are able to use both strategies at the right time and place. It is what the CEOs I interviewed call *judgement*. Part of the complexity of working in local government, say the CEOs, is knowing how to balance the various interests and priorities of council. They argue that the field is more complex than the private sector because of the different roles required to be played. Determining which role to play at which time, they say, is a matter of experience and judgement. Many of them find it exhilarating to be in an environment where these contradictions loom large.

All the CEOs focused on the relationships with others in their work as the most challenging, frustrating and rewarding part of their work. Being able to acknowledge and work with these paradoxes may be beneficial to the organisation. Paradoxes are not necessarily unhelpful to the progress of an organisation (Talbot 2003). People are paradoxical. They

want both to be part of the 'family' of the organisation and yet be seen as individuals. They want clear direction and yet resent it often. They are part of a collaborative team and yet team members compete for jobs and attention from those higher up. If a leader can be aware of the contradictions required within her own job role and the pressure put on her to play the various roles at different times, she may be better equipped to deal with the unexpected.

Challenges of a different leadership model

The mainstream model of a leader is pervasive. It is also attractive. The business way of doing things has become the norm, and the strong decisive leader who can lead us out of confusion and into surety and success is a powerful archetype for managers to aspire to be and for staff to follow. It is attractive because, in denying the complexity and paradox of living, it provides simple, straightforward answers. In today's world it is difficult to be any other type of leader, yet it is also hard to be that leader in the day-to-day messiness of workplace life.

While the majority of the CEOs I interviewed read widely, there was not one management theory or approach that any CEOs considered to be helpful in their daily working lives. Some ideas were useful on some occasions, and some approaches worked in some instances. While management books try to sell themselves as having the answers to all a manager's problems, they are not viewed by practitioners in this way. Management texts tend to preach a simplistic message – read this book, follow the rules in it, it is all you need to know for success. Advice is given as if it follows from a comprehensive and detailed theory of management, but the CEOs behave as if they do not believe this rhetoric. They do not accept that management is a comprehensive and scientific theory. CEOs found some methods and language helpful and some not. There was no substitute for experience, and there was a certain fatalism about the language that is expected to be used in their public documentation. Some CEOs tried hard to make their mission statements real. Others accepted that the language of the day simply cannot capture values well. CEOs interviewed in this research built their own idiosyncratic theory of management that is consistent with their own learning, experience, worldview and personality. The typical mainstream management texts eliminate this idiosyncrasy. Yet real managers are not committed to an artificial theory. They see value in their own day-to-day experience of the work.

Rather than accept any management theory as 'gospel', the CEOs tried to create a narrative for themselves of the style and approach they developed in their work and they tried to balance their own stories with the stories of the organisation. They tried to articulate a shared endeavour and they were very aware of the impact of past narratives and past players on the realties of organisational life in the present.

If a manager tries to lead in a different way she has to overcome self-doubt (maybe I am not as tough as I should be?) and the perceptions of peers (you can't respect a man who is so easy on his staff) and the expectations of sub-ordinates (why can't he just tell us what to do?). She also has to struggle with her own and others' desires to provide the simple answers. As a parenting role demonstrates, others are unpredictable, accidents happen and we cannot know all consequences when we make a decision. Others may not see things the way we do. Leading differently means acknowledging and acting from an understanding that values are intrinsic to how we operate and are sometimes in conflict. Decisions are sometimes made that are a poor compromise. Not everyone can be pleased all the time, and one's expectations of oneself and others interact with, sometimes, unexpected consequences.

The CEOs wished to describe the positive 'helping' aspect of their work and not the unspoken regulatory side. However, they also distance themselves from those whom they help. They wish to advocate *on behalf* of citizens, they provide services for those who *need* them and they *lead* the community to a better place. This distancing of us from those we help inevitably shows a degree of denial of the vulnerability, weakness or dependency we may feel in ourselves, and so we put all our energies into helping others. It is among others where we prefer to think all vulnerability lies.

Successful leaders are less defensive about themselves and are open to exploring their own motivations. Reflexivity is part of being a successful CEO. When this research was fed back to a group of local government CEOs, they expressed great interest in the analysis I made of their collective 'inner worlds'. They did not shy away from themes of power and authority, projection, motivation and the impact of childhood experiences on their career choices. They were curious about themselves and each other. It must also be said that the one CEO who agreed to allow open-ended research for a six-month period within her workplace demonstrated courage and confidence. The CEOs interviewed did want to practice a

different style of leadership. They were motivated by a desire to improve themselves, to move outside their own comfort zones and avoid mediocrity. At the same time they wanted to achieve without being selfish, arrogant or autocratic. They wanted to be visionary, display honesty and integrity and be seen to be in touch with the people with whom and for whom they work.

My interviews suggest that the roles of the CEO in local government are to embody value for the organisation, to try to lead in a more broadly inclusive and caring way and to understand that behaviour will be scrutinised carefully by staff, community and elected representatives. Nevertheless to try to be a different leader of this sort, for whom values are central to actions at work, causes doubts to come to the fore.

The ideal CEO

Is there an ideal type of leader for local government? Following from Max Weber's use of the device of 'ideal types', there has been considerable deconstruction of leaders and managers into types. Downes (1967) looks at bureaucrats and notes five types: climbers, conservers, advocates, zealots and statesmen. Self-interest is the key motivator in each case. Crosby (1996) has five leadership personalities: destructor, procrastinator, caretaker, preparer and accomplisher. Silberman (2003) has a test that a manager can take to determine her type: lifesaver, precisionist, delighter, distancer, mutineer, attacker, bureaucrat, intellectual. Maccoby (1976) outlines four ideal types of leader: the craftsman, the jungle fighter, the company man and the gamesman. The main focus of the gamesman is challenge and competition. The gamesman wants to be the winner: he is committed and enthusiastic. Maccoby believes the gamesman is the type of the future. He argues that managerial character is refined in the process of reaching the top in business. As people climb in the corporate world, the qualities of the head (competence, confidence, open mindedness to new ideas) are reinforced and rewarded.

Le Grand (2003) applies ideal types specifically to the public service, arguing that leaders are either 'knights' or 'knaves' and that the clients of a public service are seen as either 'pawns' or 'queens'. In his view the reform period of the 1990s in the UK was a time of ascendancy of the knaves. By this he means those in ascendency were those who believe there is only self-interest. All persons act from self-interest, including public servants. He

argues that, when the market is the model, opportunities for altruistic acts and respect for and recognition of knightly or altruistic acts diminishes.

While all those who devise ideal typologies acknowledge that they are just that, ideal, and that no one fits each model perfectly, there is a danger in applying them in that they try to provide us with simple answers to the complex reasons people act the way they do at work. They oversimplify; rely on homespun philosophy and hero myths. In so doing they satisfy the desire to make everything simple, clear and easy to follow. Ideal types are unhelpful when grappling with the complexity of real-life situations. They fall into the trap of economic rationalists, that is, they reduce leadership to '5 easy steps', and they can make for rigid categories of behaviour that do not reflect how people act in the day-to-day. They assume that because action is rational, once you know the ideal type to which you aspire, you can practise being that sort of leader without any difficulty, and you will master that approach. Ideal types are popular and attractive because they do, as Sinclair and Wilson (2002) suggest, provide us with archetypes of the father figure, the hero, and the person who can save and protect us.

As we will see in the next chapters on the municipality of Glenview, there is a great deal more to being a leader than adopting a particular style of leadership like wearing a cloak. CEOs find contradictory situations arise daily. Management theory does not help when people behave irrationally.

A good leader

Leadership is not a set of skills that can be learned from a textbook. A leader who is the embodiment of organisational values must be self-aware and able to exercise judgement. A leader must be able to be aware of and separate the duties of the position as described in the job description, the job-in-action and how actions are perceived by others (Mant 1997). There is a difference between these three roles and the successful leader can understand it. This is self-awareness in the CEO. She can see what she thinks she is doing, what the job description says and what people around her feel and project into the job. Mant (1997) details his concept of the 'role-idea', which is an unconscious belief in the purpose of the actions we take and it governs actions. For me, the role idea is the value set of the leader.

Judgment is the word several CEOs used for that ability to differentiate between the various role expectations of the position. They believe it is their own value set that guides them in determining the appropriate action. They are aware of the perceptions of others as forming a part of the whole package of leadership.[11] This notion of the perception of others is explored in detail in the next chapter on experiences at Glenview.

A capacity for reflexivity is important. A good CEO is not only aware of the projections and expectations of others onto the position but of her own capacity for splitting and denial. A good CEO does not have to conform to the stereotype of a private-sector leader. She can acknowledge and reclaim the nurturing aspects of the work in the public sector as valid. The good CEO uses values as a guide, not as a rulebook and can sit calmly in the midst of tension and contradiction, wait and listen to both staff and the inner voice. Rationality would have the CEO always busy, active, moving forward, decisive. However, action often disguises fear of uncertainty and promotes decisions based on denial of rejected aspects of self.

In summary, a good leader in public enterprise must be able to exercise judgment based on her own values, understand and articulate the primary task of the organisation (service) and acknowledge and use authority in the pursuit of the primary task. The leader must be able to articulate and embody these values for significant others. The leader owns her authority and accepts the potential for corruption. The leader accepts that some measure of self-interest and self-confidence are needed to inspire followers and that these are not negative qualities. The leader desires to serve the common good, however defined, to envision the big picture, to empower others, to have a tolerance for slow decision making, to have the capacity to engage others in the decision-making process, to make a mark on a community and to have the capacity to contain projected material from staff, community and elected representatives.

So what does a CEO in local government need? A leader in this field needs a robust sense of her own values and limitations. She needs to dare to look at what is dark or difficult: to accept and acknowledge the calling of service and the authority that comes with it. The public sector manager can lead the way in giving back a level of complexity to humanity

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[11] I used the term 'projection' when I fed my results back to CEOs on 22.10.04. CEOs were not familiar with the meaning of the term and once explained, they all agreed that this occurred daily in their workplaces.

that economic rationalism has buried; understanding that paradox, contradiction and confusion is part of living. There is no simple prescription, no tool kit, and no 10 easy steps.

As complex as these requirements may appear, they are what is needed in a CEO in local government. The interviewed CEOs acknowledged no theory of management can provide the answers for all situations and that the most difficult aspect of the work is dealing with relationships within the enterprise. The CEOs in this research were aware that they are the embodiment of values for their staff and they used words such as judgement and nous to try to explain their understanding that success in the work is dependent on engagement with these factors.

Conclusion

The CEOs interviewed in this research brought to light the diversity and complexity of the job role and emphasised the nurturing, caring aspects of local government service. They are attracted to the work primarily because of its diversity. These comments remind me of the parenting role. It, too, is complex and diverse and serves the purpose of nurturing and caring for the family. The parenting role is also a position of great power and has the capacity to affect people's (children's) lives. Similarly a local government CEO has the authority to provide services or not and to raise fines and fees that affect quality of life. In the private sector, the power of a CEO is about personal wealth and aggrandisement and it can be more easily measured in quantitative terms, i.e. the bottom line. The public sector, on the other hand, is about the quality of other people's lives.

The dominant model of the heroic leader with idealised male character traits is limiting in many ways for managers wanting to act differently. It is especially problematic for women leaders. It denies complexity, it denies the feminine and it denigrates the idea of leadership as service to the common good. Most importantly it assumes that all that occurs in the workplace is rational and can be resolved by application of a technical tool-kit. Economic rationalism denigrates caring. Yet caring is a cultural phenomenon that cannot be denied. We are all embedded in it, including the CEOs, who expressed the difficulty of being a leader who follows both her conscience and also the mainstream model of management.

In the next chapter we look at the local government CEO in the context of the work environment. Another layer of complexity is added to the role of CEO by looking at how

the CEO enacts her values in the day-to-day, how others perceive her, how the history of the organisation and the expectations of others impact on the performance of the CEO. Each of the factors adds a degree of complexity to being a local government CEO.

Part Three

The CEO at Work

Chapter 10

The City of Glenview

Between July and December 2003 I spent time within one local government authority in Victoria. This is described as part B of the research. Following interviews with CEOs, I chose to spend time within one municipality in order to gain a better understanding of how CEOs behaved in interaction with subordinates in the workplace. People from this municipality who agreed to speak were promised that they would remain anonymous, so I will call the municipality '*Glenview*' and say only that it is located in suburban Melbourne. I have altered minor points to protect confidentiality.

Glenview Municipality

Glenview is a large public enterprise with more than 1,000 staff. As with all municipal organisations its work is overseen by a group of elected councillors. There are nine elected councillors, each elected for a three-year term to represent those who live and own property in the municipality. There are six male councillors and three female councillors. Glenview was created in 1994 with the compulsory amalgamation of two adjacent municipalities. While there is a long history stretching back 100 years for both municipalities before amalgamation, the new entity is now just a decade old. It is difficult to determine if the changes made to local government in the days of the Kennett State government were for the better at Glenview or not. It has been a turbulent time with restructures, changes to senior management personnel, redundancies, changes in financial position, introduction of new business practices, public tendering of traditional local government services, improved accounting practices and, commencing in 1996, the introduction of statements in annual reports that outline the values of the organisation.

The present CEO at Glenview has been at the municipality for five years. Prior to her appointment, the municipality had four CEOs (or acting CEOs) in five years. There has been a period of relative stability since the change of State Government (and a softening of policy) late in 1999 and since the appointment of the current CEO in 2000. Yet as will be shown in the following chapters, the ghosts of the turbulent past still dominate matters at

Glenview. Staff constantly made reference to the CEO who presided over Glenview for much of the reform period, although he had left some five years earlier.

Activities at Glenview

The activities of the municipality of Glenview are broad and cover services for citizens as well as regulatory functions. The services include those for the sick, elderly and frail including meals on wheels, home and community care, nursing homes, elderly citizens clubs. Children's services provided include maternal and child health centres, child-care centres, pre-schools, immunisation, maintenance and installation of playgrounds, school holiday programs. Family services include drug and alcohol prevention programs, community participation programs, disability and youth services. The council also provides arts and leisure services such as arts festivals, leisure centres and public swimming pools, parks and gardens, sporting grounds, community centres, fine art gallery, neighbourhood houses and libraries. Of course, normal services to ratepayers, including streetscapes, rubbish removal, recycling, drainage, paths, are provided.

The council is also responsible for the maintenance of assets, which includes roads, paths, signage, car parks, drains, bridges, street trees, public lighting and its own public buildings, such as community centres, libraries and leisure centres. The council is not responsible for arterial roads, which are the responsibility of the State Government. The Federal government has responsibility for national highways.

The council also has a regulatory function. It has a mandate to ensure all businesses within its boundaries comply with health regulations. All buildings must comply with building and planning regulations and occupational health and safety issues generally. The council raises revenue from fees, fines and charges on businesses, visitors to the area and residents. There are rates on properties owned, pet registration fees, permit fees for vendors, car parking fees and fines, library fines, and entry fees to council facilities (swimming pool, for example). Local government in Victoria is not responsible, as it is in some jurisdictions, for the operation of schools or hospitals.

Table 10.1 income and expenditure Glenview 2003

Income source	Per cent of total income	Expenditure area	Per cent of total expenditure
Rates	41	Employee costs	36
Fees and charges	23.4	Materials and contract costs	34
Grants and subsidies	18.3	Depreciation	20
Sale of property	6	Other expenses	10
Other income	11.7		
TOTAL INCOME	100	TOTAL COSTS	100

Source: Glenview Annual Report 2002

Table 10.1 above shows that nearly two-thirds of the municipality's income is derived from fees and charges, including rates, while the largest expenditure area is staff salaries and related costs.

Recent history of Glenview

Prior to compulsory amalgamation in 1994 under the Kennett State Government, Glenview did not exist. It became a new municipality in 1994 and combined two neighbouring municipalities. Some small boundary changes too accompanied this change. Since amalgamation Glenview has had several structural changes and several changes of CEO.

Over the decade of reform, Glenview spent many millions of dollars on redundancies and underwent several organisational restructures. Most of these changes were modifications to duties and job titles, although a major structural change occurred in 1998 to reflect State government requirements to split the organisation between the provider of services and purchaser of services for the community.

Events of note over the 10-year reporting period which were highlighted in annual reports of Glenview City council, include the following:

1993 Both cities in surplus prior to amalgamation. Mission and statement of philosophy noted in annual report, but no value statement.

1994   Two adjacent cities amalgamated with appointed commissioners. No elected council in place. New city has deficit of $12 million. Interim City Manager in place. Same mission statement as 1993 in annual report.

1995   Target of 20 per cent of services put to competitive tender achieved. All contracts won in-house. National Competition Policy came into effect, requiring local government to develop a code of practice that would both develop and provide for competition. No values or vision or mission noted in this report, the first of the new city. The language of business fully realised in the new city: 'business units operate as service providers while management units are the purchasers of services'. City Manager renamed CEO with four General managers (GMs), City Services, City Development, Corporate Resources and Corporate Services.

1996   Values articulated specifically for the first time. They are Outstanding Service, Innovation and Creativity, Teamwork, Community Well being, Staff Performance and Integrity. Client-provider split made more explicit in organisational design. Commercial Services replaces Corporate Resources Division.

1997   New CEO, Greg Tiller[1] commenced. Election of new councillors. The term 'user charges' first appears in accounting notes of the Annual Report. Redundancy costs reported as $2.5 million for the year. First survey, done in house, to determine customer satisfaction. Focus on business and prosperity in the language of the Annual Report. Mission is now to provide 'straightforward' government. Structure changed from commercial focus back to four divisions - City Development, Human Services, Corporate Services and City Services.

1998   Structural review takes place to reflect the expected provider-client split in the organisation. City Services Division becomes Operations. Target of 50 per cent of services put to CCT is achieved. A further $600,000 spent on redundancy.

1999   Business as usual. No significant changes to structure. Stable staffing numbers. Values statement same as previous year. Change of State government in October. CCT abolished and replaced with Best Value program.

2000   By end of the year, all councils must prepare a Best Value review timetable. CEO resigns mid contract. Interim internal CEO in place until new CEO (the

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[1] Not the real name of this CEO

current CEO, Barbara Schofield[2]) appointed. Organisational re-structure to eliminate CCT split.

2001   Vision delineates environment and adds the 'evolving' needs of the community. Specific values added for the first time since 1996 – 'Consultation and Communication, Democracy, Equity and Social Justice, Integrity, Openness and Accountability, Safety and Sustainability'. First mention of sustainability made in annual report.

2002   New appointments made at second staff level. Values altered to omit 'Safety' and include 'Well being' and to add 'Leadership' to the value of 'Democracy'. Well being was first used in the 1996 statement of values; specific values are noted in 2001, with well being no longer mentioned. It then re-appears in the list of values in 2002.

2003   The term 'straightforward government' has survived various changes to the mission statement over the decade. It first appeared in 1997. 'Glenview city council will provide participative, representative and straightforward government; efficient, appropriate and responsive services and adequate an reliable infrastructure that will lead to a prosperous and sustainable community.'

Changes in Glenview financial position over the decade

In relation to the premise of this thesis that the reform period did not lead to lasting benefit for local citizens, I have examined the financial reporting of Glenview over the decade. It is very difficult to ascertain the change in the financial position of the municipality of Glenview over the last decade. In 1993, two separate bodies existed with different assets, staff costs and accounting procedures. When the assets and liabilities of both organisations were brought together in 1994, assets were sold, staff were made redundant and stricter accounting regulations were brought into force.

Annual reports highlight operating deficits in 1995, 1997, 1998 and 1999. That is, deficits existed throughout the period of redundancies and contracting out of local government services and despite sale of existing assets. Other issues over the years have impacted on the operating position of Glenview that bear no relation to the turbulent Kennett period. For example, improved depreciation of assets modelling, transfer of responsibility of some

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[2] Not the real name of this CEO

items into and from local government control and revaluation of assets have happened. It is the view of the current senior accountant at Glenview that the organisation is on a more sound financial footing now than the two cities were before amalgamation, but it is genuinely hard to draw substantive conclusions.

The justification for amalgamation in the early 1990s was to create economies of scale and to put municipalities on a sound financial footing. Yet the figures over the decade do not indicate if this was the case. In fact, the figures do not indicate if the need was actually there for financial improvements, in the first instance.

Table 10.2 Glenview operating surplus 1994/5 to 2002/3 *figures are in millions and adapted from Glenview annual reports, checked for accuracy by Glenview senior accountant.

1995*	1996	1997	1998	1999	2000	2001	2002	2003
- $ 13.5	4.0	-8.8	-3.7	-3.5	3.2	1.4	5.7	-13.2

Community satisfaction with Glenview

Prior to 1997 no formal surveys were conducted at Glenview to determine the community's satisfaction with the council's performance. The first formal survey was conducted by Glenview staff in 1997 and was later adapted to fit with a similar survey undertaken by the State government on behalf of all Victorian local government authorities. In general, the performance of Glenview is considered satisfactory by more than 95 per cent of the 350 households surveyed each year.

Minutes of a council meeting in 2003, displayed a summary of satisfaction ratings, using State Government figures, since this measurement began in 1998. It shows that there has been a statistically significant improvement in community satisfaction on all but three of the thirteen measures used. The perception of residents and ratepayers is that Glenview has improved since the mid 1990s but not in terms of rubbish, parking and traffic management. Glenview compares favourably with other similar sized municipalities on all measures, except waste management, where it is slightly lower than the average of similar councils.

Table 10.3 Glenview performance measures

State Government Performance Measure	*Statistically Significant Change From 1998 to 2003*
Overall Performance	Yes
Advocacy	Yes
Customer Contact	Yes
Community Engagement	Not previously measured
Local roads and footpaths	Yes
Health and human services	Yes
Recreational facilities	Yes
Appearance of public places	Yes
Traffic management and parking facilities	No significant change
Waste management	No significant change
By laws enforcement	Yes
Economic development	Yes
Town planning policy and approvals	Yes

Source: Minute of Special Committee of Council meeting 12 May 2003 Annual Constituent Survey Result

The Glenview offices

The municipality has a large open reception space, called the customer service centre, with information pamphlets, local newspapers and newsletters available. There are comfortable chairs for customers to sit on while they wait for their query to be answered. The public reception area has an imposing dark wood customer enquiries desk and similar customer enquiry desks for each of the council departments that deal with the public (planning and building). The two reception staff deal with enquiries and direct customers to other staff or to printed information. As with most large council organisations, there is another room inside the building where phone calls to the council are dealt with in a call centre.

The public are not allowed past the reception area unless accompanied by a staff member, and all staff carry a key card that unlocks the doors to the office areas. I was issued with a temporary pass to enable me to come and go within the office area. It is interesting to note that, when I first worked for a local government authority some 20 years ago, the staff areas

were also separated from the public areas, but there was usually a 'staff only' sign on the door rather than an electronic locking system.

Figure 10.1 Organisational Structure at Glenview

Environmental Services	Community Services	Corporate Services	Organisation Development
Planning	Community Support	Finance	Human Resources
Building	Parks	Information systems	Public Relations
Capital works	Aged and Disability	Property, rates, valuation	Council Support
Infrastructure	Family Services	Purchasing, tendering	Risk Management
Traffic and Local Laws Engineering	Recreation, Arts and Leisure	Corporate projects	Administration, Record Keeping

Once inside the staff-only areas, the offices are typical of modern office spaces. Senior staff occupy the glassed-in offices on the perimeter of the building (with views outside) and less senior staff occupy smaller offices or open plan areas in the centre of the building. The offices have been described by staff as 'rabbit warrens'. Accommodations at other council locations within Glenview may be different, especially offices in maternal and child health centres, the parks and gardens areas or the depot, where road works staff are centred. I attended only the main office building.

One notable difference in the style of offices at Glenview is the Executive Suite. The organisation has a very 'plush' corporate area where the CEO, Mayor and some Directors (second-level staff reporting to the CEO) sit. It has expensive fixtures and fittings, subdued lighting, wood panelling, dark green walls and couches for visitors. It is in stark contrast to

the rest of the offices of the municipality: open plan offices for the majority of staff, with senior managers housed in 'fish bowl' glass offices.

The office of the CEO and the Mayor are both located in the Executive Suite, with the CEO at the back of the building and the Mayor in one of the first offices within the Executive Suite. The CEO's office has a main doorway, and her Executive Assistant sits in the adjoining office. It is difficult to see the CEO without first being subjected to the scrutiny of the Executive Assistant. The assistants to the Mayor and other Directors also sit in open offices in front of the Directors' offices. Appointments are made through them for access to Directors and the Mayor. Interestingly the CEO has a 'backdoor entry', which leads from her office directly to the car park at the rear of the building. The CEO told me that the previous CEO had the door placed at the back. He could enter and exit the building without anyone knowing.

Some second-level staff (Directors) at Glenview have offices in the Executive Suite and others do not. I was told that this situation is 'historical'. The Directors who manage outdoor areas of council work are located with their staff in those off-site locations, and those who managed services that were purchased by council (not provided by it) in the days of the purchaser-provider split are located in the Executive Suite. Although it is five years since this split was eliminated from the organisational structure, the practice still continues.

The Glenview CEO

The period just after amalgamation was a turbulent time for all staff. Two municipalities were brought together, new job titles evolved and as staff vied for the top job, many were made redundant. The position of CEO at Glenview was in a state of flux until a five-year contract was offered in 1997 to Greg Tiller. He was CEO at Glenview from 1997 until he left to take up another position outside local government in 2000. He left giving three-weeks notice in his formal letter of resignation to the council. After a short period with an interim CEO, the present CEO, Barbara Schofield was appointed.

Staff at Glenview

Before amalgamation in 1993, the larger of the two municipalities that were amalgamated had nearly 400 EFT (effective full time) staff. After amalgamation, the new combined city had some 500 staff. Over the decade of the 1990s, the overall number of EFT staff remained

fairly consistent between 500 and 600 staff, despite millions of dollars being spent on redundancies. Nevertheless staffing levels changed in two significant ways. There was an increase in the number of casual and part time staff and a significant 'feminisation' of the workforce.

Prior to amalgamation, female staff accounted for 38 per cent of the workforce, by 1996 that figure had grown to 62 per cent and in 2003 the percentage of women staff rose to 68 per cent of the total EFT workforce. The changes in local government in the decade of the 1990s saw the contracting out of 'outdoor' jobs (rubbish collections, park maintenance, road repair), which were traditional semi-skilled male jobs and a concurrent shift in focus for local government to welfare-based programs (meals on wheels, home care, elderly care, child care) that traditionally employ more women.

Figure 10.2 Glenview employees EFT 1994 - 2003
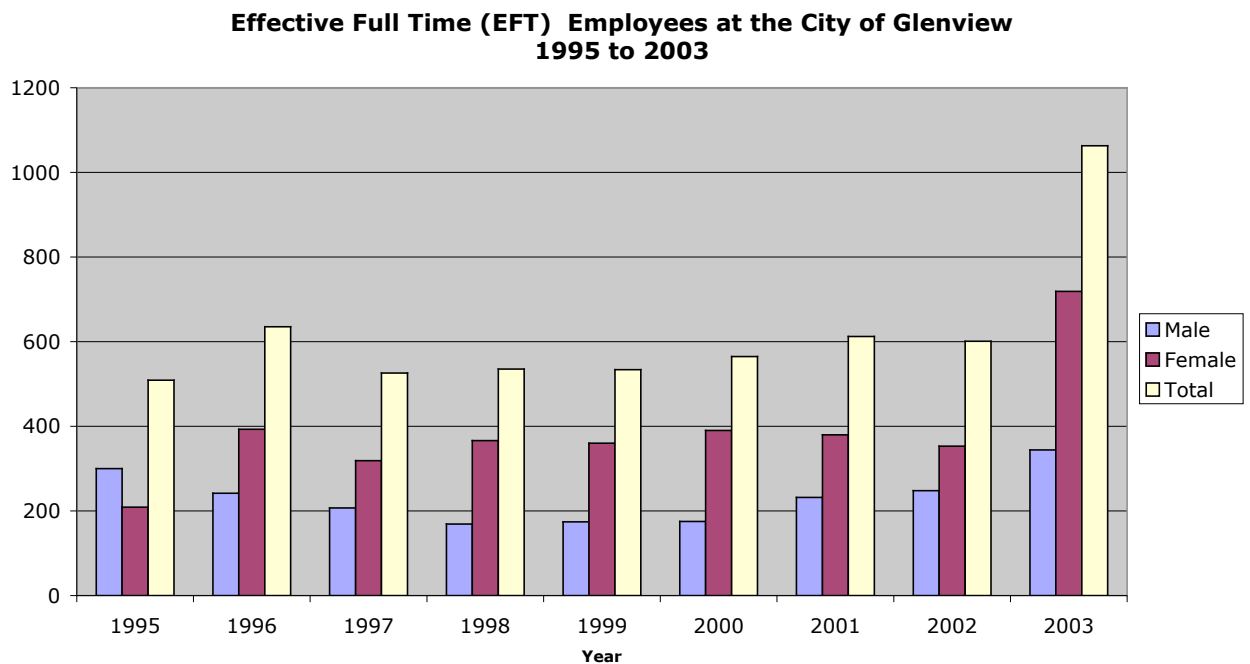
As the chart above shows, Glenview had a significant rise in its employee numbers in 2003. The CEO explains that this is due to more accurate counting of casual and part-time staff in the EFT total. Glenview now has more than 1,000 EFT staff. Working for the local government authority appears to be considered a good, local job. Several staff interviewed at Glenview noted that one of the best things about working at Glenview was that it was close to home. Fifty-one per cent of Glenview staff live and work within the municipality

with the remaining staff living in surrounding suburbs: all within a 20-minute drive of the main municipal offices.

Figure 10.3 Glenview employees by employment type 1999 – 2003
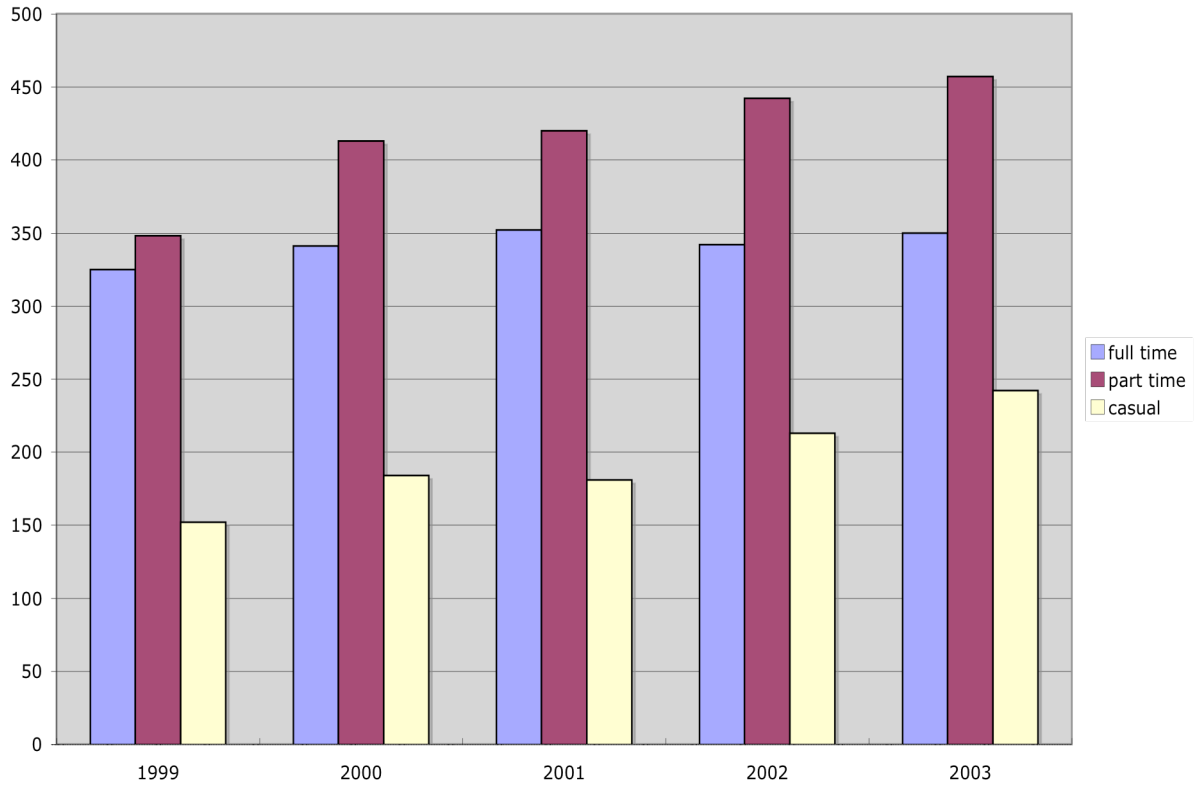
Chapter 11

Differing Views of Values and Leadership at Glenview

As noted earlier, my purpose at Glenview was to gain a richer view of the leadership style, management techniques and values of the CEO and to see if the way the CEO perceives these matters differs from that of other staff. At Glenview, it would seem that there is a divergence of view on these matters. Firstly, the view of the CEO herself will be articulated, then contrasted with the views of other staff, with written documentation and the way meetings are conducted.

I interviewed the Glenview CEO on two occasions, once just upon commencement at Glenview, when she was asked the same questions as all other interviewed CEOs. These questions centred around her management style, the usefulness of management theory, the differences between the public and private sectors, ethical dilemmas at work and so on. Barbara's responses to the questions of the first interview are summarised in Table 11.1.

She was interviewed again towards the end of my time at Glenview to clarify issues that had arisen in the course of my research and to gain her view on issues that had emerged in interviews with other staff. The main topics raised in the second interview were asked of all staff at Glenview and they were about:

- Values
- Leadership/Management style
- Setting the tone (how are values transmitted)
- Culture at the workplace

Additional issues came up in the course of the research and Barbara's view on these issues was canvassed in the second interview. These issues were the impact of past leaders and the continuing reminders of past leaders.

Glenview CEO – management style

I have just got to believe that if I am consistent people will respond.

Barbara Schofield is a woman in her late 40s who has worked all her career in the public sector. Her father spent all his working life in the public service too. Barbara Schofield works in local government because she wants to make a difference. She says she does not follow any particular management style, but rather likes to see actions matched with the rhetoric. This is a theme in Barbara's narrative: she wishes to be fair, objective and consistent. She says social justice underlies her style. In the public sector Barbara maintains one has a justice commitment:

> *... what I would call, higher order principles that are part of your modus operandi in the public sector which are not the same drivers in the private sector, where it is much more about the bottom line.*

She admires integrity in a leader and does not admire leaders who present a face of success and confidence, but who in fact treat others as 'disposable'. Barbara feels the best word to describe her leadership style is 'mentor'. She feels others in the organisation may simply say 'leader' and she jokes that some staff may call her a bastard. As the extract from our interview below shows, how others see her is a complex matter.

Barbara:	*Probably a few at the third-level would say bastard.*
Researcher:	*would they?*
Barbara:	*Um……….long pause………yeah.*
Researcher:	*Bastard is quite a male term to use?*
Barbara:	*They are male.*
Researcher:	*But they use a male term for you, they don't say 'bitch'?*
Barbara:	*Well I wasn't putting a gender bias on it.*
Researcher:	*But they do*
Barbara:	*Yeah, yeah*
Researcher:	*Is there a gender issue do you think?*

Barbara: *It's not for me, but it is made to be for me by others. I think there are some of the male managers in the organisation that have always had difficulty with a woman at the head.*

Following this brief discussion, Barbara went on to say that although gender is not an issue for her, males tend to under-estimate her capacity to make hard decisions and are shocked when she does. I asked if people's attitude sometimes forced her to make a tough decision to show she was capable of it. Not at all, she said, not at all.

> *I don't believe it influences me, in the way I respond. I don't try to meet people's expectations of me as a woman. We are an unusual commodity in local government (women CEOs) and many people have not worked with a woman. My value set, my upbringing – there was never a label connected to being a girl, so that's what I relate to. I don't put labels on other people too.*

Table 11.1 CEO interview responses

Questions asked	*Glenview CEO response (verbatim summary)*
What is LG about?	Straightforward service delivery. Advocacy and stewardship of the community and its aspirations.
What drew you to work in LG?	I thought you could make a difference.
Management theory – what's been useful?	Not really, I am behaviourally focussed. Making sure the actions match the words.
Your management style?	Managing people is the most important. You have to get that right. Need also to be risk averse in the public sector.
Characteristics of private sector?	Bottom line: higher order principles are not part of the modus operandi. Social commitment just a marketing tool. Stronger financial and marketing focus.
Characteristics of public sector?	Commitment to the community. Greater value put on process, higher levels of accountability and transparency.
Attributes of leaders you admire?	Ability to engage with people and still deliver outcomes. Integrity in the way things are handled. Staff should know CEO values.
Attributes you don't admire?	Self-promotion, lack of integrity, lack of real connection with people, see people as disposable.

Do staff know your style?	It's a vexed question. I think they do, but it is hard to be real for all 900 staff. I want them to see my values.
Do ethical dilemmas arise at work?	Heaps. You have to implement your value set all the time. Probably happens mainly with council.
What frustrates you at work?	Not having total control over what you want to achieve. Council wants more concrete outcomes, not developing young people or the organisation.
Influence of family of origin?	Family is a big influence. Driven into public service because of father who worked his whole life in the public sector. CEO is youngest of three children.
Private sector experience?	None.
What's exciting about coming to work?	Making a difference.
One word to describe you?	Mentor.
Hours worked?	50+
Do you make time for reflection?	It is built in.

CEO management style – staff perspective

Barbara views her own management style as inclusive and empowering of others. She believes that effectively managing staff is the most important aspect of the work. Yet strangely, staff do not see Barbara in this way at all. In summary, it can be said that staff see Barbara as cold and controlling. It is a paradox, that the most important thing for Barbara is consistency, but others do not see her in the way she wishes to be seen. It is possible, also, that in striving for consistency, Barbara is battling an internal fear associated with inconsistency of some kind. Quotes from staff interviews show the strength of staff views on Barbara's management style. The names of all parties are pseudonyms.

…controlling, directing, she's a control freak… not only is she the conductor of the orchestra, but she tells each person how to play their instrument. Bill

…aloof, distant, cold on a bad day. Marie

Ruthless. Mike

> *...polite, friendly, no problem. Very civil. I have seen her come down hard. She's single minded – knows where she wants to go. Seems very nice… she looks the same, but she is not the same. I have seen another side.* Michelle

> *She's honest. She doesn't shy away from telling the good and the bad and the ugly.* Liz

It may well be very difficult for a leader of 1,000 staff to appear anything other than distant. But this was certainly not felt to be the case with the previous CEO at Glenview and comparisons were inevitably made. Staff either loved or hated the previous CEO, and he appears to have had a very hands-on approach to the work. One member of staff and one councillor saw that there could be a connection between the way Barbara is perceived by staff and their earlier experiences with Greg Tiller – a very different type of leader.

> *She is not controlling. But keeps her cards close to her chest. Needs to articulate values more. She is challenging them* [staff] *to grow up. We survived CCT and still here we are doing a good job. She is subtle, everyone has missed it.* Jose

> *She's firm and stands no nonsense, but she cares about her staff. People find her easier to work for* [than Greg Tiller] *and so she gets better results.* Betty

It seems that it is difficult for staff to see that Barbara may be trying to give staff greater autonomy to take responsibility for their work, than they were allowed with the previous CEO. Barbara describes the phenomenon as the 'battered child syndrome' where staff still find it hard to accept and trust a different leader, even five years after the departure of the previous CEO. The fantasy relationship of staff with Greg Tiller seems to have been that of the father. What might be the staff's fantasy relationship to Barbara? It does not appear to be a fantasised mother (good or bad).

Perhaps also, Barbara is the recipient of projections from staff who have an unconscious expectation of a female CEO to be more warm, approachable and supportive. Nevertheless, I did witness Barbara take time at a third-level managers meeting to speak in a directive manner to staff: on two of three occasions, the CEO stood when she addressed the meeting. She 'told managers off' for not making sure staff members attended training for which they were enrolled. She reminded people of the cost of training and the waste if places were paid for and then not used. She further said not turning up to training provided by outside agencies made the organisation look unprofessional. In my diary at the time, I noted that she acted like a school headmistress, giving a dressing down to naughty children. My own thoughts about staff agreeing to undertake training and then not doing the training were that

it may be more interesting to know why this happened – why don't they turn up to training? Is there a feeling of too much pressure to take the time away from the desk? Is being accountable for your time a pressure people feel? Why did the CEO speak of the issue in that way? I wondered at the time, 'is Barbara actually too hard on herself and is this reflected in the way she sometimes deals with staff.' Perhaps she makes ruthless demands of herself to be always consistent, always fair, always have her actions match her words. In Winnicott's terms a good mother is capable of non-action with her children. She is able to stand back and contemplate why something may have happened, without the need to scold. For this to occur, there must be attachment and genuine care. Perhaps Barbara does keep her distance from staff as a means of maintaining the internal equilibrium required for outward consistency.

Formal organisational values

Before Glenview came into existence in 1994, the trend in local government annual reporting was to have a mission statement and a statement of philosophy to represent the direction and values of the organisation. They also served the purpose of accounting to government and ratepayers as to how income was spent in the preceding year. Then in the turbulent times of reform in the mid 1990s, annual reports followed business practice and focussed heavily on reporting operating profit or loss and business language dominated. Town Clerks became known as City Managers and later Chief Executive Officers. Departments were called business units; commercial services divisions came into existence and organisational design copied private enterprise. Annual reports began to speak of fees, user charges, contracts and outcomes.

No mission or statement of values was in the 1995 Glenview's Annual Report (the first of the newly amalgamated city). In 1996, organisational values were articulated for the first time in the annual report. These values were: outstanding service, innovation and creativity, teamwork, community well being, staff performance and integrity.

By 1997, the mission of Glenview is to provide 'straightforward' government with the focus on business and prosperity in the language of the annual report. The term 'straightforward government' is still used at Glenview. It is an unusual term and hard to imagine what it may actually mean. Does it imply that government provided in the past was not straightforward, that it was crooked, convoluted, meandering, complex or bogged down with unnecessary

red tape? The trend in the Kennett reform period to think of the public as 'customers' does simplify; it make transactions between government and customers straightforward as in that scenario, they are purchasers of a service, rather than citizens in a relationship with government. So the echoes of the reform period still reverberate in the language of Glenview. In 1998 an additional values statement was added:

> *Glenview City council seeks to contribute to the well being of those who live and work in our city by providing outstanding service and appropriate facilities to meet the community needs and expectations.*

From 2003, in the Council Plan, the organisational values of the City of Glenview are:
   – Consultation and Communication
   – Democracy
   – Equity and Social Justice
   – Integrity
   – Openness and Accountability
   – Safety
   – Sustainability

As noted earlier in this work, the values adopted by local government are sometimes hard to grasp and it is hard to see how they are enacted in a practical way. Is sustainability, for example, a value – an irreducible axiom by which to live? Consultation is a means to achieve a value, rather than the value itself. Similarly, democracy is a means of achieving a value too, perhaps the value of equality. Integrity is a word in many local government lists, it usually accompanies honesty, but what does it actually mean? How does the list play out in the day-to-day? Does having this list enliven staff and help them to put the values in practice in their work?

CEO values

For Barbara, values are a key reason for working in the public sector. She is able to articulate her own personal values and she has been involved in workshops and discussions with staff on a regular basis to introduce, discuss and refine organisational values. She wants her staff to understand her style and to see her values. She acknowledges it is a 'vexed question' as to whether, with so many staff, her values are seen and understood.

Barbara is able to locate a document in our interview where she has listed her own top ten values: '*my 10 priority values are courage – and in this order – integrity, relationship, commitment, creativity, health, justice, learning, choice and determination*'.

She is aware of an expectation of her staff that she will enact and embody these values and admits sometimes it is hard to live up to expectations. She feels strongly about values at work, but feels that it is very difficult for people to talk about values; she calls it the spiritual side of the organisation. She believes there should be no split between who a person is and how they behave at work. She feels it is important to be integrated in the way she goes about her work, not simply 'mechanistic' in her management style. She also feels it is helpful and appropriate to express the difficulty and struggle that goes with trying to act with integrity.

Barbara does four briefings every year for staff on the corporate plan where she also raises issues to do with organisational values; '*I show the plan, go over the budget and always mention the values. I can't really know if it is working down through the levels.*' She has arranged workshops for senior staff and for councillors specifically around issues of values and found people were uncomfortable with the topic. She said she was aware that people found it confronting. She put the discomfort down to an unwillingness to move outside a preferred 'comfort zone'. Barbara reflected in interview that the workshops were not successful:

> *Maybe I did too much too soon. I don't know if it would have made much difference if I had been slower…to me this stuff is about the spiritual side of organisations and from that point of view it's almost too hard for people to tackle and get into. When we did this* [values based] *exercise, and we did it in the same year with councillors, I got them to do it. And it was sort of like asking them to drop their pants or something; it was like 'show your belly'. It was really, really, really difficult and it was about 'this is about me as a person and you are asking me to define that, which I have never had to do and then to tell you'. Oh, oh too scary*!

Barbara's efforts to engage staff and councillors on matters of values and the fact that she has her own personal list of values demonstrates that this is an important area of the work for her. It shows the effort she puts into doing the right thing. She wants to transform the values of the organisation and feels a responsibility to 'drill' the values down throughout the organisation. But again, staff do not see the CEO in the same way that she sees herself and they are more cynical about the organisation's commitment to values in practice.

Values at Glenview – staff perspective

In relation to values, staff were aware, of course, that organisational values exist at Glenview and some were part of discussions that developed the current list from earlier lists. The first list of values appeared in public documentation in 1996 and has been modified with staff participation since 2000. Barbara involved staff in discussions of values, whereas the previous CEO, Greg Tiller did not. Staff were cynical about the usefulness and meaning of lists of values and found them more an irritation than a guide to behaviour.

> *Before Barbara there was no formal consultation with the staff on values and they* [staff] *were not involved in them...they have ownership of the values as articulated in the EBA. They can understand them; there is a sense that the values in the corporate plan are motherhood statements. Maybe they are useful to planners, they use them, but for other staff as a group they have affection towards the EBA words. They have more day-to-day experience of them.* Jose

> *The organisation says you are a valued member of staff, but if you have an OHS issue you go from being a valued member of the organisation to a pariah… Sometimes values are upheld and sometimes not. Sometimes it comes adrift on the individual level.* Michelle

> *She* [the CEO] *can tell them these values, but how can she make them understand them in every day life?* Paula

Two staff members pointed out the behaviours that have been developed by staff as a part of their EBA (Enterprise Bargaining Agreement) with management, have more meaning than the list generated in formal documents from 1996. In the EBA[3] staff agree, as part of their contractual obligations to their employer, to:

- Teamwork
    - o Pulling together to get the job done
    - o Offering assistance without being asked
    - o Cooperation between work groups
    - o Helping each other physically and emotionally
    - o Keeping each other informed
    - o We don't tolerate double standards, favouritism, them and us attitudes, lack of respect to other team members and people not accepting responsibility for mistakes

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[3] Taken from EBA July 2003 Glenview City Council

- Professionalism
    - Working until the job is done
    - People being honest in their dealings with each other and with residents and customers
    - Doing the job with a smile
    - Doing that little extra that is not in the job description
    - People taking responsibility and ownership
- Commitment to residents/customers
    - Listening to our residents
    - Always putting clients' needs before their own
    - Careful, thoughtful behaviour towards clients
    - Taking the extra step for clients
    - Team members trying to give excellent customer service.

In the EBA values are underpinned by more practical behaviours. Interestingly, they also show a more emotional tone with words such as 'smile', 'thoughtful', 'listening' being used. They also express the importance of relationships among peers. Staff did not see the CEO as embodying the values she espouses; yet this did not surprise them in a way. They see from her behaviour day-to-day that she is a good administrator. They do not view her as an inspiring, passionate leader. On the other hand they do not believe the CEO is the only person to set workplace culture or define workplace values.

> *staff value other people, they talk about friendships, it's not, maybe, an organisational value, the organisation wants quality service to the community. Staff don't come into that value. Staff do their job, but they are not attached to really improving the Glenview community. There is pretty much a 5-year rotation on jobs these days; it lowers your passion for the place. It's different now; older people have those values – wanting to make Glenview a better place.* Paula

Third-level of management

In seeking views on the congruence, or otherwise, of organisational values and CEO values, interviewees raised the matter of the third-level of management. This level of management is what is often described as 'middle management'. At Glenview, there are 30 third-level managers and the staff who report to them are the ones who do the work of local government. Middle level managers are closely involved in the day-to-day struggle to

produce quality outcomes for the council within the budget allotted to them. They report to second level managers who are not directly involved in actual output and staff who report to them are directly engaged in service provision. Third-level managers are the conduit by which organisational policy is enacted.

Staff and the CEO all raised the issue of dysfunction at the third-level in the organisation. Everyone made comment, without prompting, on problems at that level of management. For the CEO it was a matter of a history of poor leadership from the second level of Directors. She is concerned that the tone of the organisation, its culture, is set by example from its leadership. She is aware of problems at the third-level of management and tried to use the workshops described above to focus managers on the vision of the organisation as a whole. Her feeling is that third-level managers are not focussed sufficiently on organisation-wide issues. Poor leadership at the second level of the organisation has caused the problem. She believes that organisational values are not getting past the third staffing level. It is possible, of course, that there are values being enacted at the third-level, but they are not those espoused by senior management. Barbara notes that some staff are 'the anti-thesis of team culture' and that they are being 'weeded out'. She acknowledges that there are too many staff at the third-level, but that it is costly to change the structure to make some staff redundant and in the first instance, better leadership at the second level was required.

> *In terms of drilling values down, we are making changes now… we will change the name of HR to organisational development… if you change the name you change the perception.* Barbara

I attended the monthly meetings of all third-level managers from across the organisation. Yet the purpose of these meetings was not clearly articulated to me. It is not a decision making group. Views differed as to its function: according to the CEO the monthly meeting serves to strengthen commitment to organisational values, Marie thought it aimed to break down the 'silo' mentality, and Jill saw it as an attempt to build a sense of team across the organisation. Bill, a second level Director, felt the agenda is set in such a way to *ensure* that nothing happens.

The purpose and function of the monthly managers meeting was clearly on the minds of all those I interviewed. In fact at the executive team meeting of the 27th September 2003, it was raised as an agenda item. Below is an extract of the conversation from that meeting.

Jim is from the Human Resources Department; he speaks to the agenda item 'third-level managers meetings'. He argues that there is a need for longer term planning in the organisation. He is of the view that some third-level managers should be nurtured as potential leaders and some not given these opportunities, as they do not have the same potential. His words betray a frustration with the lack of momentum in the group. It is as if he is saying… *"we've tried this, we've tried that…what more can we do to get them to behave the way they should."*

The extract shows Barbara's role in the meeting is that of chairperson; keeping the agenda flowing, ensuring all have a chance to speak, summarising key outcomes and keeping disagreement to a minimum. She keeps the discussion rational and objective. She intervenes on two occasions to calm debate between Jim and Bill and she listens without comment to the views of Paul and Rob. This extract shows that Bill, in particular, is keen to see what the organisation can do *for* third-level managers – to give something back, before asking more of them. Rob and John who speak of giving the managers 'fulfilment' and 'something personal' echo his view. The meeting moves quickly to a discussion of a two-day training event for third-level managers. Barbara articulates this idea, yet it was not raised and debated within the meeting.

There is some limited discussion of the presence of the executive team at the meetings of third-level managers, but it is not taken up in this forum. It was questioned by one second-level Director in interview at another time:

> *I'm not sure of the purpose of those meetings. Not sure why I am there. We need to come to grips with it.* Liz.

Table 11.2 Extract of Executive Team discussion of the future of the managers meeting

Jim	*We've done the whole group thing; we've done the one-day thing. We have an obligation to grow this group. I've always believed that not enough time is spent at that level about the economic picture. We rely on that group to deliver outcomes for the organisation.*
Barbara	*We need to develop some objectives for that group. Comments?*
Bill	*Let's go back to basics and look at our objectives – what do we want to see from that group, if anything. Whatever we do, we need to be clear on what the organisation gets out of it. The meetings are basically a show and tell. I would*

rather see us focus on management development and team building, but not in the larger group.

Barbara   *There is not much we do across the boundaries* [departmental boundaries] *except for these meetings.*

Bill   *We don't want an A team and B team. No identifying those with potential and those without* [he is referring to a scheme that Jim suggested outside of the meeting, whereby those with talent are designated with leadership potential and trained].

Barbara   *What do you think Rob?*

Rob   *The group seems a bit lost. Part of that is the size of it, doesn't seem to have a direction and function. I didn't get a lot out of it. I was looking for more interaction - a closer-knit group. Need to have smaller cells of meetings between managers (not sure which groups though). Corridor gossip is worth 10 times the value of the formal meeting.*

John   *I am perhaps a bit different in my view. There has been a significant shift in culture at the third-level. They now know they have to make decisions. The newer arrivals are positive, the older ones want something else to happen, but they don't say what – I don't know why. Is there some way of breaking down the barrier (between third-level and us)? There is no real understanding of asset management across the organisation. Education needs to be about people's ability to get involved in projects.*

Barbara   *We need to make the changes, do the training by the beginning of next year.*

Bill   *2-day sessions?*

John   *It would be good to have something personal, something which challenges them as individuals…*

Bill   *It's hard when we are there* [their bosses]

Barbara   *OK the themes of our discussion today are the ongoing meetings and having some event of some kind. Jim will map out objectives of two-day sessions in February. Can we have two or three people (from third-level) to work on it? It's a review of the management meeting. Maybe every second meeting has a guest speaker?*

Bill   *I've never seen a third-level managers meeting work well.*

Barbara   *Nor have I.*

Bill   *Maybe it* [training or guest speaker] *doesn't need to be related to work.*

Rob   *There is no ownership of organisation wide issues. People think 'I will speak to that exec person later' (not in the meeting)*

Bill   *Maybe we could get some good academic speakers…Brian Costa from Monash would be good, even AFL coaches.*

Jim   *The ones who succeed are the ones who can see the big picture. They need to learn to think about the bigger picture.*

Barbara   *The reality is that not all of them want to be bigger and better. Don't we want them just to be happy? Not everybody is ambitious.*

Rob   *It's about giving them fulfilment.*

Bill   *That's why I favour personal development.*

Jim   *These people are the conduit of decisions going down. They need to make the decisions positive.*

Bill   *I'd like to see some sort of publicised staff development list of the range of courses coming up, encouraging people to study, really promoting it.* [Jim interjects that this is already done] *I mean a more systematic approach to Band 2, 3, 4 people* [lower than third-level managers].

Jim   *We have that, but our budget is limited.*

Bill   *Not from my point of view. You can have more from my point of view* [the money for HR training comes from Bill's area]. *My bias is personal development, not report writing… pop psychology courses (MBTI) negotiating skills that sort of thing…*

Barbara   *That's all there.*

Jim   *They are not interested.*

Bill   *But how do you know?*

Barbara   *The managers aren't passing it on* [information about courses].

Bill   *Why can't we help people with financial management courses that help them personally?*

Barbara sums up again and says to Jim that he has enough of a flavour of the executive view to put something together for discussion at a future meeting of the executive team.

This meeting extract shows a degree of hostility towards and frustration with third-level managers from one staff member, together with attempts to protect and support third-level managers by others and throughout the meeting Barbara takes the role of mediator. Nevertheless, it is clear that her preferred option prevails and that changes will be initiated and controlled at executive level, with two or three third-level managers expected to work

out the detail of changes to the meeting structure. In fact a review of the third-level managers meeting was announced at the next managers meeting some weeks later and several meeting attendees expressed surprise, after the meeting, as they did not know this was about to happen. They did not feel a part of the decision.

While the CEO felt there was a blockage in adherence to organisational policy occurring at this level and that this was due to poor leadership and guidance from second level managers, staff saw a different picture, as direct quotes demonstrate:

> *people are scared to take the running at that third-level.* Bill
>
> *why is there this huge gap between Directors and the third-level? They are not involved. There is a big divide.* Liz.
>
> *We had a slump and the Directors talked and we just listened… it's getting better now. We've injected a bit of humour. We need to arc up a bit.* Mike
>
> *They have bunkered down, 'tell me which way to jump and I will do it'. They are appalling at self-promotion. We need to get them out of their bunkers.* Jose
>
> *The meeting is too big* [what's its purpose?], *Hmph... good question. The agenda is set in such a way that nothing happens.* Bill.

Staff saw that third-level managers were not rewarded for showing innovation and whether it is a hangover from a previous time or not, the continuing feeling amongst third-level managers is that it is not worthwhile to speak up, admit a mistake or make a suggestion.

> *People at Marie's level* [third-level] *work too hard. Managers at that level either hold onto everything and try to do everything or they push everything down to lower staff. At the first and second level they are a buffer to the public, but they don't actually do much.* Paula

After attending one managers meeting, where there seemed little enthusiasm or energy, I began to wonder about potential blockages of values transmission at this level. Were the values of integrity and courage, as espoused by the CEO acted upon by staff at the third-level? Why were the meetings so dull and staff so passive in the meetings?

I attended three of the monthly middle managers meetings in total. My feeling that was outlined in my Journal at the time is that those present seem either bored or lacking confidence to put forward ideas and views. I noted in my journal that I am not sure which is

correct or why that may be the case. At one point in each meeting, the chairperson asks each participant individually if she has any issues to raise; invariably no-one has an issue. People look down at their papers quite a lot. My journal poses the questions: 'does the way the agenda is set, hinder or stifle dialogue? Would it be in the interest of this group to stifle debate? Why don't third-level managers speak up more? Are the executive team encouraging and enabling of this to occur and why are the executive team present at the meetings?'

It seems that staff at the third-level have 'bunkered down'; they keep a low profile and have retreated to a defensive position possibly because they do not feel safe to put their heads up. They do not volunteer any information or ideas in the presence of the executive team members, who are after all, their bosses[4].

All parties agree on the fact that there is a distance, a barrier between the executive team and the third-level staff. It may be that this level of staff, rather than not adhering to organisational values as espoused by the CEO, actually has another set of values that they are enacting. It could be that the third-level are recovering from the trauma of the times with the previous CEO, Greg Tiller. It was a time when fear and anger were present and expressed, but equally now is a time when potency and vivacity seems to be missing in the organisation. The interesting question is why a barrier exists and what purpose it serves. Perhaps it suits all parties to maintain the barrier. Certainly the sheer size of the monthly meetings does not assist with communication, in fact it prevents real communication and connection, but it also allows projection to occur. Third-level staff who have lived through the turbulent times of Greg Tiller may feel traumatized by the experience and feel the need to withdraw into themselves and focus on their relationships with their immediate co-workers. They may wish to distance themselves from any boss who may inflict more pain on them.

Setting the tone

In interview, I asked, 'does the CEO set the tone at this place?' Generally people felt she did not. This result surprised me and suggests that the CEO is not as important for the transmission of organisational culture as management texts assume. Alternatively, it could

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[4] On reading this chapter, Barbara made the point that having the leadership/executive team attend middle managers meetings is common practice in local government.

be that the power of the CEO is curtailed somewhat in a public enterprise. Perhaps staff felt compelled to deny the influence of the CEO on organisational life when speaking with me: this could come from a feeling of resentment of the power of the CEO and an attempt to limit her power. The expectation that a CEO can reasonably set and promulgate organisational culture single-handedly is unrealistic and a CEO who buys into this expectation invites trouble.

> *Council sets the tone, not the CEO.* Michelle

> *No she doesn't set the tone. She has inherited decades of the organisation. She inherited and she's is just tinkering.* Paula

> *Not entirely. Councillors play a part…senior management too.* Betty

> *No she doesn't set the tone.* Bill

Paradoxically, the fact that staff still talked a great deal about the previous CEO and his lingering impact, suggests that a CEO can in fact have considerable influence over organisational culture. Recent history looms large.

> *A lot of folk hang on to a time warp about the purchaser-provider split.* Bill

> *I'd get rid of the hangovers from CCT and the purchaser-provider split.* Jose

There may be two different sets of values operating in Glenview, one for the CEO and her executive team and one for staff at the third-level and below. The CEO aims to instil independence, courage and integrity in staff. She is frustrated by their apparent inability to accept responsibility for both generating ideas for the improvement of the organisation and when something goes wrong.

Staff, on the other hand, keep a distance from the CEO and probably do not want to trust another leader after Greg Tiller. They do not identify with her or her espoused values; they do not see her as a leader, in the same sense as they connected with Greg Tiller. Perhaps, they have had their fingers burned and will not participate again.

Workplace culture

Barbara struggled to find one word that summed up the organisation she headed. She decided finally that the city council administration could best be described as 'inclusive'.

She acknowledged immediately that others may not agree and that she was thinking idealistically. She believes the best thing about the work is engaging with the community and making a difference. She wishes the elected councillors would leave the staff to do their jobs without interference in day-to-day matters. She feels the staff are not trusted enough by councillors to do their jobs and she hopes that when she leaves her position she will have enriched the organisation and developed staff professionally. The terms Barbara chooses to use to describe her impact on the organisation show her own sense of distance from the day-to-day realities at Glenview. She uses laudable, yet not concrete terms such as 'enriching' and 'developing' 'inclusive' and admits she is speaking idealistically. Barbara feels staff would say similar things about wanting to work in local government because of their concern for the community. Yet they did not. When I asked staff in interview 'what is the best thing about working here?' each said it was the relationships they formed with immediate colleagues. Mike is the exception.

The relationships here. Bill

Two things, the location. I like to live in the suburbs; I don't want to travel into the city for work. Secondly it's the people. Paula

The social conscience is the best thing. There is some of it in the private sector, but it is constrained by shareholder value. Mike

People, staff and community. My staff really look after me. Marie

It's a lovely, friendly organisation in this department. People are supportive. Michelle

Staff... staff are always terrific in local government. Liz

The friendliness of staff, the camaraderie, care and fun. I haven't come across it as much anywhere else. Jose

The best thing is the ability to get along with each other. Betty

It is surprising, perhaps, that staff focussed more on the relationships they formed with colleagues, than the more lofty ideals of service as the best thing about their jobs. This finding belies the notion (outlined in part one) of the ethos of service being uppermost in the minds of public sector workers. It may also reflect a desire to bunker down, as has been said about middle management, and surround oneself with close colleagues and confidantes in a place where one has limited control over the larger decisions that are made.

In relation to the question, 'can you describe this organisation in one word?', responses varied depending on the staffing level of the interviewee in the organisation. The CEO said 'inclusive', one second-level manager said 'collaborative' and another said in a state of 'flux'. Staff at other levels were more negative in their views, as their quotes show:

> *On automatic pilot.* Jose

> *Sanitised. There is a denial of the dark side and it is reflected in all our published documents.* Marie

> *Conservative. She inherited stodginess. No radical change here softly, softly. We chip away. Plodding along.* Paula

> *Risk averse.* Mike

It is odd that in describing the best thing about working at Glenview, senior staff focussed on the aspect of service, while other staff focussed on friendships amongst colleagues. Whereas when asked to use one word to describe Glenview, senior staff focussed this time on relationships with colleagues (inclusive, collaborative) and other staff saw the organisation in general as being conservative and risk averse. While Barbara wished for an inclusive organisation, staff descriptions of Glenview pointed to areas that are excluded. The term 'sanitized' implies the exclusion of anything dirty or unclean, as does the 'denial of the dark'. Being on 'automatic pilot' suggests that no judgement or risk taking is required. These terms show there is no identification amongst lower level staff for the vision of the CEO.

While staff felt that the organisation was reflective of its own community and senior staff did not articulate this connection, nevertheless, they too, believed the community that Glenview serves is also conservative and risk averse.

> *Conservative. I think because we service a group of people who were born here or have long assimilated. They like the status quo. Staid community. Not vibrant. Sweep it all under the carpet. We sit back and let that happen, we don't interfere.* Paula

> *Middle class, with the emphasis on middle – you know, middle of the road, not too much change.* Barbara

> *Glenview has a very white anglo nuclear family image of itself…. it doesn't have any problems, no need for a gambling policy. I try to challenge the notion.* Marie

Other matters raised by staff

As noted earlier, in the second interview with Barbara, I asked her view on matters which had been raised by other staff in interview during my time at Glenview. The matters raised by other staff were the impact of the executive suite and the influence of Greg Tiller, the previous CEO at Glenview. These two issues are described below.

(a) The executive suite

In relation to the executive suite (previously described as the plush, wood panelled area for the CEO, Mayor and two of the Directors), Barbara said, '*I hate it, I have always hated it. I have looked at dismantling it, but it costs too much'.* She sees the executive suite as a legacy of Greg Tiller and his sense of exclusivity. She did not think entering the area was daunting, as I had suggested to her. She noted that those Directors who were on the purchaser side of the organisation, in the days of Greg Tiller, were housed there and this practice has continued because it is easier as some Directors have staff nearby and therefore they still have their offices in the executive suite[5].

Staff to whom I spoke, however, did feel the place was daunting. It was they who raised the issue of the executive suite with me and they called it variously 'the bunker'[6] or the 'green room' or the 'hushed environment'.

> *In those days*, [before amalgamation] *you wouldn't have known it was the exec area. Now we have a very distinct area, we called it the bunker*. Michelle
>
> *Having your Directors with staff sends good messages to the staff. It then reflects in the quality of their relationships with their staff. You can't develop a rapport with your Director if you have to go through the green room to get to them. You have to watch your Ps and Qs in there. Never know who might be in there to see the CEO. It's a hushed environment*. Jose

Even a second level director housed within the area wondered about its emotional meaning.

> *I feel very isolated here. I think staff have been too daunted by the place to come in to see me*. Liz

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[5] It was reported to me that one long standing Director who did not have an office in the suite was annoyed that a newly appointed Director was given an office in the executive suite as a matter of right.
[6] Interestingly, this was the term used by a different staff member when describing how the third staffing level behave.

It seems that the executive suite is an encapsulated memory. It is still there to remind people of the past, although its significance, and the past to which it relates are not openly spoken of.

(b) The impact of past leaders

In relation to the previous CEO, Barbara noted that his legacy lingers,

> *The stories people tell me about Greg Tiller are about when he came down on people with a stick. It's like the battered child syndrome. It doesn't go away. My style is so different, that has been bewildering for some people.*

She also talked to me about the 'blokey' environment that Greg set up, with drinks for senior staff on Friday evenings; a practice she has since abandoned. Other staff noted this change in the environment too.

> *It was a bit of a boys club in there under Greg. The overall feel is different* [now]. *But the organisation doesn't have the same amount of drive. He projected the idea that if it needs to be done now, then we all jumped to it. You felt that you couldn't ask a difficult question then, but not now. You could ask a difficult question now, back then Greg Tiller publicly humiliated people.* Michelle

Greg Tiller seems to have a hold over staff – whether they loved him or hated him. He was the one who could make things happen. Whether staff were with him or against him, they did feel involved in the activities of the organisation, they lived through the upheavals that come with a dynamic and forceful leader. There appears to have been no disconnections between the CEO and the third-level in those days. But then Greg Tiller left.

> *He was a legend. He drove people crazy, but once he was gone, there is a reverence for him. The women were happy to see him go, but the men were still grieving. The boys miss him the most...he is very charismatic, a big guy, solid... he often didn't follow through. The women found him domineering, obnoxious, didn't listen. The boys liked being whipped into shape I think. They talked about him as if he was God. They longed for him to be there. He's a hard act to follow.* Marie

> *The previous CEO I used to call Dad. He referred to the councillors as his councillors. We were his managers. So managers have operated in that style for 3 years. Under Greg Tiller it was family and he was dad. It's 'I want clear direction, I want dad to tell me what to do.' With Greg Tiller we did* [an organisational change] *weekend. He told us the direction up the mountain and we followed it. That's the ghost, the ghost of clear directions.* Jose

> *After amalgamation, the CEO was Greg Tiller. He came in with a ruthless reputation and lived up to that for some people.* Michelle

> *We have remnants of a patriarchal style led by Greg Tiller. That was the style he chose. It was a protective, patriarchal approach*. Bill

A full three years after his departure, staff still talked about him, as if he left yesterday. One newer member of staff raised this fact with me and wondered why it would be so.

> *People are stuck in the CCT days. Isn't that sad that part of the organisation still thinks that way? They still talk about the CCT split here. I was gobsmacked. It's 10 years, get over it. I lived through it. It's finished. They focus on Greg Tiller. It's all they talk about. That's breaking down a bit. The ones who idolised Tiller are not coping now. It's a terrible legacy.* Liz

Staff talked about Greg Tiller, but not about his sudden departure mid contract and with only three weeks notice; this sudden loss was largely unspoken. The new CEO has a commitment to abstract notions of rationality, balance and consistency and certainly protects staff from the roller coaster ride they associate with Tiller, but somehow the drive associated with the Tiller days, is not there. The projected capacity he provided has gone. He has left the organisation and staff feel depleted, impotent and resentful. It is possible that staff are very mindful of the ramifications of giving over power to a new leader and will not let that happen again. It is difficult to trust a new regime, when the trauma of the past is not acknowledged.

Conclusion

Staff at Glenview see some issues in much the same way that the CEO has described them. They see that the culture of their local community is staid and conservative, that the previous CEO had a powerful impact on staff, and that there is a breakdown of values at the third-level of staff – although they see a different cause, which they feel is related more to lack of trust than lack of leadership. Interestingly, staff saw that the organisation mirrored its own local community – it is staid, conservative and risk averse.

In general, it would seem that staff did not see the CEO in the same way as she sees herself. She is viewed as somewhat controlling and aloof and they did not feel she has the authority alone to set the culture of the organisation. Similarly, they were largely unimpressed with the stated values of the organisation, preferring their own list of more practical behaviours and arguing that the adoption of organisational values was not universal.

In interview, staff raised other issues that were not part of the research agenda. For example, when asked to discuss the style of the current leader, all staff made comparisons to the leader who came before and when asked to describe the culture, all interviewees discussed the climate of fear under the previous leader and noted its lingering effects. It is the general view that the effects are still being felt at the third-level. Speaking with staff helps to add richness to the story of being a local government CEO. Clearly, perceptions matter, whether they are accurate or not, as does organisational history and the impact of previous leaders. Interestingly, gender was not raised as a pertinent issue at Glenview, yet it seems that it may in fact be pivotal. The next chapter takes up the issue of gender and other themes that emerge from time spent at Glenview.

Chapter 12

Analysis of Themes

As stated earlier, all themes outlined below have arisen from both my own observations and have been raised independently by staff in interview. Nothing is included if it was solely my observation and not corroborated in interview. Neither is it included if it is stated by only one staff member in interview and not by others. The only exception to this is the issue of gender, which seemed a significant matter, but was firmly rejected as relevant by everyone who was interviewed, including the CEO herself: Barbara acknowledged that it may be an issue for others, but believed it did not impact on her leadership style.

One of the main things to note about the themes below is the importance of historical context to the development of narratives at Glenview. My purpose in spending time at Glenview was to get a fuller picture of a local government CEO by observing her in the day-to-day context of the workplace. I felt this would add a layer of complexity to the information and opinion I gained by interviewing CEOs directly. At the workplace, I would see how the CEO's view of herself interacted with the understanding of her sub-ordinates. I did not anticipate the influence of the past on events of today, nor the lingering feelings of the past on the stories of today.

Reflections on my observations

I reflected that the feelings I experienced while observing at Glenview (an outlined in chapter *6 Investigating the process of change*) of being isolated and putting on a polite veneer could well have been the general experience of staff at Glenview. One staff member I interviewed expressed this view.

> *It's taken me a while to feel part of Glenview. I think because I came from a 'family' sense in my other workplace. It's not like family here. I did sense that I came in from outside and I was under the microscope. It takes a while to breakdown the walls. Now I am connecting better with staff.* Marie

My experience and that of the new staff member quoted above suggest that the culture of Glenview is polite, but slow to accept and fearful of allowing people to see beneath the

veneer of respectability. Its culture is mirrored in its community that is staid and conservative. Staff said there was a denial of the dark side in the community (gambling problems, youth gangs and drug abuse) and the organisation colludes with this view of itself and its community in its public documents: smiling, white, middle-class families adorn the front pages of all Glenview's public documents.

It is possible that Glenview is recovering, slowly and silently, from the turbulent period of the Kennett reforms. It is recovering from the rule of Greg Tiller, where change was rapid within the organisation; passions were ignited and grand plans for the community established. Nevertheless the pace of change was disturbing to those who lived through it and is still disturbing for those who follow, as its memory lingers.

Perhaps the organisation does not want to be disturbed now; does not want to be caught up in the passion of an inspirational, but domineering patriarchal leader, does not want to feel churned up by change or upset by looking at dark material. It just wants to plod along, avoiding anything risky and to go through the motions. Experience has shown that anything else is just not worthwhile. This is especially so when it is considered that it was reported to me by the current CEO that many of Tiller's grand plans came to nothing. This shows that part of his potency is mythical. It was a shared fantasy that he could do it all. When it becomes apparent that he cannot, the let down is felt strongly.

Values not getting past the third level

I wanted to attend the third-level managers meetings at Glenview because I believed I would get a different view of the CEO from this group. I felt the second level would be much closer to the CEO in terms of wanting to please her and enact her values. As Haigh (2003:86) says, 'middle level managers are the custodians of corporate culture and the keepers of corporate memory.'

The third-level is one more step removed from the politics of the organisation and oversees 'front line' staff. These middle managers actually see the day-to-day problems of implementing the various value sets of the CEO and the organisation. At the first meeting of these managers, I was surprised that the executive team (the third-level managers' bosses) were also there, given my understanding that the group met primarily to build links across functional teams. My journal records my questioning of this approach. I wondered about

the effect of having the executive team present and how their presence advanced the task of the meeting? Why does team building require their presence and what are they there to actually do? There seemed a reticence among third-level staff to speak and I wondered if that was because the CEO and executive were in the room. At each meeting, the chairperson asked third-level staff participants for news or issues from each department and no one said anything. The CEO came to the front and stood to give information to the group on two of the three occasions that I attended.

Third-level managers in any organisation carry the bulk of responsibility for service provision. It can seem to them that the second level has it easy. The third-level is pushed from below and above. Perhaps at Glenview, the role and function of staff at the third-level is not fully recognised by the organisation. If it is not, they can become resentful and sullen. Perhaps the leadership also feels a similar pressure. For them council may be hard to please or they may feel that the community is never satisfied. Perhaps the feeling is unconsciously transmitted down the line?

When interviewing staff, the issue of the usefulness and purpose of the third-level managers meetings was raised by each person, without prompting. Each person interviewed had a theory about the 'problem' with the third-level of management. My journal noted questions raised by this issue: 'what does the organisation really want to achieve at the third-level? Perhaps they are plodding along all right. Why have executive members present? Are they not lifting their heads because of fears from the past or are their fears still relevant now?'

Informally there was considerable discussion about the third-level. They were described as bunkered down, afraid of putting their heads up, nostalgic for clear direction, the anti-thesis of teamwork. There is considered to be an A team and a B team at that level. That is, staff with potential leadership skills and those without such skills. The organisation, I was told, has 'gurus' amongst this level. These are staff who have experience, skills and knowledge across the whole organisation. They have respect beyond the ambit of their job role. So much attention is paid to this group, that it is possible that splitting may be occurring. By seeing the third-level of staff in these over simplistic ways and seeing them as a single group, unwanted parts of self can be more easily projected. '[T]he group which is somewhere around, but not located in any persons thus becomes endowed with unpleasant aspects of the self.' (Main 1975:69)

While it does appear to be true that the third-level group is disproportionately large and that this hinders interaction across departments, it is also true that there are still many people at this level who worked under the iron rule of Greg Tiller. They may be finding the new regime difficult to adapt to. The large group brings anxiety to the fore. Bion (1959) says for a group functioning in dependency mode, the leader exists to provide security for the immature members and the leader is seen as a parent figure more obviously here than in the other assumptions modes. 'Fearfulness becomes the supreme virtue of the individual in this kind of group' (Bion 1959:81). This is true of group members, but not the leader who is the only member of the group who will be oriented towards fight (if necessary). Group members are oriented to flight. In this mode members do not believe they can learn anything of value from one another, only from the leader. The leader must take all responsibility. This assumption group also avoids the emotional issues of the two other assumption groups, that is, it does not concern itself with aggression and fighting and does not have to come up with anything innovative or creative as in the paring assumption. The dissatisfaction with this assumption group for members is the feeling of frustration and inadequacy that necessarily comes with it and the pressure on the leader to be omnipotent. Because the group requires the leader to show the way, for the immature members, before long there is a disappointment with the efforts of the leader. One of the characteristics demanded of the leader in this group, Bion says, is that she either be a magician or behave like one. Silence in this group means one of two things, either the group is denying the leader what she needs to achieve the aims of the group (because the aims for members in the grip of this assumption is not to do work, but to get attention) or the silence is in awe of the wisdom of the leader.

Bion (1959) provides evidence of the dependency group at work and these basic patterns are consistent with the observed behaviour of the third-level of staff at Glenview:

- *The importance of formal meetings - rules, agendas, previous meetings, provide memory and order and must not be disobeyed*. It was Bill who articulated that the structure of the meetings seems to have been designed to stifle action.
- *Poor sense of time passing, limited links with past or future and no sense of time pressure*. This appears true as the monthly meetings go for two hours, followed by lunch or dinner and nothing of great import ever appears to be discussed or resolved

in that time. When asked in interview, the chairperson was not sure how long he had been chair, or how long he would remain in the position.

- *Hostile response to development, change or moving forward with the group.* Although the executive team maintain the third-level operate and control the meetings, in fact executive imposed change on the group and two third-level managers who spoke to me were annoyed that change was even being considered.

- *No real achievement in terms of the work of the group.* This is reflected in conversations when I asked staff for the purpose of the meetings and either no clear response was given or as Bill said, 'good question.'

- *No insight into the behaviour of the group.* This is evidenced by all players noting a problem at the third-level, but no one able to articulate what the problem might be.

- *Guilt and depression are the 'cement' that binds the group.* I have no detailed evidence of this, just the fact that staff came because they felt they must, were quiet during the meeting and did not offer any comments or ideas during the course of any meeting I attended.

- *Leadership is at the core, i.e. the dependent group remembers the authority of a past leader.* The previous leader was a topic that readily came to the fore with each and every staff person interviewed.

If the CEO is a parent figure (see Sinclair 1998, Zaleznik 1984 and chapter 9 of this work) and the executive team is like a small family group, then on what basis does the large third-level group function? The dynamics must change inevitably in such a large group. It takes considerable skill to manage a meeting of this size, to let everyone have a say and keep to the agenda. The anxiety about standing out can be greater, since so many people witness what an individual says and does in a meeting of that size. So perhaps it is easier to hide in the group, to have little to say and to retreat into identification with the smaller team group. In the large group, especially with the executive team present, the feeling for managers may well be that they are not good enough to step forward with ideas. '[I]n timid isolation from the others, the behaviour of each is cautious, unspontaneous and conventional' (Main 1975:69).

Nevertheless creativity requires people to stand up and be counted (Turquet 1975) and without that the task of the group is not evident. The effort needed to 'convert' individuals into group members causes anxiety. Individuals must struggle to be themselves and also join

in and to do so in a large group they need clear boundaries between themselves and their identification with the group. The sheer size of the group makes this process difficult. It is hard to take in the whole of the meeting, hard to see and hear everyone, hard to keep track of roles people are taking in the group. These difficulties feed into our internal fears that everything outside ourselves is unbounded and uncontrollable (Turquet 1975:117). It is easier to withdraw. With withdrawal comes a sense of failure and blame falls on the leader for apparently creating this difficult situation.

It is also true that one of the most frustrating aspects of leadership is the inability to get the outcomes from other people that the manager desires. This was one of the main frustrations articulated by CEOs (see chapter 8). The natural focus of this frustration is middle management. The leadership group argue that middle managers are not seeing the bigger organisational picture, they are not enacting organisational values and they are not taking initiative. Yet why should they enact organisational values, when they feel that they have no control over how they are articulated? They may feel that the leadership group does not embody the values in their day-to-day interactions with them, or support them in their difficulties with staff who report to them. Second-level staff may take the credit from them for any success. At the same time, middle managers are pressured by staff who report to them, regarding the complex practicalities of attempting to put policies and programs in place which serve the organisational values. Middle managers are often the scapegoats of hierarchical enterprises. I believe what I witnessed with that group at Glenview, is a sullen resentment by middle managers of the, perceived, lack of support for their work and an inward focus on their own small empires: a place over which they do have some control, rather than an engagement with organisational values over which they see they have little impact.

Frustration with its own lack of control over the enactment of values in policies and practices can cause a leadership group to see itself as the embodiment of organisational values and middle managers as unwilling to co-operate. Senior managers work through the organisation to achieve, but do they respect those who they push to enact organisational goals? Middle managers face a crisis of identification as people below them in the hierarchy raise issues that they find their seniors are not able to deal with – principally because their concerns are more focussed on the political level. It is as if the senior management team speak a different language from those lower in the hierarchy. They are absent to staff lower

down. Middle level managers then retreat to their own smaller groups in order to feel some sense of control and safety from their 'nemesis', in the case at Glenview: the executive team. The splitting and projection that seems to be occurring at the third level serves a purpose; it allow all parties to divest themselves of unwanted parts and it consolidates group cohesion for both executive team and the third level. Each sees the other as either persecutory or weak and childish. In all of this there is a large dose of both fear of, and nostalgia for, the way things were done under the previous CEO.

The ghost of leaders past

I do not know Greg Tiller, but it would seem, from conversations with staff, that he was a charismatic, authoritarian leader who gave clear direction to his staff and expected them to follow his lead. The previous CEO was not on my research agenda, but he was on everyone else's! Even though he had not been associated with Glenview for more than three years when I arrived, the memory of him is still present. He seems to have been influential in both positive and negative ways. He gave clear guidance and direction. He was a father figure. But he was also described as someone who publicly humiliated staff, 'came down hard on them' and did not always follow through on his grand plans and schemes. He guided and nurtured supporters, yet women apparently found him domineering and obnoxious (according to two female members of staff). Barbara described the aftermath of Greg's leadership as a 'battered child syndrome', where she feels staff are unable to think for themselves, unable to take responsibility for their decisions and actions, still fearful of the repercussions should an initiative fail.

Barbara and her second level Directors felt that this was the legacy of Greg Tiller. They are fighting to put a different culture in place where people do take responsibility for their actions. If an authority figure is domineering, then staff will tend to project personal issues onto the authority figure, this makes them feel clear and certain. When an authority figure comes after this period and is reasonable and not bullying, staff are confused and uncertain. Taking back projections is a hard task. Getting people to take responsibility for their own work and their own attitudes is hard after a charismatic, domineering CEO. Although staff did not raise the matter of gender, it seems to me that this taking back of projections is especially difficult, when the following CEO is a woman, as she is the subject then, of another set of projections.

It is hard to know if Barbara is as cold and distant as staff say, whether she is the victim of unconscious views about how a woman should behave, or if staff are unable to accept a different style because they were so enthralled with the previous leader. What does appear to be true is that attitudes to the current CEO are enmeshed with the past.

We can deal with the past by attempting to ignore it, by re-imagining it as utopia or by incorporating its reality into a reflective narrative of the organisation. If we attempt to ignore it, it arises in sullen, resentful denial of the present or rose tinted nostalgia. If we attempt to incorporate it into the narrative of the present, then we must look at the pain of loss and change, and acknowledge our limited control over our world. This is difficult work. I think Glenview is struggling, unconsciously, with this issue. Staff want the 'peace and quiet' of a non-charismatic leader, but they feel disloyal to the past if they acknowledge this, so they see Barbara as cold and distant, rather than acknowledging their own desire for distance from the traumatic past. This struggle has been made worse by the charismatic style of Greg Tiller and his sudden departure.

Grief and loss

Greg Tiller left mid-contract giving three weeks notice. He was offered a more prestigious job by a government in another state. There seems to be a sense of loss surrounding his departure, even amongst those staff who hated him. Some people feel stuck in a nostalgic longing for his return.

Little has been written about the difficult period of transition between one leader leaving and another starting (Gilmore 2003), especially when a leader exits swiftly. But my experience at Glenview suggests that this change brings up feelings of loss and abandonment from other times and places for staff. The sudden loss of a major projective figure, such as Greg Tiller, causes psychological disarray amongst staff. It has the potential to carry significant meaning and the stress caused by this change to the way things are done at work is rarely given consideration. It is difficult to connect and feel a sense of loyalty to a new leader who is different from the old leader. It feels like a betrayal to the memory of the old leader to get on board with the new. It is a period of doubt and uncertainty.

Staff at Glenview have been struggling silently with these issues with no public acknowledgment of their impact and no opportunities given to release the emotion behind

the past. So it is re-lived and passed on in organisational culture to new staff who were not part of the initial experience. The physical office arrangements are a constant reminder, also, of the pain of the past.

Physical reminders of emotional attachments

Reading Glenview's public documents, gives no clue to this tight connection with the past. In fact there is little acknowledgement of the past or that the present is built on the achievements and errors of the past. The focus in annual reports and corporate plans is resolutely on the future. Glenview even has a 10-year forward plan. Formal documents reflect the mainstream focus on the rational, the material and the belief in linear progress, coupled with a turning away from the past and a denial of its non-rational impact on us. But there are reminders of the past in the memories of staff and in the architecture of the buildings. We live and work amongst the past all the time, yet we deny its reality for us today.

The usual ways of maintaining organisational knowledge – policy and procedures, guidelines, statistical analysis, data storage – are not the only ways. Formal documents store formal knowledge, but not feelings, memories, gossip or jokes, which Goss (2001:175) calls tacit or social knowledge. Frequently organisations are not aware of how they store and maintain this tacit knowledge. Nevertheless it has tremendous impact, in my experience, at Glenview. The CEO argued that to change the plush executive suite is an unnecessary expense and argued that not everyone found it a daunting place, although I certainly did. Yet it is in fact a constant reminder of the past that all staff must walk through if they are to interact with their Directors, the Mayor or the CEO. The executive suite was created during the client-provider split days and is a symbol of those days. It still remains physically and reminds people of the emotions attached to those days. I think the influence of the ghosts of the past cannot be under-estimated in the present and the sheer physicality of the architecture keeps the emotions alive.

Gender

Although gender was not directly raised as a theme in conversation with staff at Glenview, it was alluded to when people compared Barbara with the previous CEO. Strangely, its relevance was denied. Yet Sinclair reminds us that 'women in positions of authority act as

magnets for unconscious and often unresolved feelings about women in general and mothers in particular.' (Sinclair 1998:101). When I tried to raise the matter, I was rebuffed.

> *Gender has not entered into it…gender has never arisen.* Betty

Barbara's view was that she was raised to believe there is no difference between men and women, in terms of professional abilities, so it is not relevant and staff who were interviewed concluded that while Barbara was 'controlling, cold and aloof', this is her personality and not related to gender.

> *Yes, but it's just her personality. She can't change it.* Bill
>
> *One of the reasons for coming here was Barbara's reputation. It was more about her ability to do the job, not about being a woman.* Marie

But Barbara did acknowledge, when pressed, that sometimes gender is made an issue because female CEOs are such an 'unusual commodity' in local government. She said that some male staff members have difficulty with having a female leader, but she does not let this fact influence her behaviour. I wonder, can she be sure that unconscious expectations of others do not feed into her own fears and result in defensive responses. Stereotypes of female bosses seem to be alive and well at Glenview. One staff member, while again denying gender, felt the CEO was ruthless.

> *…can't see any difference between her and a man doing the job, she's a bit more ruthless than some of the guys.* [ruthless?] *Yeah.* Mike

In fact the discussion of gender seemed to make some staff uncomfortable. One staff member felt it was impertinent of me to raise the issue. When I suggested to that staff member that if Barbara is controlling as a CEO, as he suggested, it might be because she feels as a woman in charge of men, she must exert more control to be considered credible. He responded:

> *Rubbish. I can't know what is in her mind. I resent the question. What has that got to do with it? It's irrelevant. It's insulting to raise it. Gender is not an issue.* Bill

Why is it that gender is not relevant and indeed not a fit topic for discussion? It is hard to understand the vehemence with which gender is rejected as an issue and the apparent rule

that gender must not be named. I think it is relevant and that staff deny its relevance to avoid any acknowledgement of the projections they place upon Barbara as a woman in a position of authority. If she is controlling and aloof and it is simply part of her personality that cannot be changed, then they can deny that they do have expectations of her as a woman in the position.

But clearly, staff do have expectations of Barbara. Would a male CEO with a similar style be described as aloof, controlling and distant? More likely such a leader would be described as coolheaded, decisive, even handed. My observation of Barbara concludes that she is a good administrator, fair, personable and interested in her staff. I did witness behaviour in her that I would describe as somewhat controlling such as the example given earlier where she stood to address the third-level managers meeting and ticked staff off for not attending training.

Is Barbara controlling or simply the person in control? Do staff project their fantasies on Barbara of being controlling, then act like children, necessitating a rebuke as witnessed, followed by a silent, sullen confirmation of how they perceive her. A full circle ensues: stereotype, projection, acting on projection (both parties) and confirmation of the projection.

Stereotype

➡

Confirmation of projection ↰   ↓ **Projection**

↩

Acting on projection
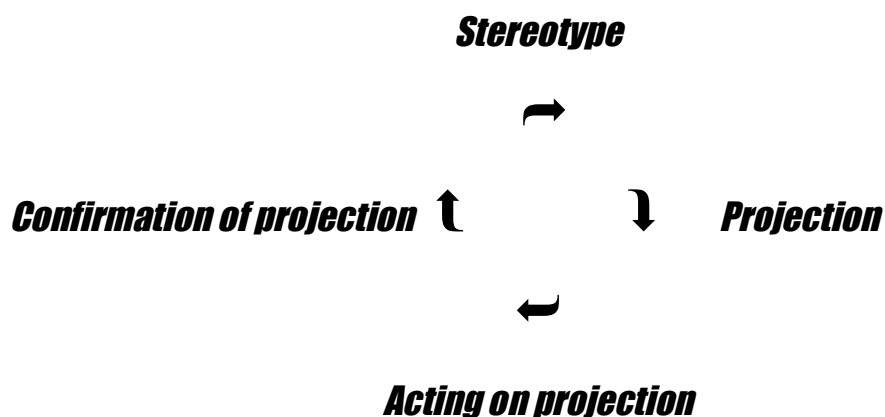
A stereotype is a Kleinian part object, a characterisation. For example we have an idea of a mother and how she should be, we have learned it early in our lives and it is reinforced by our culture. A stereotype is available to us to help interpret a new situation. We look for things that give us a sense of certainty and control over a new situation. Clearly matters

such as age and gender are readily amenable to stereotyping. A consensus builds around which stereotype fits the new boss and staff begin to act on that stereotype. But the stereotype is not only a simplistic interpretation of what the new leader may be, it is a simplified picture of a relationship; to have a dominating mother there must also be a dominated child. If a leader takes on the projection with little awareness or discomfort, then a stable projective identification system occurs.

Are staff projecting onto Barbara stereotypical views of women in positions of authority? Do they resent that a woman has so much power?

> *Women are much more controlling in positions of management. You have got to be highly accountable to a female boss.* Marie

Is she seen as cold, simply because we wish that as a woman she were more warm, close and supportive – more motherly. Sinclair (1998:29) reminds us that female power is first experienced by all of us as babies. It is a powerful experience and when we are confronted with women in positions of authority over us, it tends to unconsciously remind us of that early experience. We relate to women bosses as either too bossy or intrusive – micro managing – or distant and not nurturing enough. As described in part one of this research, the typical traits which make for good leadership are the heroic, idealised male traits – stoic, cool headed, self-reliant. A good leader is really an idealised father figure. This situation makes it hard for a woman to be a good leader and it means that gender can be characterised as a non-issue: these are the traits of a good leader of either gender – so goes the mainstream view. How then does a woman assume the mantel of leadership under these criteria? She is both strong and stoic like the men and this strength is perceived as 'distance' or she tries to bring awareness of the feminine into her style and is considered weak or manipulative. Wilson (1995) gives a summary of research which shows that leadership is a matter of perception, that is, men and women both perceive female leaders are not as good as men and characterise them as ruthless when they are being authoritative.

Women managers have the difficult balancing act of not appearing too supportive and caring, as they can then be seen as weak, manipulative and playing favourites, or being seen as too tough and rational like men. In that case they are seen as ruthless, cruel or distant as Barbara has been characterised.

Leadership is such a complex interaction; it involves Barbara, her own narcissistic tendencies and her own expectations of herself and others, the conscious and unconscious expectations of staff, the influence of the recent past on events, the fears of all parties of not being in control of their immediate working environment and the complexity of the work itself, which requires competing priorities to be served. It is hard to see what may actually be happening in any interaction. In interpreting events, I may also be caught in the projections of the parties involved. When leadership is considered within this context of the conscious and unconscious and its inter-connection with the past, it is easy to see that leadership is considerably more complex than a set of learned skills or a set of character traits.

Barbara Schofield is in charge of nearly 1,000 staff. She will necessarily seem distant at times. She inherited an all male senior management team, some of whom were protégés of the previous CEO. She inherited a culture of favouritism – this is not disputed by any of the staff I spoke to. She has had to regain control over this environment, gain respect of her senior staff and council and ensure the organisation functions. Barbara has required of her staff that they 'grow up' and this has been daunting for some of them who were used to being told exactly what to do by Greg Tiller.

Barbara told me that staff do project fantasies onto her and she believes she is aware of them. When I fed staff views back to Barbara at the end of the research project, she was not surprised by the attributions.

> *Oh very clearly they do* [project] *and I know about it. If I was setting up a barrier to change in the organisation because of my behaviour, then I would take it into consideration for the good of the organisation.*

Barbara has taken on the huge responsibility for guiding the organisation down the road of progress, in the rational sense, and if she cannot achieve it, she will leave for the good of the organisation. The quote shows Barbara articulating the rational orthodoxy that change is necessarily for the good. But the projections that really 'take' are the ones we do not consciously know about. In simple projection, the receiver may be aware that people are perceiving her differently, but in projective identification the receiver can have a strange and unsettling feeling, but believes that the behaviour of the other is forcing them to act in a specific way. In a stable projective identification system the projection matches the capacity of the receiver and little discomfort is felt (Main 1975:19). I think in choosing Barbara to

follow Greg Tiller, the council, unconsciously, chose a person who could take on the projected fantasy role of distancing staff from the past. It was a necessary part of growing and changing, but too hard for staff and council to do without placing their sense of disloyalty onto the new leader. They chose a new CEO who has characteristics that make these projections 'stick', namely she is task oriented, outcome focussed and not overly emotional in her style. She is the one then, who is controlling, aloof, and distant and staff can feel sullen, quiet resentment of the changes she brings in – over which they have no control and therefore no responsibility. Staff needed to move on from the days of the client-provider split, from the authoritarian leadership of Greg Tiller, from the hurly burly of a charismatic leader. They needed a time of stability and even-handedness and so Barbara was given the task. But letting go of the past is difficult and finding fault with the current CEO could be a way of dealing with the sense of disloyalty to the past.

Barbara has to deal with unspoken projections on her leadership because she is a woman and making the picture even more complex, because of the leader she has followed at Glenview. One projection she may not be aware of or, indeed, may not deserve is that, unlike Greg Tiller, she has limited vision.

> *I don't think that she has got quite the vision that Greg Tiller had. But she would never let you get into trouble, she has sound judgement.* Betty

Whether Barbara has 'vision' or not I cannot say, but she does focus her energies into less 'exciting' projects for the long-term sustainability of the municipality and in this respect may well be a more responsible leader than Greg Tiller. This was acknowledged by councillors in interview.

> *She doesn't come up with the ideas that Greg had, he had the drive. She has had to contend with the superannuation issue, drains, fixing the pool. Greg talked about a botanical garden, underground cabling. These are exciting ideas. She has put good policies in place for the longer term.* Betty

As Barbara says, she has had to 'clean up the mess left behind' by Tiller. Acknowledgment of Barbara's sense of responsibility is betrayed in the small things staff say,

> *The ideal CEO would be something between Greg Tiller and Barbara Schofield.* Betty

> *One of the reasons for coming here was Barbara's reputation.* Marie

> *But that's the way I am, very up front, very honest. I was attracted to Glenview because of Barbara Schofield's style... she is very strong on that too*. Liz

So it seems Barbara has a reputation for being a good administrator, honest and clear in her communication with staff. These are admirable qualities in a leader and yet it is hard for staff to accept her as a good leader, without referencing the past and without resorting to absolutes: Barbara must be seen as ruthless and cold, she must carry this so that staff do not own it in themselves. It is too painful to acknowledge states of integration. Seeing the good and bad in others and ourselves contains unbearable conflict and pain (Main 1975:63). In fact, her own sense of propriety as a leader may have fed into the projections that staff place on her. An opportunity arose not to re-new the employment contract of a member of staff, for what appear to be good reasons. Barbara did not communicated these reasons to staff, as this would be a breach of privacy, but this meant there was no understanding of the matter by staff.

> *It is not appropriate to tell staff ... I was always quite circumspect. It was for me to deal with, not for me to undermine him*. Barbara

Yet because Barbara kept this matter close to her, it came as a shock to staff when this person's contract was not renewed. When I asked one staff member about Barbara's style as CEO, she said:

> *Previous to Bob going I would have said fair or reasonable, but now… she looks the same, but she is not the same. I have seen another side. Why did it happen like that? My perception of her has changed. It seemed unexpected. I had a perception of niceness, there was never any explanation. It was a shock. It seemed she had changed*. Michelle

Keeping the reasons for non-renewal of contract secret is appropriate and consistent with Barbara's understanding of ethical and responsible management, but it left her open to the current negative views of staff. Perhaps she is more protective and motherly than staff give her credit for. She kept her plans to herself and never made an issue of it to staff. She did not want to undermine the person whose contract would not be renewed. The CEO plays a key role in creating a culture that is gender aware. Perhaps, in denying the influence of gender, the CEO is denying its hold over her and her staff. Yet paradoxically, she may be able to further help her staff grow by bringing these stereotypes and projections into the light and discussing them with her staff.

Conclusion

My experience at Glenview reinforces the view that leadership is not simply a set of tools to be learned, nor is it a set of personality traits that one is either born with or not. It is a complex relationship built between people and it is time and place dependent. It is linked with mythical archetypes especially of father figures and it is unconsciously shaped by gender expectations. Gender is significant mainly because it guides the behaviours of the leaders and those led in ways they cannot readily recognise.

A leader is created by an organisation's present needs, both conscious and unconscious and by its history. In this way, leadership is fluid and dynamic. It changes with the external reality of the environment and it changes over time. Tough, hard leaders were needed in Kennett's reform period. A period of upheaval leaves scars that are difficult to heal, especially if they are ignored. It is hard for staff to adapt to a new leader, particularly if the previous one was domineering and charismatic.

The key to moving forward from a reform period and a domineering leader is time to reflect on the changes, along with acknowledgment of the good and bad of the past and moving forward without romanticising the past or being stuck in it. My experience at Glenview shows the power of the past to influence current attitudes and choices. In addition, the influence of the physical environment cannot be under-estimated as a lingering reminder of the past. This power is so strong at Glenview, that it influences staff who were not even at the organisation during the days of the reform period. The present is tightly linked with the past, the type of leader in the present is tightly linked with the leader of the past and the effects of this relationship are felt both consciously and unconsciously in every decision of the organisation. This social knowledge is kept in the memories, stories, gossip and jokes of staff and it is replayed in staff attitudes and the leadership relationship. The importance of friendships in the day-to-day work environment, cannot be under-estimated in this scenario, especially if people feel powerless to control the environment outside their immediate family or work group. If they feel powerless, they put energy into supporting and protecting friendship groups within the broader organisation.

The leadership relationship is far more complex and dynamic than management texts would have us believe. Not only is it tied to gender stereotypes, linked with mythological archetypes of power and early experiences of authority, time and place dependent, as

outlined, it is also subject to a complex set of inter-related attitudes and projections (and counter projections) between those within the relationship. It is a complex communion of leader and followers, where conscious and unconscious motivations and fears are played out, responded to, confirmed and reinforced.

The common, neurotic view is that the person at the top of an organisation knows, understands and controls the whole organisation. In a large organisation such as Glenview, it is inevitable that the CEO does not know and control all. It is hard to accept the uncertainty of leadership in this environment, both for leader and those led. For a leader to espouse values is one thing, to actually enact them with consistency is another, but in addition to this, is the complexity of how others perceive leader behaviour, how they project their own prejudices onto what they see and then how the leader responds to this, bringing her own neuroses into play. What a complex dynamic leadership of any group clearly is.

The final section of this work, evaluates the impact of the reform period of Jeff Kennett on local government in Victoria and finally drawing all data from this study together, conclusions are drawn as to what makes a good CEO in local government.

Part Four

Making Sense of It

Chapter 13

Was Change Desirable and was it Effective?

As this thesis has argued in part one, the changes of the 1990s were enacted as an expression of ideology. However, did the changes brought in by Jeff Kennett improve the operation of local government? What does the evidence suggest? This chapter reviews the literature and outlines the evidence presented by key researchers in the field. It could be expected that, for such a large-scale change, evaluation mechanisms and measures would have been put in place to demonstrate both the need for the change and the subsequent success of the change. Remarkably no such baseline measures exist.

Was change needed?

The received wisdom of the 1990s was that the public sector was fat and lazy and in desperate need of reform. Rob Maclellan, then State Government Minister for Planning and Local Government, said 'ratepayers were paying too much for services from councils that were inefficient and ineffective…there is no better measure of the success of the reforms than the savings and efficiencies gained' (Johnstone and Kiss 1996:9). The rationale for reform in local government was that it would bring much needed change. Yet despite this justification, no serious measurement of change occurred. It seems that managerialist interventions are demonstrably not rational, because they are not concerned with measuring changes that result from the intervention.

Despite the denunciations of rampant public sector spending, growth in bureaucracies and public servants getting fat on the taxes citizens pay, the share of public sector investment in total gross domestic investment has been declining steadily for 30 years (Considine 1997:92).

Did the public sector, and local government in particular, need to change and to learn from the private sector how best to 'do business'? Is the private sector a better model of efficient enterprise? Aulich (1999) comments that the evidence is equivocal in relation to

which sector is better run and managed. He cites studies that show one sector is more efficient than the other, and studies showing no significant difference between the sectors in terms of efficiencies. He concludes that the issue is more complex than proponents of privatisation would have us believe. Similarly, Stretton and Orchard (1994) review the studies of the relative efficiencies of both sectors and conclude that both models have examples of good practices and bad. Rather than determining which sector is inherently more efficient, Stretton and Orchard argue that it is probable that both sectors could learn from each other. There is, in fact, no body of evidence anywhere in the western world that can prove the claims that the public sector is inefficient compared to the private sector (Pollitt 2003:8). Yet this claim is constantly asserted.

The debate has tended towards caricature. Proponents of change describe the public sector of the past in terms of 'woolly cardigans and long tea breaks'. Critics of the New Public Management (NPM) see new-style managers as being ruthlessly efficient, self-serving, and contemptuous of citizens and the political process (Gregory 2000:109). As with all stereotypes there is an element of truth in each description, but very little evidence that change was required on the scale that occurred or that the changes have been for the better.

Evidence of success

While it is argued here that the reforms had no sound theoretical base and that there is no evidence of their longer-term efficacy, the jury is still out on the success or failure of the reforms. We may now never reach a judgement. Many authors have reviewed the relevant literature only to conclude – 'It is virtually impossible to find rigorous evidence or evaluation of the impact (for better or worse) on public services, despite this being a major emphasis of the reform model' (Atreya and Armstrong 2002:12). Similarly, Walsh (1995:231) looked at studies across Britain, USA and Australia and New Zealand and concluded that scepticism is warranted and that the evidence of improved efficiency due to reform is limited.

Speaking of the New Zealand situation, Gregory (2000) believes that it is not realistic to expect a thorough evaluation, as the task is too complex. However, he argues that while financial management, on balance, improved over the period, the cost in unintended consequences was too high. Goss (2001:14) concludes that the reforms of the 1980s and

1990s in Britain, specifically Compulsory Competitive Tendering (CCT) that was followed closely here, led to slightly improved service quality but to no reduction in overall costs of local government. Galligan also says there is doubt as to the savings that are said to have occurred as a result of the reforms (Galligan 1998:225). Aulich wrote in 1999 that it was too early to tell if re-structuring of local government would be effective. He notes the Department of Finance (Aulich 1999:45) reviewed the situation in 1995 and was unable to draw any conclusions as to its efficacy. Very little further research has been done since then.

Why is it that evidence for the improvements brought about by these changes is not available? Pollitt (2003:40) says the reasons for this include the difficulty of measuring the changes occuring over time and of finding adequate definitions for terms such as 'effectiveness'. Pollitt also notes that several changes were introduced together, so that isolating the effect of one change is difficult and that organisations and staff changed during the period, so that like is not compared with like.

The impossibility of measuring 'effectiveness' was confirmed when I tried to compare the economic performance of Glenview over the decade of reform. Prior to amalgamation, the two cities that formed Glenview were not in deficit, but the new city delivered deficits due to redundancies, changes to accounting procedures and new major projects undertaken over the period of reform. It is currently in deficit. Yet the senior accountant at Glenview states that it is his considered view that Glenview is now on a more sound financial footing than prior to amalgamation. It is, as Pollitt says, not comparing like with like.

Pollitt also says that before reform was introduced there were only vague notions of what improvement would look like. No baselines were taken against which to compare the situation prior to reform. While this certainly seems to be the case across all countries that have adopted the rhetoric of change, the question remains to be answered: why were no baselines taken? Why were no specific expectations of improvement articulated before change was introduced? Pollitt's argument – that it was not done because it was difficult to put these in place or that no one thought of it – does not hold water. If those wanting reform were serious about proving the rightness of their claims, measures would have been put in place. In Australia, we had the benefit of following similar changes that had occurred in Britain. Yet, even with the knowledge of the recent experiences in Britain, no

significant attempts were made to do even simple 'before' and 'after' studies. This fact reinforces the central argument of this thesis: that the changes were introduced for ideological purposes. They were not rigorous or scientific in their application and were not required to produce benefits. They were carried out in a sweeping and rapid way in order to destabilise the existing structures and put a new order in place. The actual effects mirror the true purpose of reform. Increased levels of scrutiny, accountability and control show a fundamental belief in the untrustworthiness of people. The government of the time brought in change that had contempt, at its core, for ordinary public sector workers. It is my contention that the changes were brought in to keep them in their place.

The Victorian State Government itself, at the time, was unforthcoming about the efficiencies to be gained by the reform. In November 1996 the State Government announced a review of the outcomes of the introduction of Compulsory Competitive Tendering (CCT) and called the report *Realising the Benefits*. This report showed that in 1995–96, $940 million worth of work was put to tender. It stated that 130 submissions were received for the review that overwhelmingly supported the introduction of CCT. The review does not mention any cost savings (Macllelan 1997). Davis (1997) contends that efficiencies have been achieved and outcomes improved, although he does not substantiate his claim. He goes on to say that the cost of losing experienced staff and the loss of public assets may have been too high. Similarly, O'Flynn (2003:261) concludes from her study that overall costs *increased* during the decade of reform. There were short-term savings in costs of actual service delivery, but increased costs in terms of internal duplication due to the purchaser-provider split and due to contract monitoring and management costs. O'Flynn (2003:139) further suggests that the purchaser-provider split led to 'perverse incentives' not accounted for in public choice theory whereby, within the one organisation people kept vital information from each other and saw each other as being on a different team. Any short-term efficiency gains may well have been lost by the cost of increased control mechanisms that were brought into place. More persecutory anxiety was added to the system in what managers mistakenly call keeping workers on their toes.

Aulich (1999) undertook a study of the impact of CCT on local government in Victoria. He concluded that it did bring some cultural change to local government, namely a greater emphasis on customer service, but this, too, came at a cost. The cost was in the erosion of

trust between elected representatives and senior staff. A further change was an increase in the level of control that senior staff have over the operations of a council. Respondents from his four local authority case studies said that any cost-savings from CCT were minimal given other transaction costs. In contrast the Minister at the time confidently predicted savings of the order of $500 million (Hallam 1994).

Kiss (1996) argues that compulsory tendering of services is too crude an instrument to provide quality. She further argues that economies of scale garnered from amalgamation are assumed, but not fully tested. She highlights one study that indicates that, if local authorities amalgamate to span a population in excess of 60,000, no discernible increase in benefit can be measured (see Manning 1991). In Victoria two amalgamated municipalities (Geelong and Monash) have populations in excess of 160,000 and a further 18 municipalities have between 100,000 and 150,000.

In 1996, after amalgamation, Victoria had 78 local authorities. This was far fewer than other states of Australia. New South Wales, with a larger population base, had 178, while the other states, despite smaller population bases, had more local authorities: Queensland had 159, Western Australia had 146 and South Australia had 124 (Victorian Auditor General 1996).

Changes to the workforce

Albin's research shows that there was no discernible improvement to services or cost structures for ratepayers as a result of contracting out (Albin 1995:139). However, internally, he notes, local government had shed semi-skilled workers by contracting out. In the case of local government, Albin says 'managerialism is more about reshaping the organisation into a control agency for the benefit of professional staff' (1995:140). One of the main features of marketisation at the local government level appears to have been loss of jobs for the lesser-skilled workers and in some cases, not loss of jobs but loss of previously held conditions of work. Walsh argues that marketisation in Britain had the greatest effect at the local level on manual workers, who experienced a typical reduction in jobs of 20 per cent during the Thatcher reforms of local government (Walsh 1995:211).

The Australian Services Union (ASU) undertook a review of the Local Authorities Superannuation Board figures for retirements and retrenchments from local government in

Victoria for the period 1994–2000. They found 30,000 people were either retrenched or retired in the period. It is the union's belief that the bulk of these were retrenched due to CCT, but it is not possible to separate retrenchments from retirements. Since 2000 some 11,000 new staff have been added to the ranks of employees in local government (Cochrane 2004).

This trend is mirrored in Glenview. Post amalgamation Glenview had 509 full-time employees, 300 of whom were male. The numbers of full-time male staff declined to 169 in 1998, when retrenchment mainly of male 'outdoor' staff was occuring. Since the change of government and the abolition of CCT, the numbers of male full-time staff have been increasing, although these positions are in leadership rather than the manual labouring jobs of the past. CCT led to a structural change in favour of educated male employees at the middle-management level and increased employment of women in lower-paid and casual work.

Did the changes result in savings to ratepayers?

The cost of all these structural changes was borne by local authorities for several years during the reform decade. Assets were sold and surpluses that had been held for many years were used to fund change. Following forced amalgamations in 1994, Glenview was in deficit for four out of the subsequent five years. With the State Government edict that local citizens should not have to pay for the changes (rate reductions were mandated), the question remains: were local citizens better off because of the changes to local government in that period?

It would appear that no significant savings were made over the decade of reform for those paying local government rates, fines or fees. Table 13.1 below outlines the comparative data between 1992–93 and 2002–03 in 2002–03 dollars. The Municipal Association of Victoria provided these data.

Table 13.1 Rates ($) per head of population and per assessment (property) – average across Victorian local authorities

	*Year**	*Rates*	*Fines, fees*	*Total*
Rates per head	1992-93	398.57	133.11	531.69
	2002-03	370.36	185.50	555.87
Rates per property assessed	1992-93	897.92	299.88	1197.80
	2002-03	810.20	405.80	1216.00

* all figures are expressed in equivalent 2002–03 dollars

The table shows that once income derived from fees, fines and charges is accounted for on a per head basis, the real increase in costs to ratepayers over the decade was 5 per cent or $24. On a per assessment basis, it was 2 per cent or $19. The MAV commentary on these data includes the following: '[t]he 1992–93 data derived for this analysis has been sourced from ABS catalogues, and it is hard to disaggregate the municipal waste charges from the 'fines, fees and charges' data. The 2002–03 data is derived from the state grants commission returns. Data on per head and per assessment are included because it is not clear which measures may be more accurate. The data collected in the fines, fees and charges section includes special charges, penalties on rates borne generally by small numbers of ratepayers. Within this context, it is not clear whether a per-head measure should be adopted or per-assessment.' (Harvey-beavis 2004)

The State Government changed in October 1999. The Bracks Labor government decided to 'quietly remove the most objectionable features of the Kennett era' (Hill 2003:6). The common view was that the public voted for a change of State government, not because of the 'success' of the reforms, but as a backlash, due to the accumulated loss of services in general, and in rural areas in particular, that the reforms generated across the state (Hill 2003).

With the change in government and the 'softening' of reform policies, interest in measuring the impact of the reforms of the 1990s waned, and very little further research has been done. One of the few more recent reports is O'Flynn (2003). It concludes that, once other costs are taken into account (contract-monitoring and duplication of effort within the split council), the costs are higher than before reform. All but one of Victoria's

79 municipalities has dismantled its in-house 'purchaser-provider split' and returned to describing itself as a service organisation.

Conclusion

In summary, it cannot be substantiated that the reforms of the 1990s led to any measurable increases in either quality of service or efficiency in local government. In addition, Jeff Kennett's push to improve the efficiency of local government leadership by importing private sector leaders has also largely failed. In my sample only two of the CEOs had substantial private sector experience and came to local government during the time of the Kennett reforms. Only one of these is still working in local government now. Eight of the 18 were CEOs in local government before amalgamations. There has been some improvement in numbers of women CEOs over the past decade. There were none at the time of reform and women CEOs now account for 10 per cent of all Victorian local government CEOs. However, all of these female CEOs have been appointed since 1999, that is, after the fall of the Kennett State Government.

What of the services that were put to tender and operated by private sector companies – were they more efficient than when operated by public enterprise? Jackson (2001) questions the belief of economic rationalists that competition leads to efficiency and found in his review of more than 15 studies on the matter, that there is very little sound evidence of increased efficiency or effectiveness in services that have been contracted out of public control or privatised.

The reforms called for a tough leader with a 'bottom line' approach to the delivery of services to the local community. It is my contention, that they were introduced because of a disparaging view that local government was incompetent, elected representatives parochial and public servants self-serving. It is argued here, that they were introduced to gain control over public bureaucracies rather than for the stated aim of improved efficiencies. They served a simplistic view of the world that sees self-interest and the market economy as the key to all human exchange. In the next chapter, I examine the proposition that the shift to a business model can never be fully realised in local government, for reasons not considered by the designers of change in the Kennett reform period.

Chapter 14

Local Government is not a Business

In this chapter the role and function of public bureaucracies are discussed. The reader will remember that one of the aims of the research was to investigate the fit of managerialist principles with the role and purpose of local government. It is difficult to know how 'inefficient' traditional bureaucracy is, compared to an efficient enterprise run on business principles. Perhaps some level of inefficiency is acceptable to allow for fuller participation in decision making in a democratic body. Similarly, it is difficult to analyse the impact of the introduction of business principles into the public sector when they have been introduced collectively as part of major reform. It was certainly the view of accounting personnel at Glenview that stricter accounting procedures have been beneficial to local government since the reform period.

Are public enterprises fundamentally different from profit-making ventures, and is their bureaucratic structure outmoded? Perhaps they are better off adopting a business model, but can the values that accompany business be assimilated into the public sector? Can private sector tools improve the way things are done in the public sector in an innocuous way? Can they work alongside traditional values of honesty and equity, or are they a direct values clash?

Bureaucracy as deadness

The term bureaucracy tends to conjure up visions of inefficiency, covert decision-making, red tape, waste and lack of accountability. In contrast 'good management' is a positive term envisioning efficiency, accountability and desirable outcomes (Gregory 2000:110). Bureaucracy is defined as rigid, static, moribund and stagnant by its business critics. As noted in chapter 8, there is evidence of the *perception* of differences between the public and private sector, but less evidence of specific, measurable differences between them. It is interesting to note the emphasis on terms relating to death when bureaucracy is criticised. There is a desire to move hastily away from this state of deadness. Activity equals life in the manic state. However, Winnicott (1975) reminds us that liveliness is

only real when deadness is acknowledged. The liveliness associated with a business model is false when the goal is to be always changing. When the terms used to describe successful businesses are analysed, an irrational desire to avoid deadness is apparent – driving change, continuous improvement, moving forward, long range planning, work flow, growing the business, change management, fast tracking, and organisation development. Countless business terms are associated with rapid and indeed constant movement. It is not rational to expect any enterprise to be constantly in a state of rapid forward movement.

Du Gay (2000) argues that the various criticisms of bureaucracy all stem from the romantic desire to see one unifying ethos in all walks of life: what happens in business is a good model for all activities. Yet it is possible, and indeed desirable, to have a different set of values operating in the public sector. Part of the fantasy to have a unifying model for all of life is the desire for control over the environment and the fear of, and desire to avoid, deadness.

A typical feature of those calling for radical change to the bureaucracy is this fear of deadness. The need for change is accompanied by a sense of desperation. There is so much talk about the rapidity of change, the introduction of technology and 'globalisation' all requiring change (and change now) or death (Peters 1987; Kanter 1990). In this scenario, the manager must transform herself from a competent manager to a strong leader. The leader must be able to garner the support and loyalty of her staff to lead them to a workplace where all individual goals for status and power can be realised. Peters even calls it a 'religious conversion' to see the truth of this view (Peters 1987:149).

Other fears relating to annihilation and disintegration are called forth by the use of the term globalisation. It is an all purpose word that, although rarely described in detail, is used to explain our current obsession with winning and losing. It is as if we must become economically competitive or die. All social apparatus must be in the service of the goal of economic efficiency. We can no longer afford to open our doors to refugees and no longer afford social welfare programs. Only if they can be shown to be cost effective for the nation in a strict economic sense should such programs continue. Behind this fear is the public choice theorist's notion of scarce resources. What then follows is that government and its administration is a drain on a nation's economic resources because they do not,

according to this logic, produce anything of economic value (Du Gay 2000:99). It is a strange logic that sees everything in terms of either generating resources or draining resources. In this logic, any activity that does not conserve or produce resources is negative. Yet surely we participate in activities for reasons other than producing resources and we produce resources for the very purpose of using them, for example to live a better life, to provide for children and so on.

Bureaucracy passes the buck

Gregory (1996) argues the values embedded in notions of 'good management' usually ignore other values for which the public service also exists, such as fairness, justice, impartiality and inclusiveness. Those who are critical of bureaucracy believe it encourages individuals to do their work without reflection and to follow orders without question. The examples often cited are from Nazi Germany and the famous Milgram experiments with American college students (Milgram 1969). This view holds that when individuals are removed from the people their decisions affect, they become removed from the moral responsibility of their decisions. There may be some truth in this view. Menzies (1959) has shown that people in anxious situations do attempt to distance themselves from the pain caused by the particular situation. Being part of a process that causes fear and pain also causes a desire to distance oneself from the truth of the pain. Arguably these examples say more about authoritarianism than about bureaucracy. As with any stereotype, however, there is an element of truth in the description: bureaucratic language and hierarchy can distance individuals from decision-making responsibility and the anxiety of this responsibility. The language may be passive, obtuse and euphemistic. Hospitals, for example, track the number of 'adverse incidents' in which patients may be further injured or die as a result of hospital interventions or negligence.

But does renaming public services as 'businesses', with the economic rationalist focus on transparency and accountability, change this situation? Accountability to the public for the allocation of public monies is a reasonable expectation of bureaucracies. It could be argued that accountability is a feature of good management appropriate for both sectors. Yet the emphasis on accountability that Jeff Kennett brought to local government meant accountability to the State government not to the local ratepayers. Jeff Kennett and his ministers used 'accountability' as a weapon of control. A wedge was placed between ratepayers and local authorities by the constant talk of local government as unaccountable

and inefficient. There are some who argue that this preoccupation actually makes the situation worse. Gregory (1996) says accountability focuses on how a decision is taken rather than looking at why a decision may be taken. Emphasis on accountability lessens the potential for bureaucrats to take time to reflect on the *why* behind a decision and more on whether the decision is made in an efficient and timely manner. In this way, values are stripped from choices that are made. Du Gay (2000) further argues that to use the business term 'manager' in the public service diminishes the role. At Glenview the leader was originally called Town Clerk, then City Manager and then Chief Executive Officer. However, a public servant does two things: advises on policy and administers policy and programs. The term manager implies administering programs but not advising on policy matters.

Du Gay's central theme is that some ideas from the private sector may improve functioning in the public sector but that, essentially, they are different realms with different values and it should not be expected that they should operate in the same way. He reminds us that Weber felt that the ethos governing the conduct of the public servant and the businessperson were not transferable across the sectors (Du Gay 2000:8). He says it is dangerous to impose a different 'regime value' on the public sector. Paradoxically, promoting values of efficiency and accountability can push public managers to cut corners and lead to corruption. Yet entrepreneurial business practices have been presented as a *fait accompli* to the public sector (Du Gay 2000:137).

While managerialism purports to free up a rule-bound bureaucracy and make it more efficient, it actually codifies strict rules of accountability (corporate plans, strategic plans, audit committees, performance appraisal, contracts and the like) over issues that were taken on trust in the past. Gregory (2000) argues that the reforms of the 1990s have not de-bureaucratised the public sector but simply replaced one set of bureaucratic rules and regulations with another. Accountability requirements give only the illusion of accountability. When these rules are imposed in an attempt to control outcomes, 'dispassionate, impersonal, calculation – the essence of rationality – can foster dangerously inhuman behaviour' (Gregory 1996:26). Bureaucratic structures of themselves do not foster inhuman behaviour, but authoritarian imposition of control mechanisms may do.

Gregory (2000) argues that the emphasis on legalistic and mechanistic reforms (contracts for senior staff, splitting provider from purchaser and performance pay) may have pushed public sector workers into a more opportunistic way of operating. The values of public trusteeship are undermined by the importing of private sector incentives into the public sector. Organisational efficiency and customer satisfaction must be weighed against adherence to politically ordained policy and to the complex notion of the public interest. Limited discretion by individuals in an organisational structure may have the effect of enhancing the public interest, but it may also diminish the capacity for delivering customer satisfaction. CEOs in my study did not believe the reform period had led to an increase in ethical dilemmas for them, but they were aware of the tension between expectations to demonstrate customer satisfaction and their sense of stewardship of assets over the longer term.

On the other hand, bureaucracy is, of course, just one way to organise. Therefore there must be caution too that, by supporting it as a structural form, we do not fantasise its 'uniqueness and inevitability' (Levine 2000). It is not accurate to speak of it as if it will always be here, unique, indispensable to society and, therefore, all good. Nevertheless, a well functioning bureaucracy with clear and open lines of communication, accountable to the democracy that created it and having a socially responsible mandate, can in fact strengthen a democratic society (Jaques 1955). Of course Jaques does not deny that bureaucracy at the service of a totalitarian regime can be rigidly controlled from the centre and coercive. He also acknowledges that values are at the heart of creating such benevolent institutions.

Similarly, Smircich and Stubbart (1985:23) argue that all the 'bad press' hierarchies have had may be unwarranted – hierarchies can be healthy and efficient ways to operate. Their form can give structure, clarity and safety, allowing more energy for the task than for worrying about one's place in the 'web'. They do need to have enabling rules rather than coercive rules. The debate about work structures seems to reflect the basics of economic rationalism again. If there is no society, and individual freedom leads to prosperity for all, then any structure that curbs individual freedom will be considered bad (unless, perhaps, one is in the top position within that structure). The pursuit of individual freedom and wealth is curtailed by hierarchical structures. Yet if we look on society and workplace organisational forms as places where values are enacted (trust, reliability and cooperation)

and we see people as inherently capable of both altruistic and selfish behaviour then we see a more complex picture. Add to this the possibility that actions can be rational and conscious or sometimes unconscious, motivated by guilt or sublimated. Behaviour can also stem from projection of our own fears. Therefore it must be allowed that structure provides security in an otherwise hard-to-predict situation.

A question of values

Managerialism is proposed as a value neutral approach to improving the efficiency and effectiveness of a business (OECD 2001a; OECD 2001b; Moore 1996). However, economic rationalism is an ideology that is not neutral. It has assumptions about the nature of knowledge and reality and why people act in the way they do. There is a theme of progress occurring within economic rationalist thought: moving forward, doing better, continuously improving, doing more with less and improving our bottom line. The 'economic mythology' of endless economic progress, as described in part one of this thesis, seems to be in play. In this ideology the notion of the public good has been virtually lost – or is it deliberately suppressed and excluded? To speak of, and define, the public good is hard, whereas thinking only of the bottom line is much more simple. Every time a choice is made between two courses of action, a value is enacted. Questions of human nature are at the heart of any discussion about ideology and its hold over us.

The way we measure value has become more important than the value itself. Money has become a value in its own right, and we ignore other values and define them as relative to each person and, therefore, a private matter. Maybe this gets us off the hook. We do not have to do the hard work of defining, reviewing and arguing the details of the common good. We see usage such as 'value added', 'value for money', 'core values' (are there peripheral values?), 'political value' and of course, value-based management. Private values have become relativised, but corporate values have become absolute. Organisational values are 'core' and unquestionable, whereas individuals may have their own personal values and these may differ.

But values are intrinsic standards to be upheld. They are end points in themselves. When values are articulated to serve some other purpose, then those values are instrumental. The business world routinely sees values not as intrinsic but as serving another purpose. It is as if profit-making companies are asking: 'will we increase market share if we promote

values?' 'Will we appear trustworthy if we have a value statement?' In business, values are often instrumental and unarguable, but intrinsic value is imponderable. Values create a dialectic that is never resolved. One way of destroying the dialectic is either total relativisation of values or imposing core values as absolute. I think the discussion of values is what knits people together and allows people to live with uncertainty. The value of fraternity is enhanced by entering into a collective discussion about what the value means to each of us.

The political sphere is the place of debate about social values and a well-functioning public bureaucracy can enhance democracy's capacity for debate about values. Hoggett (2003) sees that this is, in fact, the real business of public enterprise. He argues that public institutions constantly come up against value conflicts. The traditional values of democracy – liberty, fraternity and equality – are sometimes in conflict. Being fair and impartial may mean a needy group misses out. Supporting liberty in a particular instance may mean equality is lessened. Economic rationalism favours individualism over fraternity. However, the common good is surely the greater good, and the engagement with values, however complex in a democracy, must come to the fore. It is the means we use to determine if our programs and services are furthering our common values.

This thesis aims to shed light on the values that underpin local government CEO actions, decisions and management frameworks. Its evidence suggests that local government CEOs work in the sector because of a fundamental belief in the common good and in 'making a difference'. They felt that good management skills are the same in each sector, but that they had additional requirements, making their jobs more complex. These requirements were related to their levels of accountability and transparency in decision-making. They were also related to the public trust that is placed in them to care for citizens and in their stewardship of community assets and infrastructure. These expectations are value laden and CEOs expressed difficulty in sometimes rationalising notions of efficiency with democracy. The public sector is a site of the enactment of social relations, the testing of values and furthering of what works in government and social relations. Public institutions exist to enact the common good, which in a healthy society must take precedence over individual self-interest. Government must protect the members of a society, ensuring fair access to health, justice, and safety. It creates institutions that embody these values to ensure sacred public interests are maintained. These public

institutions (the courts, fire fighters, hospitals, schools, prisons, police and public open spaces) are owned by the people and are not designed to generate profit. Maintaining them may cost money, but they are not a drain on resources. They are the embodiment of a civilised society: using resources for the common good.

Government has a legitimate mandate to pursue values other than self-interest. It can advance human rights, social justice, democracy and environmental sustainability through its laws and regulations. This research has shown that having a set of values formalised in the workplace does not necessarily improve value-based behaviours and that they may in fact form a barrier between those in leadership and staff further down the hierarchy, especially if leaders are not seen to enact organisational values. CEOs' behaviour at work is a critical test of commitment to these values and the CEOs interviewed for this research understood this fact. In the eyes of their staff they embody organisational values. CEOs described it as a 'constant battle' to embody values for staff, and one CEO described her level of success as 'a vexed question'.

Local government does not have to emulate the private sector; it can provide good management without the adoption of neoliberal values. It embodies and serves values that are different from business. Public institutions constantly come up against value conflicts. Local government needs to stop writing shopping lists of values that are hard to live up to and bring into the light the fact that values are part of each of us, are brought to the workplace with us and are frequently in conflict.

Business tools and values compromise the public service

The importation of business values into the public sector is not a helpful or even a benign occurrence. Attempts to emulate the business world and create efficiencies can compromise values and standards in a public enterprise (Pierre and Peters 2000). There may be perverse (and unexpected) outcomes of the importation of business values into the public service, not the least of which is the personal cost of being a CEO in service to competing values in the public sector (boss and team worker, efficient and consultative and so on).

Value statements have gained in popularity in the public sector generally and in local government in recent years. They have appeal, perhaps, in emulating business notions of

best practice or as a means of advertising the difference between themselves and the private sector. Perhaps they are used as a corrective to the harsh emphasis on efficiency during the Kennett years. When efficiency is considered more important than participation, the value of service to the public can be contradicted. In a similar way, targeting services and measuring quantifiable outcomes does not favour cooperative effort: it encourages local government to measure and report on what it controls, not all that it is involved in. Outcome measures also foster a simplistic approach to service delivery – we will only measure that which we have control over and can easily quantify, therefore the focus of activity is narrowed. If we do not measure all we achieve, then we may only achieve that which we can measure.

Focussing on results in the short-term may undermine long-term safety and security for citizens. As the CEO at Glenview stated, it is good for a CEO's profile to be involved in grand plans and getting 'runs on the board', but it is more responsible to work on the more routine tasks of maintenance of infrastructure and ensuring that the municipality is sustainable in the longer term. In addition, greater accountability and external auditing, now mandated in local government, means less autonomy and discretion at the local level. This fact can lead to local government becoming distant from the community it serves. For example, the case cited earlier by one interviewed CEO where an audit committee member suggested cutting meals to an elderly lady who could not pay.

Common sense suggests that focussing on targets, KPIs and outcome measures has narrowed the focus of public service to specific target areas (Pollitt 2003) and to things that are measurable and likely to show success. This research suggests that commitment among public CEOs to the private sector notion of outcome-based measures of performance is not strong. This is likely to be because it contradicts their sense of the purpose of the work. In this research, 10 CEOs tried to implement a more complex and relevant performance measurement system, three used simple and easy to measure targets and three do not agree that such a system is applicable to local government. This result raises questions regarding the appropriate application of this concept to local government.

Contracting out and focusing on 'core business' means organisations are less accountable to the public and less able to be flexible around specific needs: a ratepayer may be told 'if you have a problem, ring the contractor' and if it is not in their contract, they will not

provide it. While the rhetoric now is about 'joined up government', the business focus negates this type of approach. It compromises the ethic of service that is core to the public service. But what exactly is the ethic of service?

According to Pollitt (2003:138) there is no conclusive evidence that there was ever a golden age of an ethical public service or that corruption increased with the changes of the 1990s. Perhaps he is correct – CEOs in this study focussed on ethical clashes between themselves and elected representatives. They did not articulate any pressure to cut corners in their own administrative worlds. Nevertheless, the change to performance-related pay and short-term contracts would suggest greater potential for senior managers to engage in unethical behaviour if it enhanced their career prospects. Pollitt (2003:141) concludes that more research is needed to find the truth of the impact of business values on the public sector.

If local government were not lazy before reform, it has a reason now to measure only that which will make it appear to be winning, rather than work co-operatively with all sectors. A local authority in the current scenario may be lauded, for example, for producing more meals for the elderly that are cheap to produce and nutritious. It is not rewarded for staff to spend time with the elderly people in receipt of the meals. Thus other problems are not highlighted, health issues go unnoticed and the loneliness of the elderly increases.

Often the idea of the ethos of service is a given in the public sector and the CEOs interviewed for this research were clear that they work in the sector for specific ethical reasons. There is little research, though, that describes, tests and measures the ethos of service in the public sector. Pratchett and Wingfield (1994) surveyed local government officers in London and found they were unable to articulate a clear ethos of service. Is the ethos of service a myth? Are those who do not like the introduction of business practices into the public service looking to a past with nostalgia? The Pratchett and Wingfield survey is contradicted somewhat by this research. It shows CEOs were able to describe the role of local government using terms such as community development, community well being, advocacy and democracy. Rather than describe local government as a business or simply outline its various functions or clients, CEOs clearly articulated that all the various activities of local government were means to these ends. They felt strongly that they performed a stewardship role, maintaining and enhancing services and infrastructure

for the future**.** The purpose of local government was variously described as making a difference, service, stewardship, advocacy, meeting community needs and aspirations, community well being, creating liveability, representing people's aspirations. But with the rational model dominating, as the quote from one CEO shows, they feel apologetic about wanting to lead in a different way. Tim K said '[s]eems a bit corny to say it, but people working in the public sector have an ethos of public service.' Their desire to articulate the ethos of service and their struggle to make outcome based measures applicable show that they do struggle against the expectations of the rational model. Their family backgrounds, upbringing and value base cause them to resist.

For Goss (2001) the concept of governance helps to explain the ethos of service. He argues that the difference between government (as a structure) and governance (as a process) is the 'value added' in the concept of governance. The added value is around matters of community sustainability, social inclusion and community safety (Goss 2001:18). Governance means working with people from different groups, representing different foci and interests to achieve a specific outcome. It does not relate to a structure for its own sake. It is concerned with relationships, networks and integration within a local community. This is the ethos of service – providing stewardship and community sustainability in the longer term.

Critics of economic orthodoxy say we must resist the injection of business culture into public life in order to protect the ethos of service. Government must again be active in regulating business, so that only those corporations that are fully accountable to society (not simply their own shareholders) are allowed to operate (Bakan 2004). Bakan argues that the public interest comes first and the state should only sanction entities that serve the public good. In a just society, corporate governance concerns itself more with accountability of business entities to society, rather than just to shareholders. Other critics say we must put citizenship before customership, the common good before personal wealth and values before profit (Costello 1996). The dominant ethic of today is the ethic of consent. There is no moral guiding principle, just an unexamined, 'rational' assessment of self. Self-deception and moral weakness do exist in all of us. The market cannot be the guardian of ethical standards. It is more often an instrument of coercion. Marketing tools and techniques can be used to pressure people to make decisions not in their best interests. Marketing persuades us that there will be some penalty if we do not buy what is on offer

(Botton 2004). Deception and coercion are part of the system of capitalism and this is evident in marketing strategies, especially as they target children to develop early brand loyalty (Hamilton 2004).

Value statements by businesses in this context of marketing are generally devoid of real content − we hear of commitment to values, but not what they really mean in practice. They are simply lists of all things good. There is no understanding of potential conflict between them and more often than not, they are put to use to gain an edge in business. They are advertisements to show the caring side of an enterprise. They down play the darker side of the organisation, which could include corruption, dishonesty, exploitation of employees and the marketing of lies to consumers. Finally there appears to be no connection between values in an organisation and the wider social system. How do they interact? The reader will recall the value statement of Philip Morris, the cigarette manufacturer, highlighted in part one, which claimed that honesty, integrity and social responsibility were important ways of measuring performance within their organisation.

The primacy of values as the driving force in any organisation and the inevitable conflictual nature of values need to be reclaimed for the public sector. Playing a part in the field of contested values is not a by-product of local government or a marketing tool; it is the very essence of what local government is about.

Local government as container for social anxiety

As well as producing goods or services, organisations exert powerful influences over those who work within them and interact with them. Similarly, individuals impact on organisations too. The reforms of the Kennett era were unlikely ever to succeed entirely, because local government is a values-driven enterprise and by the nature of its work, it contains and manages social anxiety for the citizenry.

When we cannot contain fears and anxieties, we project them onto others. We can feel compassion and care for the sick, vulnerable and aged, but we also feel fear, contempt and hatred of this vulnerability, weakness and incapacity. We do not want to see it in ourselves. Local government deals in these difficult areas as well as in areas where laws are enforced to control and penalise citizens. This work evokes powerful feelings in both those who work in the enterprise and those who interact with it. The CEOs in this research

displayed difficulty, to varying extents, with accepting the full breadth of authority in their role and they wished to retain the democratic function of local government, despite its perceived failings. With democracy comes legitimate, delegated authority to the CEO, not the direct wielding of personal power. The CEOs saw themselves as serving others and private sector CEOs as self-serving. However, this defensive splitting has unfortunate consequences.

When the public service worker is feeling noble and altruistic for doing this work and seeing herself as strong and competent, it is hard not the see the client as weak and vulnerable. When we interact with local government as a client or when paying a fine, it is hard not to see the person we deal with, as strong and wielding power over us. Feelings of distrust and disgust can be brought to the fore in these situations.

Because government bureaucracies deal exclusively in our need for safety, fairness and justice they carry for us all collectively, an unspoken and unresolved denial of our collective vulnerability (Hoggett 2003). Because of this, they are not supported in their true role by either the elected government or citizens. Local government cannot ever completely give us the reassurance we need. We need to live in a comfortable myth of safety and security or we cannot live at all. Further, in mimicking the management and structures of the private sector, the public sector denies its true function as a field of social value. It splits off its role as carrier of public fears of social chaos, leading to a general malaise for those working in the sector and a concomitant mistrust of public institutions by the public.

When we split ourselves off from other sick, vulnerable people, when we do not wish to see that we are 'in it together', then we become hardened to the plight of others and we dehumanise them in our language. We see those needing any form of government assistance as the other, not ourselves. We fear that the weakness and dependency we see in them may be also within us. We deny that it is part of us by focusing on their otherness. This sort of splitting reached its nadir when Kennett, literally, split purchaser from provider in local government in the 1990s.

Eight of the CEOs interviewed here were CEOs in local government at that time. All interviewed CEOs were critical of aspects of the reform: the haste of the reforms, the

human cost, the use of financial reserves to pay for rate-cuts, the ruthlessness required to achieve targets, the loneliness of the job, the forced nature of the reforms and many other aspects. Yet they still maintained that the reforms were needed. This is an unexpected finding, given the CEOs' criticism of the costs of reform. They have accepted, or genuinely believe, the view of the time that local government was inefficient and needed these changes. They accepted, also, that change needed to be forced upon them; that local government would not act to change of its own accord. This unexpected finding may provide a useful point for further investigation.

The changes brought about in Kennett's period of government, satisfied basic fight-flight needs, i.e. we have a leader who will tell us what to do, he will clean out the public service and bring in experts. Managerialism was the conduit for people acting in the fight-flight mode. It was as if the government were saying to public sector workers, 'you are losers, second rate, now let's see how well you compete with people from the private sector, who are superior.' Kennett injected an element of the punishing parent in both his personal style and the abrupt, harsh nature of his reform agenda. He was fond of the analogy of 'tightening our belts'– it may be painful, but we need to do it. This regime sprang from a manic denial of the protective role of the government.

Organisations reinforce our defences against anxiety. The workplace can replace the loss of family or community. Individuals can feel part of an organisation and identify with it as if it were a family. The tendency both towards egocentric behaviour and social-centric behaviour is always present within us, and when we combine in groups. As Lawrence (2000) says both these impulses exist and the culture of an organisation tends to evoke one more so than the other, depending on the valency (Bion 1959) of the people within the organisation. The Kennett era reforms demanded a change of valency in local government and a psychological change from the people working in it. The fundamental psychology of the staff is echoed in the valency of the organisation. A person cannot act according to a new valency without some stress. Several CEOs interviewed for this study expressed this stress when describing the loneliness and loss of camaraderie in the new era where to sack staff was seen as a 'notch on the belt' and staff had to 'take their medicine'.

It seems the change of valency also caused a psychological barrier between the new CEOs as corporate leaders and the third level of managers as evidenced at Glenview. It is proposed here that the pressure to adopt a new way of operating in local government caused third level managers at Glenview to erect psychological barriers. The barriers served to protect them from the external pressures they felt were being exerted on them by the new corporate structure and accountability mechanisms imposed at that time. It is further proposed that the changes were so swift and ruthlessly imposed that third level managers have not recovered from the perceived onslaught and remain 'bunkered down' several years after the direct impact of change.

The majority of those interviewed in this study agreed that people choose to work in local government because they wish to do something worthwhile and help others. Local government is a dependency organisation (Bion 1959) and it is very hard to change the values and the way people work in such an organisation. Many people left or were retrenched during the Kennett reform period (some 30,000 retrenched or retired). Klein (1975:218) suggests that people with a poorly developed internal sense of good avoid competitive situations because of the anxiety they arouse. Local government workers may fit this scenario. They can feel good about themselves because they work in an environment that serves others. They prefer not to engage in risky, competitive behaviours. A decade on from the commencement of the Kennett reforms and the Glenview CEO is still trying to 'weed out the deadwood' and get third level staff to 'grow up and take responsibility'. She is using terms that suggest the desire to control and regulate others with an internalised bad object in play.

A barrier is a conservative structure and it does serve a useful purpose. It helps to maintain a sense of boundary and internal integrity. It protects those behind it (on both sides) from possible disintegration in the face of rapid and direct psychological assault. Individuals oscillate between being apart and part of the broader workplace group. They each interact and shape their interaction as change occurs over time. The concept of transference applies to the work situation whereby staff transfer feelings and beliefs to the institution (i.e. local government is authoritative, stable) and transference goes the other way of course, i.e. staff must fit the vision of the organisation or they become 'bad objects' (Levinson 1984). The role is complex, ongoing and changing as managers and workers both try to meet expectations. Levinson uses the term *reciprocation* to capture the

psychological-contract aspects of working for organisations. Acts of reciprocation between worker and institution can lead to psychological growth whereby opportunities are provided for skill improvement and increased responsibility. However, the fundamental valency of local government is dependency and despite a radical agenda of reform in the 1990s, it seems local government still largely maintains this mode of operation. This is evidenced by the fact that in my sample, CEOs in local government today are still, by and large, from a public sector background. There was no successful injection of private sector expertise at that level. In addition, despite the language of business imported to the sector, time spent at Glenview shows the dependency basic assumption mode still operating amongst third level managers.

Economic rationalism asserts that we are simply utility maximisers, but acts of altruism and selfishness can both occur at different times. For the public good to be upheld above simple self-interest, the government must reclaim its rightful part in creating the conditions where altruism can flourish. I use the term altruism in a psychological sense, rather than a moral sense, to mean the extension of one's boundaries of identification to include identification with the larger group. We need encouragement to extend our psychological boundaries to see that the common good is good for each of us personally.

While it could be argued that governments have abandoned this role in recent times (Bakan 2004), it is nevertheless, an essential ingredient in any plan to curtail corporate power and bring balance back into our social arrangements. Neoliberals espouse a program that weakens this identification with the larger collective of which we are a part. Local government is, in its own words, about community well being. Interviewed CEOs tried to tap into this, but they are undermined by neoliberal philosophy. This thesis asks: do managerialist principles fit with this purpose? Does it provide appropriate motivators for staff? The focus on making government act like a business tries to change the valency and the spirit of the enterprise, such that public service and community well being are more difficult to enact. The period of change has had a lasting negative impact on the staff of (at least) one municipality (Glenview) that is still grappling with the legacy of the tough leadership it endured in that period. The lasting effect of change cannot be underestimated in the relationships that staff form with each other and with the current leader. The past is tightly linked with the present.

But government can lead the way and not be subservient to business models and expectations. Bakan reminds us that the opposite situation is actually true; business enterprises only exist because society's laws allow them to exist. He argues for more public purpose corporations in public hands with public interest as their prime directive. He calls for stricter regulation of corporate entities, increased reporting to government (not simply shareholders). He argues, finally, for governments to work together to shift the neoliberal ideas of entities such as the International Monetary Fund and the World Bank.

The philosophy of self-interest has allowed the growth of selfish acts. Government exists to regulate social conditions, despite the neoliberal rhetoric that there is no such thing as society. If this were the case then there would be nothing to govern. Yet demonstrably there is and a government that fails to sustain an ethos of social responsibility is a failure. Notions of the public good are the criteria by which we judge government performance (Stretton and Orchard 1994:28). Managing social conditions for the flourishing of altruism must be reclaimed as the rightful aim of government. Government is not for the few who may profit from a negative philosophy, it is for all in a true democratic state. It is not a business. The metaphor is used in order to provide a justification for preventing the government from doing its rightful work.

Conclusion

In this chapter, it has been argued that government is not a business and that the importing of managerialist techniques (business ways) to government was detrimental to the ethos of service that permeates the public sector. It has been argued that there is not necessarily one correct way to arrange our social institutions and issues of efficiency and resource management must be separated from an ideological introduction of a business model. A genuine desire to improve efficiency would lead to a testing of the changes introduced for success. The mark of ideological introduction of business practices is that no testing was carried out. Public institutions can lead the way in terms of debate about social values. It has also been claimed that announcing the death of bureaucracy may be premature and that while it may not be a perfect model, it is not helpful to wholly reject it as an organisational form. There may be some benefits to a bureaucratic model of service delivery in the public sector, including protection of the ethic of service, protection of staff and clients from over-reaching power and an enhanced capacity to debate values.

I argue that government must take back its rightful role in providing a forum for debate about how we organise ourselves collectively. The ideology of individual self-interest has become too powerful and invaded areas where it is destructive. How do we ensure these changes occur? How is it that economic rationalist ideas have gained such a hold over us? This issue is addressed in the following chapter.

Chapter 15

Captured by the Ideology

How has it come to be that economic rationalist thought dominates business thinking, management teaching and even our everyday discourse? This chapter looks at the hold the ideology has over us. It concludes that it serves a deep need we have that stems from our earliest days: to feel safe, to feel clear in our directions and in control of the world around us. It is irrational – infantile omnipotence – to believe we each can pursue whatever we want without examining the impact on others or on the earth and that 'somehow' it will work out for the best. If we are truly so profoundly egocentric then the unfettered pursuit of self-interest must inevitably ruin us (given the finite resources of our planet). Without self-interest there is no enterprise, invention or progress, but perhaps a balance is needed between it and social responsibility.

Economic rationalism – fad or fact?

Texts discuss whether it is appropriate to apply business tools and techniques to the public sector and whether NPM has been successful in the public sector. Few have attempted to understand why economic rationalism came to the fore in the public sector in the mid 1980s and persists today. It has often been connected to the rise of conservative politicians and conservative economic theories, and it suited the particular ideological perspectives of these groups. Yet it was attractive to left-wing governments, for example Australia's Federal Labor Government in the late 1980s, so that explanation does not account for its popularity entirely. Perhaps the current form of this self-interest ideology as outlined by conservative economics of the Chicago School may be a fad, but the underlying philosophy has been in existence for a long time and the balance of power in the west has shifted towards it.

Some writers (Spann 1981; Edwards 2002; Pollitt 2003; Hood 1991 and Painter 1997) discuss the idea of fashion and fad in explaining the hold of economic rationalism over the public sector. There does seem an element of fashion (or perhaps desperation) in the adoption of techniques that are marketed as guaranteeing success. Hood (1991) believes

there is a range of elements that came together to make economic rationalist theories so popular. These include a long period of relative peace and economic prosperity in the West after World War II, changes to workforce structure, the introduction of technology and shifts in the way mass appeal is generated for particular policies.

To suggest that it was an idea which came about because of the conditions of the time contradicts the typical rhetoric of economic rationalist thought: the scarcity of economic resources is what makes reform urgent. The public sector is described as fat and lazy, wasting the public's money and its only measure of success is bigger and bigger budgets to administer. I will argue here that there are more primitive elements at work in the adoption of economic rationalist thought. While all the factors described above may have contributed to the rise of this thinking, it serves a more basic purpose. That purpose is to protect us from the anxiety surrounding uncertainty. Hood (1991) describes the 'cargo cult' attitude towards NPM where from time to time we become enthralled with a simple, easy and apparently scientific solution to our problems. Then we are disillusioned with its faults and seek another equally simplistic solution in an endless cycle. Hood is sceptical of this explanation of ideology's hold over us, but if we look more deeply, it may actually have something to offer.

Self-interest and altruism

There is a tension between the wish to live a moral life and greedy desires, which in psychoanalytic terms is the structural conflict between super-ego and id. We are conflicted in many ways. By promulgating the idea that 'greed is good' as was the catchcry of the 1980s, we may be trying to eliminate one half of the conflict. As Pollitt suggests (2003:144) economists tend to simplify the motivations of people into 'what will I get out of this?' Yet the picture is far more complex. Economic rationalism simplifies human motivation and avoids any conflict between self-interest and altruism by denying the existence of altruism. It does not acknowledge the inherent irrationality of wanting to have more than we could make use of in our lifetimes and also wanting to have lived a moral life. This simplification makes the application of a theory of human behaviour, including leadership behaviour and motivation in a workplace very simple, clear and straightforward. All people act as individual utility maximisers in all situations. Yet this view is not only simplistic it is demeaning. Ideology attempts to impose a simple view of humanity and, especially in the public sector, this view clashes with the ideal of wanting

to be a good person. While economic rationalists may hold the view that people are lying to themselves to believe they are anything other than utility maximisers, nevertheless whether it is rational or not to believe differently, people do. Economic rationalism does not reflect or seek to reflect on self-interest, it simply asserts that it is good.

Talbot (2003) argues that we are paradoxical and contradictory creatures, operating in conscious logical ways sometimes, but not others. This fundamental aspect of human nature is also reflected in our work organisations. Yet the prevailing ideology has allowed us to be less tolerant of difference and paradox. Management theory highlights the homogeneity of management in any workplace or sector, with an underlying assumption that any reasonably competent manager can learn the skills.

Yet our day-to-day experience of working in groups, whether it is in our families or at work, tells us that not everything that goes on is logical, rational, sensible or even well understood. At Glenview, staff still talked about a CEO who had not been there for more than three years (when I arrived to undertake the research) and they found it hard to enter the executive suite because of the interior decoration of the place and the memories it evoked.

Contradictions in human nature

As I discussed in chapter 2, we live with the conflict between self-interest and altruism: a resolution is practically impossible. We live with the knowledge that we do not control our environment (the time of our death, other people and their actions, the weather and so on). The family protects against the fundamental fear of annihilation. When we grow up, we see that the family cannot provide the safety we still feel we need, but the dread of our own mortality is lessened and we can function in society. Our organisations support us and keep these tensions bearable. But as Becker (1973:284) says, there is a 'rumble of panic underneath everything'. The essence of man is his paradoxical nature, i.e. to be a thinking, feeling self and a physical body that will die and decay. This paradox is hard to live with. We develop character defences to protect us from the reality that we do not control our own lives, that we do not have mastery over death. Becker asserts that we live repressed lives. We avoid being fully alive in order not to come too close to the experience of death. It is a 'vital lie' says Becker to protect us from the ultimate anxiety of

seeing the majesty of life and the terror of death and our own helplessness before it. An ideology that provides a sense of certainty is therefore attractive to us.

Saul (1997) is one of the few recent writers who both takes issue with the accepted wisdom of economic rationality and tries to explain its hold over us. He argues that the jargon that surrounds modern management theory is used to convey mystery and import, 'obscurity suggests complexity which suggests importance' (Saul 1997:49). Similarly, Goodzwaard (1979) argues that the idea of progress has become a faith, and because of this, it is deeply embedded in western culture. Talbot (2003) feels economic rationalism has been successful in invading other disciplines, management in particular, because it provides a sense of certainty. Economic rationalism posits a theory of human nature that allows us to understand and predict actions every time.

The need for certainty in our daily lives is strong. We do get out of bed each day assuming that things will be much the same as yesterday; that there is order and purpose to our lives. Of course, we do know that life is not so ordered. Yet there is a good deal of appeal in hearing that it can be made clean and orderly and that we are not entirely subject to contingency.

Conversely, Becker (writing in the early 1970s) believed the modern ideologies of science and psychology are too thin to contain the lie we tell ourselves – that the world is a safe place. He believes a reading of history shows at different times how convincing immortality ideologies can be in giving us confidence to live life to the full. 'Neurosis is today a widespread problem because of the disappearance of convincing dramas of heroic apotheosis of man' (Becker 1973:190).

Of course economic rationalism does not really provide certainty if we look closely at it. In economic rationalism, the market, not man, is god. In this view, whatever happens in the marketplace will be of benefit to society. The market is just, in that, it does not discriminate. It does not put one person or group above another. However, the assumption behind this is that everyone is the same; everyone has equal access to the goods of society. This is quite obviously not true (Edwards 2002).

Economic rationalism does not bear close scrutiny as science, as many authors have shown (Atreya and Armstrong 2002; Saul 1997; Edwards 2002; Costello 1996; Rees and Rodley 1995; Stretton and Orchard 1994; Ranson and Stewart 1994). From within the field of economics itself, Amartya Sen (1977) has written a good deal to expose the underlying inconsistencies in assuming people always act in self-interest. He maintains people act both for their own advantage, but also at times out of sympathy for the plight of others. They often act because they have a commitment to family, friends or some other grouping. One could argue that this still boils down to self-interest in the end. Nevertheless, to believe so does not improve predictability.

A form of faith

As economic rationalism is a form of faith, it is not tested for truth. It serves the dual purpose of providing reassurance that everything is manageable and that we do not have to limit our greed and selfishness. Rational self-interest assumes that individuals know and understand at each instance which course of action is in their best interest. Of course, there is no absolute basis for identifying what is in one's interest and rationality is necessarily bounded by our limited knowledge of the world and ourselves.

In critique of economic rationalism, authors (see Stretton and Orchard 1994) point to its inconsistencies and lack of logic. They note it has a number of dubious assumptions, namely self-interest and rationality as the basis of all human behaviour. It further assumes that a market theory is a good model for all other sectors. These assumptions contribute to a lack of predicability of action based on the theory. The model ascribes only one materialist motivation and ignores the prior presence of law and culture. It also ignores the influence of society, family, or organisation on action. Excluding these considerations, it allows a pretence of being value free theory when really it is laden with values.

Yet it is still a pervasive credo. At the heart of its attraction, I think, is its adherence to the myth of progress and its accompanying sense of reliable hope. Economic rationalism is accepted because it is rooted in the psychological fears of infancy. Economic rationalism is a theory of scarce resources and it bases its predictability of action (such as it is) on the fear of inadequate supplies. Therefore greedy and selfish behaviour is justified. This mirrors the early experience of the infant. As infants our world seemed so chaotic and unpredictable, we did not know or control our own environment. Economic rationalism

brings to the fore those early fears of annihilation through lack of nourishment and scares us into greedy and envious behaviours. Melanie Klein (1975:181) describes greed as 'impetuous and insatiable craving, exceeding what the subject needs and what the object is able and willing to give'. This description mirrors the situation in the external world of capitalism, where the system requires continual growth and expansion to the detriment of the natural resources of the planet. Klein notes that on the unconscious level greed aims to 'scoop out, suck dry and devour'. Envy arises, on the other hand, when the infant is not satisfied and believes 'another person possesses and enjoys something desirable' (Klein 1975:181). Both these positions arise from a feeling of not being safe and satisfied.

Greed is at the heart of our economic system, although it is rarely spoken of in this direct manner. Nevertheless, envy has been attributed to critics of rationalist economics in Australia. One such commentator is Hughes (2001) who writes that the poor are not as poor as they used to be in Australia and that the social welfare lobby distorts the facts because it is a business with a vested interest in exaggerating the depth of poverty. 'The politics of envy are unfortunately sowing disharmony by distorting the facts about poverty and income distribution in Australia.' Notions of the 'level playing field' do not allow for the possibility that the system preserves inequality. Activities that push towards equality of opportunity are attacked as envious in the current political system. This attack on envy is a hidden requirement that those who not benefit should be envious in the economic rationalist mentality. Conspicuous consumption is paraded as pride in one's achievements but it calls attention to the material assets and tells us that envy is being projected.

Greed, envy and helplessness in the face of our own mortality drive our aspirations as adults. Obviously most of us survive our initial infant fears and come to accept mother is both good and bad as Klein suggests. Yet the fear of being helpless in an unpredictable and uncertain world stays with us at a deep level. In good measure, it helps shape our religious beliefs and worldviews. Greed and envy come from an early feeling of not having enough, whereas gratitude and generosity come from a sense of inner wealth. The introjection of the good makes the world seem a friendlier place and provides space to give to others.

Klein argues that we can only understand the complexity of the adult personality if we 'gain insight into the mind of the baby and follow up its development into later life'

(Klein 1975:178). She says a mature and balanced personality shows thought for others. By balanced she means having insight into the contradictory nature of our impulses and feelings and accepting that that is how life is. Balance means living through painful feelings, not avoiding conflict.

> *Understanding of other people, compassion, sympathy and tolerance enrich our experience of the world and make us feel more secure in ourselves and less lonely.*
> (Klein 1975:269)

The application of psychological concepts to organisational life

It may be difficult for some to see the applicability of psychoanalytical concepts concerning babies and psychological development to later organisational life. Perhaps the way to demonstrate their applicability to institutional structures and operations is to think of them in more general terms and speak less of their grounding in childhood psychic dramas. I think that we all find living with paradox and uncertainty difficult. It is hard to reconcile the fact that we are thinking, feeling, self-conscious beings who know that we will die and that we cannot stop it. It is hard to reconcile good and bad in ourselves and others. Many of us in the western world, do deny death, hide it and fear it, as Winnicott suggested. We can see and relate to a fear of death, a fear of incapacity (mental or physical), a fear of destitution, a fear of violent attack, a collapse of order. Then on the other side (seeing the self as culpable) there is fear of one's own violence, addiction or depravity (Hoggett 2003).

Winnicott (1975) writing in the 1930s notes that the desire for omnipotent control of external reality is really an effort to get away from the tensions and contradictions present in internal reality. He sees the *manic defense* employed by all of us routinely in every day life. We all have a 'general need for reassurance against ideas of illness and death…' (Winnicott 1975:131).

It is human nature to desire this assurance, adherence to religious belief or the myth of progress becomes a maladaptive ideology when it idealizes its own 'truths'. When it tries to shore up its own boundaries by splitting off evil and thrusting it into anyone who does not accept the tenets of the ideology. Saul (1997) says economic rationalism has the tone of religious sado-masochism. To create an air of righteousness, it must emphasise evil in

the other – other ways of being and the stranger are both evil. Des Moore (1996:63), an advisor to Jeff Kennett, used this technique when he said many in the Victorian community knew the government (of the 1980s) was 'malfunctioning'. He said that local government was captured by special interest groups (namely unions). Reforms were needed to reduce the potential for capture. This way of speaking is reminiscent of Gramsci's view of hegemony (described in part one) as the capacity of one group to project its view as the best, most logical or common sense way to see the world. Government Ministers of the day called local government inefficient and ineffective and further said that everyone knew this to be true. Ratepayers knew they were paying too much for services provided by local government. Economic rationalism maintains its grip by denigrating the other, opposing any criticism and encouraging passive conformity. It is oppressive in maintaining its myth of progress and the scarcity of resources as governing self-interested behaviour. It scorns anyone who disagrees with it as too ignorant or stupid to understand its logic. It is contemptuously dismissive of those who disagree. Those who disagree are simply envious.

Contempt for the other and covert self-loathing are the identifying trade marks of economic rationalism. Jeff Kennett showed contempt for the ordinary voter and the elected local councillor when he removed councillors from office. He removed them on the basis that they were parochial and self-interested[1] and would therefore inhibit reform. But self-loathing is also part of the pathology (Saul 1997:26). The catch phrase of the time was that we needed to 'tighten our belts' and do more with less. It was as if we had been indulgent prior to reform.

Saul is frustrated by our lack of awareness of the false claims of ideology. The ideology of reason and the need for answers are clear signs, in his view, of the unconscious at work. He maintains we have an addictive weakness for large-scale illusions and ideology. We want to believe that we are on the path to truth. Saul is silent, however, on why we do not seem to see the failures of this belief, except to say that the language of ideology is powerful and requires passive conformity. Saul ignores the fact that the language derives its power from meeting our needs. He is critical of psychology if it is used as a means of escape for people suffering under the current ideology. He argues that it has been used by

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[1] In a system where self-interest is considered good, the self-interest of locally elected councillors was opposed by Kennett.

liberal individualism (economic rationalism) for its own purposes. Rather than thinking about our fellow man, we delve into our own unconscious, as if it is the most interesting thing to look at.

Instead of wakening us to the grip of ideology, Saul believes Freud and Jung have provided refuge from it: 'our obsession with our individual unconscious has alleviated and even replaced the need for public consciousness' (Saul 1997:56). Hoggett (1992) makes a similar criticism of the individualism of psychology. In his view it may offer a form of 'personal redemption' because the chaos of external reality is simply too difficult to grasp. While Saul admits that Jung did see an understanding of the inner life as contributing to the outer life of the general citizenry, he believes that Jung's views have been largely misused. A good example of this misuse in business is the Myers-Briggs scale where Jung's archetypes have been reduced to an assessment of personality types.

But individual redemption is not inherent in psychology, despite Saul's criticism. It may be a focus of American psychology, but (for example) the Tavistock School and Wilhelm Reich both have much to say about the psychology of organisations and mass psychology. Theorists such as Klein and Winnicott can tell us a great deal about political psychology if we apply their theories to the study of individuals in groups.

We bring our own internal reality to the groups we interact with and our inner life is influenced by and influences external reality. We still often operate at Klein's paranoid-schizoid position in our adult lives. We are filled with overwhelming sensations about our own internal reality and about external reality. We may believe, for example, that others only act to suit themselves and so we act in the same way. But these are not facts to be acted upon, but reflexive attitudes triggered by sensation. They are not thought through. Transforming feelings into an understanding of both internal and external reality is hard work. There is an attraction to staying in the realm of unthinking. While we do want to know and understand our lives, it can be easier to remain undisturbed. There is a strong pull to 'not-know', not to be engaged in the world of external reality. It is not just a turning away from this work, but as Hoggett says 'an attack on thinking itself and an attempt to live in a world of anti-thought' (Hoggett 1992:5).

The value of examining projections and transference is in integration. Klein argues that when we see the patterns of splitting in our own lives, we can begin to synthesize love and hate. We can diminish repression, anxiety and guilt and thereby have more energy for living (Klein 1975:56). Yet if we stay in the un-thinking place and seek the security of the paranoid-schizoid worldview, we risk not being confronted by the damage we are doing to the earth. We do not act on the poverty and misery around us. We do not see the likely truth that the path we are headed down leads to destruction, not improvement.

Conclusion

This chapter has discussed the premise that economic rationalism has a hold over us, not because of any inherent logic, but because, for some, it means increased power and for others it allows a return to passive unthinking that protects from the pain of development and creativity.

Saul's criticism of psychology as providing an escape from the realities of ideology is taken on board. Psychology has often tended to see individual salvation without action to change injustice in the external world. Early childhood experiences also, cannot explain everything that occurs in the external world. But psychology can be used as a tool to assist in engaging with the world. The perspectives, in particular of Klein, Bion and Winnicott, provide insight into just why we are caught in the unthinking web of economic rationalism. They give us insight into why groups seem unable, sometimes, to focus on the task and why individuals seem to replay relationship dramas from times past.

As Becker says, we gravitate to ideology as 'borrowed power' to protect us from the irreducible and inescapable truth of our own mortality. He calls it an 'unthinking web of support' (1973:89). Immortality projects are inherently distorting. It is a struggle to stay engaged with both the paradoxes of our internal realities as well as the complexities of external reality. It is hard to stay connected to the good and bad in others and ourselves. It is hard to live knowing the certainty of death, but not the meaning of life. Yet it is actually living to do so. It is a creative life, as Winnicott says, to question and learn and engage in an active way with the world outside ourselves. 'The examined life makes a virtue of uncertainly. It celebrates doubt.' (Saul 1997:194).

These insights can provide a public sector leader with the means of minimising the damage done by the importation of business tools and reclaiming the ethos of service for the public service. New Public Management is, in my view, shallow technique, devoid of true value. The 'good enough' public leader can use psychological insights to put purpose back into the work of the public sector. How this may be achieved in discussed in the next chapter.

Chapter 16

Looking through a Different Lens

In this final chapter, the threads common to preceding chapters are pulled together and a view is put forward as to what makes a good public sector leader. The impact of the decade of reform is summarised and the complexity of the sector is reiterated. The work aims to shed light on the values that underpin local government CEOs, their actions, decisions and management frameworks, to identify management tools and techniques used today in local government and to ascertain if the reforms of the 1990s had a positive or negative impact on the values of local government. It has been argued that personal values of CEOs cannot be split from the way they behave in the workplace and that staff put considerable pressure on CEOs to enact organisational values. The chapter also outlines the need for further research that brings specific issues to the fore: (i) the positive aspects of public institutional structures, (ii) public sector values, (iii) the impact of the past on the present and (iv) the insights available from psychoanalysis to improve the capacity of public sector leaders to do their work and to deal with the projected fantasies of others.

Impacts of the reform decade

This research has developed the hypothesis that the changes brought into local government in Victoria in the 1990s under the banner of New Public Management (NPM) were ideologically driven and were not introduced (despite their stated aim) to improve efficiency in the sector, but rather to serve a narrow definition of the function and purpose of government. As stated in the aims of the research in the first chapter, my central thesis is that the language of the commercial sector may not always be appropriate or consistent with its ethic of service. The changes were on a large scale, brought in with haste and led to job loss and changes in focus and processes. CEO responses at the time varied from resentful acquiescence to the mood of the time to enthusiastic embrace of the changes. The CEOs interviewed commented specifically on the human cost of the reforms, but overall their view mirrored the political view at the time, which was that this reform was needed in local government. One unexpected finding of the research was that CEOs

believed the reforms were needed and, despite the pain, they were for the best. Nevertheless, all but one municipality have mended the split between purchaser and provider in their organisations, retain the bulk of services through in house business units and believe the current method of maintaining service relevance (Best Value) is better than the old CCT system.

The view of the senior accountant at Glenview is that the changes have led to increased accountability mechanisms and improved financial standards. Aside from this, it is hard to gauge if there have been other radical changes to the way local government goes about its tasks. There have certainly been changes to the language used in local government, but not a great deal to the service focus; there were changes to the emphasis in work areas – more males in leadership positions and more women in low paid and casual positions. A further aim of the research was to investigate the fit of managerialist principles with motivators for local government staff. The research findings suggest that the impact of the reform period still lingers and that there may well be resentment amongst staff about accountability requirements now expected of them. There could be some nostalgia for the past in operation (in one municipality).

The first and second aims of the research were to identify management theories and tools currently used in local government in Victoria and to assess whether these theories and tools underpin leadership styles that promote local government goals and objectives. The research found that CEOs certainly have more business related qualifications since the 1990s[2] (11 of 18) and use the language of business in their formal documentation (corporate and strategic plans, KRAs, performance appraisal, customer satisfaction ratings, resource allocation plans and business plans). The majority of CEOs also describe their professional background as management rather than the discipline they studied (i.e engineering or town planning). Yet, only six CEOs could detail a management theory that they had found useful or helpful. It was clear in interview that while the language of business was *lingua franca* in local government, it was used as required. It did not have the capacity to describe genuinely what local government is about. In terms of the goals and objectives of local government, as set out in legislation, business tools and techniques were used to display accountability and in that sense the finding was that managerialist

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[2] Prior to the reform period local government managers underwent training in local government-related courses and professions (municipal clerks, town planning, civil engineering).

principles do fit with the role and purpose of local government. The tools used include corporate and strategic plans, customer satisfaction surveys, performance-based contracts for senior staff, complying with accounting and quality standards, benchmarking services with like providers. Yet for the majority of CEOs interviewed, the language of values, ethics and public service has to be used to describe the true role of local government.

The third aim of the research was to explore how CEOs conceptualise themselves and their professional frameworks within the context of local government. As noted above, the CEOs saw themselves as managers, in that sense not unlike managers in any organisation. Nevertheless continued dominance of the ideology behind the changes has caused local government leaders to question the way they go about their work and to experience conflict between the ethos of service, which drew them to work in the sector, and the expectations of the business management model that is the norm. It was a general view that good management skills are the same across both the private and public sectors, but the environment and expectations make working in the two sectors very different. The CEOs interviewed saw their management styles as developing and empowering others in the organisation and making decisions in an open and consistent manner. This reflects their attention to the most complex domain of the work – dealing with people. There is no implicit assumption here that managers in the private sector do not also have concern for people as a primary motivator. Interestingly, CEOs did express a degree of defensive promotion of the public sector and denial of heterogeneity in the private sector. They saw the private sector as ruthless, their own sector as more complex than understood and several questioned their capacity to succeed in a business world. It is possible that splitting may be occurring.

CEOs were clear that capacities required of CEOs in today's local government were not consistent with managerialist principles (as stated in the research hypothesis). They separated basic management skills, which they argued all good managers should possess, from the qualities needed to lead a public agency and most especially an agency with a democratically elected Council.

The ways in which a manager is different in the public sector were considered to revolve around values. CEOs noted their desire to work in a position that produced a worthwhile outcome (however defined) and they highlighted that their work and their decisions were

the subject of increased public scrutiny (as compared with the private sector) and therefore they had to display the highest ethical standards.

One unexpected finding in relation to values was that CEOS argued that the complexity of working with elected representatives made personal values come to the fore. It was at the junction between the administration and the elected body that ethical dilemmas were raised in the main. Academic research suggests that the importing of business tools and values could lead to public servants 'cutting corners', yet there appeared no evidence of this.

The complexities of change in local government

It is a daring undertaking to make wholesale change in a complex public institution, such as local government. Goss (2001:154-155) describes in detail the difficulties of making change in this environment. The function of a public entity is not merely to make itself efficient, it is to serve the community and meet the needs of many masters. This necessarily makes the job complex. In addition, the public nature of the job means that if a mistake is made, the impact will be felt in many quarters, the public will be 'up in arms', the mayor will be embarrassed, service users left stranded and the press has a field day. It is a much riskier environment than the situation in which company profits are down slightly over one quarter. To keep your nerve and tough out a difficult period may be desirable in the private sector, but it is not enough in a public sector leader.

Moreover workers carry a powerful set of values about the work they do. As has been shown, these values can conflict with those of management – for example, confidentiality of decision-making among elected representatives is important, as is the current expectation of transparency of decision-making. Several CEOs spoke of the loneliness of their position when they could not explain fully to staff why a decision was not implemented. Faithfully doing what politicians require may not equate with getting good results in a business sense. CEOs spoke of sometimes facing ethical compromise when implementing council decisions. Middle-level managers can feel organisational values are espoused, but not enacted, as was the case at Glenview, and CEOs can be caught between their ideals of disinterested service and the expectations of others to get a good outcome. People bring their own values and belief systems to the workplace. It is difficult to impose a system of values over this by either force or simple publication of value lists. If they

believe the organisation violates its own standards, staff further down the hierarchy withdraw from engagement with the broader organisation and focus on the support and friendship they receive from immediate colleagues.

The constellation of public service values makes innovation difficult because failure is hard to accept when it may involve no longer meeting the needs of those previously assisted. As one CEO said, local government does not have the luxury of withdrawing from a service that is performing poorly in a business sense. There is also considerable public expectation that public servants will behave in particular ways. Public servants carry social values for the rest of us (they care for the vulnerable and the sick, as we may no longer do). We as citizens have high expectations that they will always do the right thing and do a good job. It is hard to experiment in this environment, and because they carry these values for us, we come down hard on them if they make a mistake. The nature of local government work often puts it *in loco parentis* and this inevitably brings with it the unconscious feelings we associate with this powerful relationship.

Because local government work involves both service and regulation, the public has ambivalent feelings towards public sector workers. They can be seen as cold and officious or patronising. The Kennett times promulgated the view that public servants were fat and lazy, living off the public purse, secure in their jobs and not lean and hungry for results. This sort of abuse (fat and lazy) seems to stem from an irrational envy. Kennett used terms like this to mobilise envy against the 'fat cats' of the public service. Being in a state of hunger for results may actually be a tense and difficult place to be and those under this pressure to perform may feel envious of those who do not face the same pressures. Characterising public servants as fat and lazy allows those feeling lean and hungry to feel superior and regard others as greedy. The question of 'what is needed' is driven out of collective thinking by the question of 'who has more'.

Bion believes that intelligent change may well be hard to achieve in any organisation because of the anxieties present when we interact in groups. In the public sector, there is the added dimension of the work itself that carries anxieties on behalf of the community. Public service draws to it people who, perhaps, have a poorly developed internal good object and need to work in an environment where they are helping others in order to maintain a sense of self worth. Several CEOs said it 'wasn't in them' to work for a profit-

making company. It may be that the only characteristic lacking is the capacity to act with self-confidence, yet CEOs saw that the thing lacking is something undesirable. The pressure to adopt a different way of operating (i.e. the business model) has caused stress for local government workers and ongoing psychological damage to the relationships in that workplace.

> *People who have rather precariously established their good object suffer under anxiety lest it be spoilt and lost by competitive and envious feelings and therefore have to avoid success and competition.* (Klein 1975:218).

Putting the ghost of leaders past to rest

A further, but perhaps unexpected, reason for the difficulty of changing a public institution is the continuing psychological effects of previous leaders on the morale of staff. There is an effect at the time and, as shown at Glenview, there is a lingering effect of the loss of relationship felt after a charismatic leader has departed. Little has been written about the difficult period of transition between one leader leaving and another starting (Gilmore 2003), especially when a leader exits swiftly. This research suggests that the change brings up feelings of loss and abandonment from other times and places for staff. It has the potential to carry significant meaning, and the stress caused by the change to the way things are done at work is rarely given consideration, and processing the change is almost invariably prevented. The previous CEO at Glenview was described as both charismatic and a bully. Staff have not had the opportunity to separate the complex feelings of relief at his departure, grief at his loss, guilt about how they behaved under his leadership and desire for his glory days.

I am suggesting that this entanglement was so strong (and unresolved) that it has infected staff to the present, including those not involved at the time. This finding was unexpected for me, yet it seemed a very strong theme coming from the interviewed staff at Glenview. Alexander and Margarethe Mitscherlich (1974) wrote about this phenomenon on the mass scale with Germany after the fall of Hitler. Germans had identified with Hitler as a father figure and with his regime and, because of the guilt associated with the horrors of the regime, they were unable to acknowledge their ambivalent relations to Hitler and their sadness at the loss of the Reich, their decimated industries and bombed cities. Their inability to mourn, their guilt and shame, argue the Mitscherlichs, caused a collective

depression in Germany: 'the work of mourning can be accomplished only when we know what we must free ourselves from' (Mitscherlich, A and M 1974:270). Without the painful work of bringing all aspects of the past relationship to consciousness, the old ways and beliefs still tend to operate, but they do so unconsciously.

At Glenview the past is still alive in physical spaces. The ideology of change requires that we minimise learning from the past. It suggests that we can create the future as if it is discontinuous from the past. Yet, a refusal of the past has shaped the present at Glenview. Staff need the space and opportunity to talk about all aspects, good and bad, of the past under the old leader to minimise nostalgia. They need to reflect individually on leadership exits and consider how this one is similar or different. Time must also be set aside to allow staff to consider their own futures instead of thinking about the leader and what might happen for him in order to re-connect with the newly changed organisation. In this way, staff are able to see the new leader, not as the enemy, but as a bringer of a mixture of progressive and regressive change. If opportunities for this work are not provided, an unprocess-able residue remains. Where there is an aggressive and exciting leader, even with a destructive effect, people will be ambivalent about his loss and need to acknowledge the excitement that went along with the danger.

This research has shown the impact a period of imposed change has on the way things are done in local government now. It has outlined the contradictions and complexities of the work itself and of what individuals bring to it. It has shown that leadership is not simply a set of skills to be mastered, but a complex interaction between leader and followers, between the present and the past and between the conscious and unconscious expectations of all key players. Values are not just personal and private, but part of who we are when we are at work. It may be true to say there is a private self at home and a person-at-work self. They are perhaps, slightly different, but they are not two distinct and different selves. How a person is at home cannot be separated completely from the work self. In addition, leaders and institutions carry social anxieties for us and, however hard to measure and to define, unconscious behaviours are real when we interact at work.

How do you measure the value of the work?

What then is the role of a CEO in local government? Can it be defined, measured and taught in textbooks? Advice is given in management textbooks as if it follows from a

comprehensive and detailed theory of management. However, the CEOs in this research behave as if they do not believe this rhetoric. They do not accept that management is a comprehensive and scientific theory. The Society of Local Authority Chief Executives (SOLACE) in Britain undertook a survey of local government chief executives (Broussine 2000) and found that they felt the teaching and measuring of technical competencies in management did not account for the largely political and values based aspects of their work. They argued they learned best from day-to-day experience, using intuition and reflecting on their practice. This finding is confirmed by my sample.

Broussine proposes that people learn best from reflecting on their experience, rather than the 'technical/instrumental rationality' approach that highlights skills and competencies. He argues for capacities rather than competencies to define the role of the CEO in local government. By capacity he means, the ability to hold complexity, ambiguity and paradox and be effective while holding these seemingly unresolvable relationships.

In his study, local government CEOs reflected on working with elected councillors as a difficult aspect of their role. He notes that they used intuition, tacit and probably unconscious knowledge when dealing with political situations. The CEOs in my study reflected a similar view. Many of them said they relied on their personal value system and that they required sound judgment to deal with the political dimension of their work. When asked about ethical dilemmas at work, most (nine CEOs) were concerned with clashes between the council administration and elected representatives.

The CEOs in this research also expressed similar views as to the role of the CEO (leadership, innovation, managing staff, setting the culture, empowering staff, liaising, engaging and facilitating decision making) as in the SOLACE study. The majority of those interviewed believe their role is more complex than the measurement of technical competencies would encompass and therefore does not lend itself well to measurement. Kloot (1999:576) found similarly, that while local government senior managers wished to use qualitative measures to define their work, their development was 'difficult and time consuming'.

CEOs see themselves as having skills and capacities that allow the organisation to be innovative, strategic and sustainable. They believe their role is to empower staff, set the

culture, engage the community and facilitate decision making between all parties associated with local government. These words show that CEOs are trying to encompass more than efficient management when describing their role. Yet they still struggle to find words that are not jargon. Essentially they are describing leading with self-awareness, focussing on the longer term and building relationships of trust. These roles do not lend themselves easily to measurement, but they are the essence of a good leader. A good leader engages with both the conscious and unconscious in herself and in others. An essential ingredient for success is trust in her personal judgment (as expressed by several CEOs in this study) and in the motives of others. It is not helpful to think others are only there for what they can get.

While leaders in local government clearly need highly developed management skills, they also need another set of capacities. The experience of being a leader in local government is more complex and contradictory than conventional management textbooks would allow. Skills and competencies that are required as a base can be taught, other skills can be honed through experience and schemes such as mentoring and coaching. However, this approach cannot be applied to the whole of what it means to be a good CEO in local government. A good CEO needs self-awareness, an understanding of the values of public service and of the impact of the unconscious at work. CEOs also need an understanding that values are more than personal and private and a commitment to, and belief in, service to the common good.

It is unhealthy for local government to apply business tools without regard for the values that underpin these tools. The use of business tools should be entirely pragmatic and should not be introduced for ideological reasons that suggest that it is appropriate to emulate business. Local government is not a business and its complexity requires a cooperative form of leadership – it cannot reside in one person. The leader as 'heroic male' is not appropriate for an institution that serves the public good. It is demeaning in its narrow definition of leadership, especially as it excludes women as leaders unless they fit the stereotype.

In many ways, the public sector is more complex than the private. Public managers perform in the presence of intense public scrutiny, political pressure and with expectations of higher levels of honesty, fairness and accountability. Public sector goals are generally

more diverse. Many services are hard to measure and frequently public enterprises have more red tape and may be more reluctant to innovate than their private counterparts.

The rational approach to leadership that asserts that leadership skills can be measured and taught denies a basic fact about humanity: we are not always rational. Because we intuitively know this to be true, everyone feels safer with rules, hierarchy and systems in place because chaos is thereby kept at bay. If we can measure and account for things we feel safer. However, if things start to go wrong, the group will look for someone deviating from the norm and label that person as the cause of the problems (a scapegoat). They ostracise and punish her and in an attempt to restore order. If the problems are widespread or no one fits the scapegoating role well, then the group will turn on the leader and she will be the scapegoat (Michael 2002). Gemmill (1989:408) calls this a special case of projective identification in which a group can rid itself of unwanted emotions by projecting them into one group member. Gemmill goes on to say that it is a common misconception to believe that individuals are largely autonomous and not influenced greatly by group forces. In fact we are influenced, but the processes are covert and occur outside of our awareness. The scapegoat attracts the negative to herself and thereby allows group members to rid themselves of their own fears and negativities and blame the scapegoat for group failures. Gemmill (1989:414) says 'the natural uncertainty and ambiguity embedded in reality is often experienced as terrifying, overwhelming, complex and chaotic.' A willingness to see and accept that behaviour does occur in organisations that is not measurable and not rational, is the first step to increasing leadership capacity. A good leader can still operate in a period of hostility, by engaging with it and acknowledging the pain associated with any change, but still keeping to the course. Dialogue about these difficult areas builds trust.

Patience practised by the leader and experienced as holding

In *Attention and Interpretation*, Bion uses a quote from the poet John Keats to describe the space the psychoanalyst needs to occupy in working with an analysand. The analyst must be 'capable of being in uncertainties, mysteries, doubts without any irritable reaching after facts and reason' (Bion 1970:25). He calls this state of mind 'patience' and notes the importance of having what Keats described as 'negative capability'; being able to tolerate suffering and frustration, without succumbing to the desire to fill that space with rationality, voice and action. Far from attempting to rationally understand or explain

what another person is saying, thinking or doing, Bion argues for a state of reverie, where the analyst suspends rational judgement and accepts the whole essence of what is being conveyed at several levels simultaneously.

While Bion was describing the work of the psychoanalyst, the concept of patience can be applied to the workplace. Bion used the terms 'containment' to describe the work of the therapist. Containment simply, is the capacity to receive and transform the emotional experiences and projections of the other. The word comes from the Latin (continere: to hold together, hold in, to have within, hold, enclose, bound, to restrain oneself, accommodate). Containment in the way I want to apply it to organisations, means being in touch with what others evoke in you (Hoggett and Thompson 2002). It means not actively thinking in a rational way – 'what is the answer, what will I do' – but accepting and staying with the experience without analysis. It means not acting hastily on the situation but examining how it feels to be part of it.

Winnicott developed a similar concept in relation to early development. He believed that in the journey from total dependence to independence, a child needs adequate parental care, which includes being physically held, and emotionally experienced. It needs to be cared for with sensitivity and to allow for growth and development (Winnicott 1965:49). It is important to note that Winnicott also believed that for integration and independence to occur, the mother must not provide a perfect holding environment each and every time. That is to say, too close a match between mother's help and infant needs leaves no room for development and independence. For Winnicott the holding environment provided by a mother allows the baby to mature and feel safe while at the same time learning to be more autonomous as it grows. The holding environment is meant both in a psychic sense as well as a physical sense. For Winnicott, both the child and the adult interact and influence the holding environment. Similarly, organisations provide a holding environment for us as adults, where we influence and are influenced by the organisations with which we interact (Stapley 2000:167). The ability to be alone and to stand alone requires the experience of feeling safe within oneself. To have this capacity one must have an experience of being held. The feeling associated with fear of annihilation is still there, but it can be contained. Containment is not suppression or ignoring unpalatable feelings, but transforming them into bearable experiences (Hoggett and Thompson 2002).

The more able a leader is to contain the projected fantasy material of those around her, the better leader she will be. Containing then means holding, transforming, digesting and then feeding back (Lazar 2003) the projected material of staff in small benign pieces. This projected material can be painful, unconscious, dependent, angry and full of raw, undifferentiated emotion. Lazar says a good leader leads with containment; a poor leader (not able to contain) leads by either seduction or persecution. Neoliberalism has at its heart a poor model of a leader. The self-reliant, tough, rational leader may appear strong and confident. However, she pulls people with her by either seduction or bullying and in either case, her actions are manipulative and holding is at a distance. She replaces self-awareness with self-righteousness (Lazar 2003). Self-righteousness implies a lack of capacity for self-reflection and containment, of seeing the view of the other person, and empathising with them.

Both these concepts (containment and holding) give a sense of the way in which a good enough leader can provide a secure workplace for staff. The real work of the leader is to participate in a relationship with staff that acknowledges that projections, splitting and denial do occur and to be patient with the affects of these states. The leader does not need to act immediately each and every time. She does not need to respond in kind or have a logical answer ready for any given problem. The leader can assist with growth and organisational development by her capacity to sit with anxious feelings, contain projected material and provide a safe holding environment for others. Conversely it is also true that a good enough leader cannot provide this environment perfectly all the time and it is in this way that growth and development of others, and the organisation as a whole, can occur.

Achieving a sense of empathy and the capacity to contain requires listening to the emotional tone of the conversation, rather than paying attention only to the words of the narrative. We cannot really fully know and understand the other, no matter how empathetic we may be. To believe so is a form of arrogance. We should think of the exercise as a kind of child's play, as Winnicott has described. We are playing with the attempt to listen fully, experience fully the position of others in a shared game. This playfulness allows disturbances to the rational order and acknowledges the depth of experience involved when we interact with others.

The idea of deep listening is well expressed, not in English, but in an Indigenous Australian language. As noted in part one of this work, Dadirri, is the quality of listening respectfully and being aware that the speaker is conveying meaning at many levels at once. It is inner, deep listening and quiet, still awareness. A good leader practises Dadirri to the best of her capacities.

The way forward

Economic rationalism is orthodoxy in the West but it is not the sole dominating force. We are living now with the impact of the period of intense reform of the public sector in the 1980s and 1990s. There are critiques of the rationalist approach, but they can either miss the main point (as I have argued about economic critiques) or give rise to irrational expression of opposition, such as violent anti-globalisation demonstrations. Efforts to bring in values based management are prone to the same one sided-ness that we see in the rationalist approach: trying to be the most moral or the most rational are both manic projects. But there is a groundswell of opposition, although informal, to the worst excesses of economic rationalism. People do want to talk about values with meaning. There is a sense of distaste in local government for the more regulatory aspects of economic rationalism in practice. My sense in spending six months in one local government authority is that people do truly want to do their part to make the world a better place. They are trying to work together, yet within a system that makes cooperative action very difficult. Any alternative to the current ways of operating must embrace complexity and requires being able to live with uncertainty. Public sector leaders are not powerless in relation to this orthodoxy and the opportunity exists to give voice to alternative ways of being in the world. The first step is to declare that the public sector serves the common good and then open the matter for debate around a definition of the common good and how best to serve it.

The public sector leader can show respect for the unspoken, honour the past and relationships, look at how to manage in groups (rather than individual coaching of leaders), give space for grief and to dare to look at what is dark or difficult. Public sector leaders must acknowledge and accept the power that accompanies their authority, remain calm in the face of chaos and thereby give back a level of complexity to humanity. They can show that paradox, contradiction and confusion is part of living. The leader can bring

to light the false claims of the '5 easy steps' guides, really test whether the ideas of managerialism work in the public sector and let go of needing to see linear progress.

Hoggett and Thompson (2002) say there is no need to replace rationality, with all its limitations, with irrationality. We can add an awareness of the inter-connection and impact of emotion on behaviour. They call it passionate rationality. A leader can inspire loyalty and support from staff when passionate rationality is practised. This leader understands that tacit knowledge exists and is just as real to people in organisations as formal knowledge. The leader rewards staff for applying insight gained from experience and intuition. She ensures that each day has time to reflect individually on how she feels about events – not simply dashing from one meeting to the next. She provides opportunities for open discussion and for users of services to present their ideas so that the model behaviour of listening and reflecting on experience, before action is taken, is seen and adopted. Managing the balance between the cognitive self and the emotional self is the key to being a good manager (Willshire 1999).

Fighting for bureaucracy

Part of reclaiming values for the public sector means not accepting the stereotype that bureaucratic structures are *passé*. It means being part of research that investigates those aspects of bureaucratic structures that serve the common good. Elements of good bureaucracy are the skill, independence, status and energy to offer frank and fearless advice on the formulation of policies and programs that enhance the public interest. Democracy would be undermined without it and adopting business practices has the potential to increase corruption that has disastrous consequences in public enterprise. Bureaucracies in a democracy have a different ethos from private sector companies and it is this ethos that should be articulated and promulgated.

Further research should also acknowledge that bureaucracy gives a sense of contained predictability in its operations. A well-designed bureaucracy responds in moderately predictable ways. It gives people an assurance that actions occur that are neither persecutory nor indifferent. Good bureaucratic public enterprises are not intrusive. They 'fix' things that go wrong in the public domain, but otherwise do not interfere in people's day-to-day lives. The best bureaucracy acts in a 'fair mindfulness' of what is happening in

its community. Just as Winnicott's good mother, it is not punitive or overly interfering, but it is there to keep us safe.

Conclusion

This thesis has investigated leadership and values in leadership for the public sector. It has outlined the various descriptions of the leader in management texts today and concluded that these descriptions are narrow and unhelpful, especially when applied to the public sector. It has investigated how the idealisation of the tough, rational leader came to the fore and how the ideology that accompanies it, called economic rationalism or Neoliberalism, has infected the public sector. It has argued that the reforms of local government in Victoria in the 1990s were ideologically driven by an underlying view that humanity is rational, motivated by self-interest and that only the material world is real. Progress and mastery over the natural world are considered necessarily for the best. All other human experiences are denied in this ideology. Altruism, irrational and unconscious behaviour are denied. Detail and argument are presented to show that the evidence is equivocal as to whether the reforms improved efficiency and effectiveness in local government. In the face of this uncertainty, the vigour with which the reforms were undertaken suggests an ideological, rather than a balanced program of reform.

The researcher has spent time listening to leaders in local government and time observing one leader and her staff. This has been done in order to see the impact on local government leadership of the changes brought in over the past two decades. The conclusion is drawn that, despite the notion of economic rationalists, often non-rational and unconscious fears control our actions. As Bion (1970:1) says, 'reason is emotion's slave and exists to rationalize emotional experience'. Evidence from one municipality shows that the reforms had negative effects on staff at the time and these effects linger into the present.

The idealisation of the private sector business leader (rational, stoic, tough) and the denigration of the public servant (lazy, mediocre) that came to the fore in that decade are still evident. The idealised business leader is orthodoxy in management literature and in local government. The encroachment of the view that business is best is damaging the public sector. This thesis has shown that local government leaders experience conflict in

the practice of management between the values they hold and the orthodox view of leadership.

In their struggle to do good work, local government CEOs are aware that, often, written value statements and codes of conduct do not improve behaviour at work and may do the opposite i.e. result in cynicism. They realise that they are the embodiment of values for staff. How they behave is the key determinant of staff behaviour. Staff project unconscious material onto the leader, often related to parental stereotypes and gender issues. CEOs also project unwanted aspects of self onto others.

This study concludes that leadership is not a set of tools to be learned or a set of personality traits that one is born with. It is a complex interaction between the leader and those who are led, involving both rational and irrational factors and linked with mythical archetypes, especially of father figures. In addition, the past is not gone but is alive in organisational memory and in physical spaces. In this complex environment, a leader may be appointed to serve the needs of others – both conscious and unconscious. Yet the leader benefits from an awareness of these paradoxes and does not deny them or allow them to paralyse action.

Finally, government is called upon to reclaim its rightful place in promoting the values of a just society and to promote the public sector as the centre of debate about what the 'public good' means and providing a new model of compassionate leadership.

Appendices

Appendix: A

Research audit trail on CEO interviews

Preamble

Since CEOs were being asked to give about an hour to an hour and a half of their time voluntarily for the research, it was decided early in the planning of the research to interview any CEOs who volunteered, without reference to sample distribution in the usual sense.

However there was a good spread of views and experience amongst those interviewed and CEOs came from a range of municipal settings.

Location of municipality of interviewed CEO	No of municipalities
Inner suburbs	3
Middle suburbs	4
Outer suburbs	3
Outer suburbs/rural fringe	2
Rural fringe	2
Regional city	2
Rural shire	2

How the sample was gained

The 18 CEOs who were interviewed came to the study in three ways. Firstly some 12 volunteered after a presentation at an LGPro breakfast meeting. Secondly, four CEOs known to the researcher were approached personally. Thirdly an advertisement was placed in the bulletins of both LGPro and the MAV. One ex-CEO was also included in the sample and this CEO was approached directly.

Where CEOs were interviewed

The CEOs were interviewed for between one hour and one hour and a half and generally in their own offices. Those from rural shires agreed to be interviewed in Melbourne on days when they were in the city. This occurred on 3 occasions. One of these interviews was conducted in a city coffee shop, one in a restaurant of a city hotel and one in the offices of the MAV in Melbourne.

The CEOs were interviewed between 8th May 2003 and 8th September 2003.

Research Launch

The research proposal was launched at a breakfast meeting of LGPro on April 11th 2003 where some 20 CEOs from across Victoria gathered. I gave a 10-minute speech outlining the research and answered questions. As CEOs left the meeting, I asked each if he or she was interested in being interviewed. Those who agreed at the time were:

> 2 CEOs of a rural shire
>
> 1 CEO of a rural fringe shire
>
> 1 CEO of outer suburbs/rural fringe cities
>
> 2 CEOs of middle suburban cities
>
> 2 CEOs of inner urban cities
>
> 2 CEOs of outer suburban cities
>
> 2 CEOs of regional cities
>
> --------------
>
> 12 CEOs from the LGPro breakfast meeting

In addition,

> 4 CEOs known to the researcher were approached independently and were from
> - an outer suburban locality
> - a rural fringe locality
> - middle suburbs municipality
> - outer suburban/rural fringe shire

The Director of the VLGA suggested an ex-CEO from an inner urban council, who agreed to participate also. In addition, an advertisement for the research was placed in the electronic bulletins of both LGPro and the MAV in mid July 2003. This request elicited 3 more interested CEOs. One from a middle suburban city was interviewed and the offers of two others were not taken up due to difficulties with arranging meeting times and places. They were requested to be 'in reserve'.

On the suggestion of one interviewed CEO, I also interviewed a senior manager in McArthur's Management Services principally about issues relating to bonuses, contractual arrangements and the like for CEOs. This interview took place on Wednesday 4th June 2003.

I also interviewed an ex-mayor of an inner suburban city on two occasions (27th June 2003 and 1st March 2004) to gain another view.

No.	Pseudonym	Date for interview	Geographical mix
001	Don A	Thursday 8th May @ 9.45 am	Middle suburban
002	Bruce D	Tuesday 13th May @1.00pm	Middle suburban
003	Greg C	Thursday 15th May @ 10.45 am	Rural shire
004	Linda T	Thursday 15th May @ 2.00 pm	Inner urban
005	Peter S	Thursday 22nd May @ 10.00 am	Outer suburban
006	Bob M	Thursday 22nd May @ 12.30 pm	Rural shire
007	Tim K	Tuesday 27th May @ 9.15 am	Inner suburban
008	Anna P	Thursday 29th May @ 1.30 pm	Inner suburban
009	Brian L	Friday 30th May 10.30 am	Outer suburban/rural fringe
010	Paul C	Thursday 12th June @11.30 am	Rural fringe
011	Alan F	Tuesday 24th June @10.00 am	Regional City
012	Ed S	Friday 27th June @ 9.30 am	Regional City
013	Chris F	Tuesday 15th July @11.00 am	Rural fringe
014	Barbara S	Wednesday 20th August @ 11.00am	Outer suburban
015	Judy T	Friday 22nd August @ 11.00 am	Outer suburb/rural fringe
016	Graham R	Monday 25th August @ 10.00 am	Middle suburban

017	John D	Wednesday 3rd September @ 9.30am	Middle suburban
018	Richard A	Monday 8th September @ 11.00am	Outer suburban

Transcripts of interview

Each CEO signed a consent form and agreed to the taping of the interview. A full transcript of each interview was forwarded by e-mail to each CEO within 4 weeks of interview.

The majority of CEOs made no comment on the transcripts and 7 acknowledged receiving it. One CEO made several changes to the transcript. The researcher has used the edited transcript in this case, not the original taped session. The changes this CEO made were not to the essence of what was said, but to the grammar and tone of some passages.

Feedback of results to CEOs

The researcher arranged with LGPro to give a talk to CEOs at the conference of local government CEOs held on October 22nd 2004. The purpose of this speech was to feed back the data from interviews with CEOs and to gain further comment on the themes arising from analysis of the data.

There were 22 CEOs present at the conference (with 4 being part of the CEOs originally interviewed). I gave a summary of the data gained and an overview of the themes emerging from the data. I spoke for half an hour. Discussion of the themes then occurred for a further half hour. The CEO hosting the conference thanked me, noting that there was general agreement between those present that the research accurately reflected the situation as the CEOs saw it.

A copy of the speech for this conference was also emailed to 4 CEOs who had participated in the original interviews and expressed interest in being kept informed of progress, but who were not able to come to the LGPro conference. Two of these CEOs responded positively to the feedback, one asking the researcher to repeat the speech to his

senior management team (this occurred on November 18th 2004) and the other commenting-

Kate - thanks for sending me a copy of your speech/report. I really enjoyed reading it and hope that your audience was appreciative when you delivered it! So much of what you've concluded resonated with me - not just in relation to my time in local government but to the not-for-profit sector generally where I now spend my working hours. I feel privileged to have been part of your research. (Received via email 3.11.04)

Appendix: B

Questions Asked of CEOs

A. *Local Government in Context*

Purpose: To find a description of the work of local government and its place in the broader political and economic context from CEOs and in their own words.

- From your point of view, what is LG all about?

- What is it about local government that has drawn you to work here? Any negatives?

B. *Management Style*

Purpose: To determine the management tools and techniques currently used in LG. To find out if CEOs see a difference between themselves and private sector managers.

- Do you follow a style or theory of management or leadership? What books or writers have you found useful in your work as a CEO? (how they are helpful? - give an example, what happened, what works? What didn't work?))

- Is working in the public sector the same or different from working in the private sector (imagine, if have no direct experience) Can you describe the differences? How do you feel about the notion of the private sector as a model of good management?

- What are the tools and techniques (skills) that get you ahead in the private sector/public sector? What personal attributes?

- Do you know someone you admire as a CEO? Tell me why.

  - Can you describe the main function of your job in one word. I am a…………for this organisation.
  - What recent events good or bad, that should be remembered as important lessons for the future? Describe what you felt and why it is important.
  - Do you think your management style is understood by senior staff/councillors/community? How do you check?

C. *What's important in this work*

Purpose: To determine and articulate the values which underpin the work of CEOs in LG.

- What makes this job worthwhile for you? What makes you excited to come to work?

- What is rewarded in this job? Are those the things that really make a good manager? (or good LG manager)

- Does this job bring up ethical dilemmas for you (often, sometimes, rarely) Can you give an example? Have you ever made a decision that you felt was a poor compromise?

- What about a frustrating situation? Can you describe a situation that should have been easily resolved, but turned out to be difficult.

  - Can you think of an image or metaphor for your local government authority.
  - (or one word, perhaps to describe it).
  - What one thing (things) do you hope to be remembered for by this organisation?
  - When you move on from this position, what skills, aptitudes and values should the organisation look for in a new CEO?

Appendix: C

Survey of Local Government CEOs in Victoria

I will be interviewing a sample of 20 local government CEOs in Victoria. I am asking each CEO who has agreed to be interviewed to fill in this short survey and have it ready for pick up on the day of interview. No identifying details will be included in the final results. I am interested to see whether CEOs have come up ' through the ranks' or are more mobile between industries. It will also help to determine if CEOs identify with a profession or see themselves as generic managers.

1. Your Age Group

☐   20-30 years

☐   31-40 years

☐   41-50 years

☐   51-60 years

☐   60+ years

2. Your Educational Background/profession   (PLEASE PRINT)

What is your highest educational qualification and when was it obtained?

…………………………………………………………………………………………

…………………………………………………………………………………………

Do you identify with a particular professional background? (name it)

…………………………………………………………………………………………

…………………………………………………………………………………………

3. Employment history

What was your job before this one?

…………………………………………………………………………………………………
…………………………………………………………………………………………………

What in your previous jobs has best equipped you for this position?

…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………

Have you worked in the private sector? (describe job role and when)

…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………

When your contract ends do you expect to be going on to another LG job? If not, where do you expect/hope to be?

…………………………………………………………………………………………………
…………………………………………………………………………………………………

4. Role of the local government CEO

What are the three most important things you do in your role as CEO?

1. …………………………………………………………………………………………
2. ………………………………………………………………………………………
3. ………………………………………………………………………………………

What are the key challenges facing LG in Victoria in the next decade?

1 …………………………………………………………………………………
2 …………………………………………………………………………………
3 …………………………………………………………………………………

I will collect this completed survey when I come to interview you.

If you have any questions, you may call me on 0411 447 714 or e-mail to kathryn.dempsey@research.vu.edu.au or I can answer your query when I come to interview you.

Thank you.

Kate Dempsey.

Appendix: D

Challenges for Local government

In addition to being interviewed, each CEO was asked to fill in a short questionnaire noting educational background, views on the role of the CEO and challenges facing local government into the future. This appendix notes all CEO comments relating to challenges for local government into the future.

- Achieving sustainable devt
- Financial viability
- Community connectedness
- Quality of elected reps
- Calibre of staff
- Adequate funding
- Financial sustainability (growing the revenue base)
- Meeting growing community expectations
- Infrastructure renewal
- Asset management
- Empowering communities
- Meeting triple bottom line dividends
- Delivering community needs in the face of growing financial pressures
- Continuously improving & being more innovative
- Rationalising/reviewing service delivery to fit within financial boundaries
- Behaving as a partner and responsible level of govt
- Developing proposal in response to cost shifting
- Metro 2030 implementation in interests of state interests
- Financial - cost shifting, asset management, grant reductions
- How to better engage with communities
- Relationships between councillors and between councillors and CEO
- Corporate governance
- Financial capacity of councils to fund increasing activities
- Structure of councils and their viability
- Relationship with state/fed govt.
- Asset management/renewal
- Addressing social & recreational needs of retired baby boomers
- Building better connected communities
- Infrastructure provision
- Regional growth & development
- Lack of financial resources
- Asset management
- Cost control

- Responding to increasing community expectations
- Funding
- Community involvement/connectedness
- IT development and use
- Maintaining the financial base/cost shifting
- Increase community's trust and confidence
- Attracting staff, especially planners
- Effective systems of corp governance in delivering democratic govt.
- Community engagement
- Effectiveness as a sphere of govt
- Maintaining confidence and respect of community
- Recruiting/retaining professional staff
- Managing infrastructure
- Ethical standards in governance
- Meeting infrastructure needs
- Managing services to an aging popn.

Top issues

1. Financial viability (including issues related to cost shifting, increasing community expectations and the aging population) which is mentioned 17 times by CEOs
2. Community involvement/connectedness (which is mentioned 7 times)
3. Asset and infrastructure management (again related to financial considerations and mentioned 6 times)
4. Corporate governance and the relationship with elected representatives was mentioned 6 times

Appendix: E

Case study research audit trail

How the case study municipality was chosen

The case study municipality has been called 'Glenview' for the purposes of preserving its anonymity. The CEO of the case study municipality was known to me before the research commenced. I have worked as a planning consultant for some 16 years and she has employed my services on a contractual basis on 4 separate occasions and for different organisations over a period of 10 years.

She agreed to write a reference for me when I applied for a scholarship to study and agreed to help in whatever way she could with my research if I were successful in gaining a scholarship to study.

Once I commenced the research study, I approached the Chairperson of the CEOs group of LGPro and asked to be a guest speaker at an LGPro breakfast meeting. I asked at this meeting for any CEOs who were interested in being interviewed for the research and also if any were interested in having me observe them at their municipality for 6 months. Many CEOs expressed interest in the research, but none offered to allow me to spend 6 months in their organisation. I therefore approached the CEO that I knew from previous work and she agreed to have me observe at her municipality.

Case study time line

Date	Event	Explanation
Friday 11th April 2003	LGPro CEOs breakfast	I was guest speaker at this meeting. I outlined my research, asked for support and collected the business cards of every CEO

		who attended and was willing to be interviewed for the research. Some 20 CEOs were present and 12 CEOs agreed to participate at that meeting.
Wednesday 7th May, 2003	Meet with Glenview CEO	The purpose of the meeting was to outline my proposal to the CEO and seek feedback and support for the proposal. This was obtained. A summary of the research was presented and consent forms sighted. The CEO agreed to take the summary to Exec for approval (see below).
Monday 16th June, 2003	Attended monthly managers meeting and lunch.	Outlined my research proposal, asked for support and gave e-mail address. CEO PA also gave my e-mail address to all managers with a copy of the summary of the research.
Tuesday 29th July, 2003	Attended the weekly Exec team meeting	
Monday 11th August, 2003	Meeting with Community Support team to observe meetings	Cancelled
Monday 18th August, 2003	Interview CEO Attended monthly managers meeting	
Wednesday 20th August, 2003	Interview Mike Finalise CEO interview	Mike is a third level manager who chairs the monthly meetings of third level managers at Glenview.
Monday 1st September, 2003	Meeting with Community Support team to observe meetings	Cancelled
Tuesday 2nd September, 2003	Executive meeting observation	
Monday 22nd	Meeting with	Bill is a second level manager

September, 2003	Community Support team to observe meetings. Interview Bill	
Monday 6th October, 2003	Meeting with Community Support team	Purpose to observe meeting and conduct focus group with staff. Cancelled
Monday 13th October, 2003	Managers meeting observation	
Monday 20th October, 2003	Observe Community Support team and focus group with staff Interview Jose	Focus group cancelled, interviewed JL instead (individually). Made appointment to interview Marie and Paula
Tuesday 28th October, 2003	Interview Marie & Paula	
Wednesday 29th October, 2003	Interview Liz	Liz is new to second level position and the organisation.
Monday 17th November, 2003	Observe Community Support team	
Thursday 27th November, 2003	Re-interview CEO	The purpose of this meeting was to check the validity of observations I had made, to see if the conclusions I drew resonated with the CEO. To ensure I was reflecting central (not peripheral) issues for the organisation.
Monday 1st December 2003	Interview Councillor	To gain the perspective of the elected representatives on the CEO which they employed and on the functioning of the organisation.
Monday 15th December 2003	Interview Marie	The purpose of this meeting was to check the validity of observations I had made, to see if the conclusions I drew resonated with a third level manager. To ensure I was reflecting central (not peripheral) issues for the organisation. I chose Marie as she is

		considered to have a good organisational overview (due to her job role).
Friday 25th June 2004	Meet with CEO	Met over lunch to follow up Glenview issues six months after observation. The purpose was to see if anything major had altered at Glenview, which would impact on the thesis. There had been no major changes, except some re-structuring at the third level, leading to non-renewal of contracts.
May 25th 2005	Draft chapter on Glenview emailed to CEO	CEO given the opportunity to comment and change text that is considered incorrect or revealing of Glenview.
30th June 2005	Comments on draft chapter received from CEO	Discussed with supervisor and incorporated most changes in second draft. CEO concerns centre on accuracy of material and loss of anonymity.
22nd July, 2005	Second draft of Glenview chapter sent by email to CEO for comment	Draft sent with tracked changes, highlighting exactly what was changed, with comments against anything that was not changed.
8th August, 2005	CEO responds to second draft	CEO replies "looks pretty good". No further changes required from CEO point of view.
22nd August, 2005	Meet with CEO	Lunch with CEO to thank her for her participation and to ensure relationships are intact following research.
28th August 2005	Emailed Marie	I asked CEO if the staff at Glenview, particularly the third level would like feedback from me on the research. CEO said to check with third level rps. Emailed Marie, she agreed to forward request.
15th November 2005	Follow up email to Marie	Final offer to give feedback to staff at Glenview

Who was interviewed and observed

Firstly the CEO was interviewed. She explained the research to the Mayor and her senior managers and ensured that they understood and felt comfortable with being part of the research.

Before fieldwork commenced, it was agreed between the CEO and researcher that it would be useful to observe both the second level of senior managers (who report directly to the CEO) and the third level. In addition, I asked to interview any individuals from across the organisation who were interested and available. This was agreed by the CEO.

How it was decided which groups to observe

I wanted to interview staff from the third level of management and those below them to gain a perspective on how the CEO is viewed 'from a distance' by those who must enact the organisational goals which are set, in large measure, by the CEO.

I asked to attend and observe at the monthly meetings of third level managers and get to know them. I then asked each of them if they were interested in being interviewed by me and if there were staff within their areas that may be interested in being interviewed.

I attended and observed at 3 of the monthly managers meetings before a change to the structure and place of the meetings occurred in early December 2003. Three of the 23 third level managers agreed to be interviewed and one manager (Marie) agreed for me to attend her team meetings and interview her staff (if they were willing).

I spent time observing and interviewing this third level manager and her staff. I attended and observed at four of these team meetings. It is of note that these meetings (held weekly on Monday mornings) were cancelled twice in the six months of my observation and a focus group meeting planned with this team was also cancelled.

In addition, I attended two meetings of the senior executive team, i.e the CEO and her four second-level directors in July and in September 2003. I also interviewed two members of this team. One was a new staff member having commenced at Glenview three months prior to interview and the other had been in the director position for 3 years.

Feedback to Glenview once research complete

Following time spent at Glenview, I approached Marie, who is a third level staff member with a good organisational overview, due to her position at Glenview. I outlined for her the themes I intended to detail in my chapter on Glenview and sought her views on these themes. She was supportive of the thrust of the work and believed I had accurately captured the key issues for staff. She could think of no other matters that were more pressing, than those I highlighted.

I met the CEO again, in mid 2004, six months after attending at Glenview to check the validity of themes and to ascertain if anything major had changed at Glenview in the intervening period. The CEO also concurred that the themes appeared reasonable to her. She noted changes were occurring at the third level of staff, with a minor re-structure and the contracts of several staff not renewed at that level.

Offers were made to feedback research results to staff at Glenview, but these offers were not taken up.

Appendix: F

Meeting with Glenview CEO Wednesday 7th May 2003

AGENDA

1. Update on CEO interviews

2. Outline and discussion of feasibility of proposed research at Glenview
   - Aim of research at Glenview
   - Confidentiality of case study
   - Start date
   - KD to attend one day a week
   - Access to personnel/documents negotiated
   - Specific events KD should attend/not attend

3. Review of ethics consent forms

4. Membership of Reference Group
   - Should BS be member
   - Suggestion for other members

5. Action/follow up

Agenda prepared by KD

6.5.03

Relevant consent forms attached

Appendix: G

Summary of research given to senior managers at Glenview.

"Values and Leadership: Approaches of Victorian Local Government Managers."

Research Project for the Degree of Doctor of Philosophy

School of Management

Victoria University

Ms. Kate Dempsey, B.A., Dip. Ed. Psych., Grad. Dip. Comm. & Info Studs.

Introducing Kate Dempsey

I am a consultant to local government and the community sector and have had my own business for 14 years. I usually help clients with determining policy directions, evaluating programs, implementing organisational/structural or management change. I won a scholarship in early 2002 to undertake a PhD full time. The topic I chose was management in local government.

What is this research about?

I am interested in local government because I have seen the complexities and difficulties of doing the job of management in this sector. Management books I've read (both academic and popular) are written from the viewpoint of a private sector worker and as if maximising efficiency and profit are the main motivators in the workplace. They tend in the main to ignore or deny the impact of personalities, values, worldview and unconscious motivations on success.

Management theories from the private sector do not take account of the engagement of local government with local communities, the ethic of service, the breadth of services provided and the political environment of local government.

With this research I hope to identify management theories and tools currently used in local government in Victoria and to explore how CEOs in particular, see themselves and their professional frameworks.

To do this I am interviewing some 20 CEOs, but I also need to see how the CEO performs in relation to his/her senior management team, staff and council. I hope the research will provide opportunities for the organisation to learn about itself - that's my commitment to the project

What methodology is being used?

Because I am trying to uncover the ethics and values embedded in leadership in local government, I am adopting a qualitative approach. In this way I hope to tease out some of the more difficult to quantify issues, such as 'how are ethics and values translated in the day to day practice of local government'. 'How does the style of the CEO impact on the way we go about things here'?

After interviewing 20 CEOs, I am then following up with an in depth look at one CEO in the day-to-day practice of being an organisational leader. Barbara has agreed to be that CEO. This means observing her actions and decisions, talking with senior managers and other staff and getting their point of view. I intend to be present at Glenview for around one day a week for a period of six months.

I am writing a qualitative thesis that will highlight the more personal attributes of leadership in local government and the day-to-day reality of working in local government. It will not be a statistical blueprint for how to work in any local government. The experiences of Glenview will not be generalised across all local government authorities.

What will happen at Glenview?

From July to December 2003, with the permission of the CEO and with your support, I will

1. Attend senior managers and executive meetings to observe
2. Operate focus groups of staff seeking their views on the values of the organisation and their experience of working in the organisation
3. Set up a small reference group of interested staff from any level as a means of giving feedback to staff who participate
4. Read and summarise key documents, both internal and external for key values statements
5. Interview the Mayor, CEO and senior staff.

What are its expected outcomes?

I hope to do three main things with my research. I want to

- Detail what is different about working in local government from the private sector
- Critique existing management theories for their limited handling of matters of ethics, service and values within organisational culture
- Describe the management style, experience and background of CEOs in local government and
- Describe the experience of working day to day in one local government.

Commitment to voluntary participation and confidentiality

I have made an agreement with the CEO for total confidentiality for the City of Glenview in its participation in this research. No one outside this building (except my supervisor) knows that the case study municipality is Glenview. I expect all present to keep this confidentiality also.

I have consent forms for all who wish to participate to sign (stating that they are participating voluntarily) and anyone who does not wish to participate does not have to and the CEO has also signed a form to the effect that no staff will be penalised in any way for declining to participate. In addition, any staff may withdraw from participating at any time.

I have developed a complaints-handling procedure and a formal grievance procedure, a privacy statement, a protocol agreement between the CEO and the University. I have all of these forms so that everyone knows that they are free to participate or not and withdraw at any time.

I want to encourage staff from all levels to speak freely about their experience of working here and to do so, they must feel their confidentiality is assured. *I take the matter of confidentiality very seriously.* No individual who speaks with me will be named or identified within the organisation or without. All information used will be of a general, illustrative nature. There may also be times, when you feel my presence is hampering your ability to move forward, in which case let me know and I will withdraw.

Appendix: H

Protocol Agreement between Case Study Municipality and Research Team

Agreement between The City of ………………..and Victoria University to Undertake Research by Case Study

This protocol is developed jointly between …………………………, Chief Executive Officer of the City of ………………..and Dr. James Doughney of Victoria University to determine how the research entitled: "Values and Leadership: Approaches of Victorian Local Government Managers' will be conducted within the offices of the City of Whitehorse.

It is agreed that the researcher (Ms. Kate Dempsey) will attend at least one day a week at the municipal offices of the City of…………………….. She will attend all senior management group meetings, meet fortnightly with the CEO, peruse and analyse all formal external documents (major decision making documents) and all major internal decision making and communication related documents and interview senior staff from time to time.

The researcher may be asked for comment on decision-making processes and on documentation and will freely give her opinion when requested for it.

1. Responsibilities Of Both Parties To The Research

The researcher will:

1. Use due care and diligence in performing the research function
2. Protect the privacy and dignity of participants
3. Disclose any potential conflict of interest
4. Perform her functions in a timely and efficient manner
5. Provide honest advice at all times
6. Inform the case study CEO of any matter which may arise in the course of the study which may change the expected outcome or direction

7. Display sensitivity to cultural diversity amongst staff
8. Explain the purpose of a particular action and its relevance to the aims of the research whenever requested
9. Not use information collected which is not germane to the aims of the research in any form
10. Release to the case study municipality CEO any information gathered on the case study municipality during the course of the research unless that information compromises the identity of another individual
11. Not provide any other services for payment to the case study organisation during the course of the case study field work

City of ....CEO will:

1. Deal honestly with the researcher at all times
2. Provide all reasonable access to staff and documentation
3. Allow reasonable access to decision making processes and meetings
4. Ensure that staff understand they are free to participate or withdraw at any time
5. Agree that any staff withdrawing or not agreeing to participate is not adversely affected by that decision
6. Agree to maintain the confidentiality of any material presented by staff to the researcher
7. Undertake to allow access to senior staff and give them the opportunity to speak to freely the researcher without repercussions

2. Collection and Collation of Information

All information collected (including the researcher's personal research diary) will be kept in a locked filing cabinet or password-protected computer. No individuals from the workplace under study will be identified, aside from in the researcher's personal diary. No individual, personal information will be published in any form whatsoever.

3. Complaints Handling Protocol

Should any individual coming into contact with the researcher in her time at the case study municipality, have a complaint about any matter, including her conduct, that person may first approach the researcher for the matter to be addressed.

If no satisfaction is gained from this discussion, the complainant may take the matter up with their immediate supervisor (or the CEO, if not a staff member) or with the Research Supervisor, Dr. James Doughney. The CEO and/or Dr. Doughney must then approach the researcher for explanation. If no resolution can be reached, a formal process can then be implemented.

4. Formal Grievance Procedure

In the event of any disagreement or dispute over any aspect of this Agreement or the conduct of either party to the Agreement, then the matter will be resolved in the following manner.

In the first instance either party can request a face-to-face meeting to be conducted between the respective superiors of the Council officer and the Researcher. If either party does not agree to meet, they will be considered in breach of this Agreement and it may be terminated.

Once the meeting date is set, a written report of the details of the disagreement should be forwarded to the other party. At the meeting, the issues will be discussed and agreement reached on a plan of action to overcome the disagreement.

Should no agreement occur at the initial meeting, either party may request a further meeting with a senior representative of Council (or the University). The same process should occur for this meeting. Either party may have an independent observer of their choice present at the meeting.

If agreement is not reached at this meeting, mediation with a professional mediator will be sought. The aggrieved party will table a list of three professional mediators and the other party will choose one mediator.

If no agreement can be reached after three meetings with the mediator, then the Agreement will be terminated.

5. Confidentiality

The researcher commits herself to total confidentiality in relation to all matters that she becomes aware of in the course of the case study. It is agreed that maintaining confidentiality is paramount and must in all cases supersede the research aims. Where

there may be conflict between potential exposure of information about the case study municipality and the aims of the research, then the matter will remain unreported. Similarly, the researcher undertakes to give a general 'snapshot' of events, progress and outcomes in the case study municipality to the critical friends group. This group will see no identifying material. The case study CEO will see all material that may go forward to this group and have the right of veto on any material. The role of critical friends reference group is to advise on the practical implementation of the developing model of CEO capacities, it will not be privy to specific information about the case study municipality.

6. Privacy

The researcher will:

- Only collect personal information that is necessary for the aims of the research
- Only use fair and lawful ways to collect personal information.
- Collect personal information directly from an individual
- Gain consent to the collection of any personal information prior to gathering it
- Ensure the participant is aware of the personal information the researcher is collecting and for what purpose
- Take reasonable steps to update information if it becomes clear it is incorrect or out of date
- Protect information from mis-use, loss or unauthorized access

7. Publication Of Research Results

All written material resulting from the research will be owned by Victoria University and it may publish any material it chooses from the research. However, the researcher undertakes to maintain case study confidentiality and to consult with the case study municipality about what will be published and provide an opportunity for input if desired.

Signed …………………………………………CEO …………… (date)

Signed ……………………………………Dr. James Doughney ………… (date)

Signed……………………………………Ms. Kate Dempsey ………… (date)

This document was signed and agreed to by all parties on 20th June 2003

Appendix: I

Questions for staff and Councillors at Glenview

Let's start with thinking about the organisation as a whole………

- How long have you worked here?
- What's the best thing about this organisation?
- If you could change one thing what would it be?
- What is valued here at Glenview?
- How do you describe Glenview? What do you call it? What is the culture here?
- Can you think of one word or image to describe Glenview?
- You probably have some interesting experiences in this job, can you tell me one of them?
- What role does the CEO play here/does she set a tone for the organisation?
- What one word sums her up - what is your experience of her/how does she seem to you?

Questions for Councillors

- What made you want to be a councillor? Why did you stand for election as a councillor?
- What do you hope to achieve in your term as mayor?
- What is the best thing about the job?

I really want to check your perspective on values in the organisation.

- What values do you feel the council holds, are they the same as the administration?
- What is the role of the CEO from council's point of view?
- Does the CEO set the tone for the culture of the orgn?
- What is the best thing about the Whitehorse council, staff and community?
- What does the community value?
- What does the community expect from council?
- Is there anything that should change?

There was a recent report by the VLGA and the MAV jointly called, "Moving On. Retiring women councillors". It made two points that are of interest to me. Can you comment on them from your point of view?

"The CEO plays a key role in creating a culture in council that is gender aware"

"The management styles of the mayor and the CEO were a key contributing factor to the type of experience women had on council."

- What elements of success for the CEO are most important in your view? What should council be measuring the CEO success/bonus on?
- Can you describe the ideal style of a CEO
- How did Greg Tiller and Barbara Schofield differ in style and approach? What do you think their values sets are?

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