

# Submission to the Independent Review of the Australian Public Service

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Research Topic: The Role of Middle Managers in Strategic Change Implementation in the Northern Territory Public Sector

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This statement serves as my submission to the Independent Review of the Australian Public Service (APS). I am making a submission on the basis of the research that I have conducted as part of a Doctor of Business Administration Course with Charles Darwin University. My research, as the title indicates, is based on exploring the role of middle managers in strategic change implementation in the Northern Territory Public Sector (NTPS). Through this research, I had the opportunity to study two different case studies of public sector reform and change implementation. Findings from my research are comparable to findings from Buick et al. (2018) and as such, give an indication of potential broader applicability across all Australian Public Sectors.

Strategic change in the public sector in Australia over the last decades, has been mainly driven by the New Public Management (NPM) paradigm (Barry et al. 2006; De Vries & Nemec 2013; Johnston 2000), as well as political priorities (Aucoin 2012). NPM is based on adopting private-sector like models and management in public administration (Butterfield et al. 2005; Fattore et al. 2012; Kellis & Ran 2015). The pressures around achieving efficiencies to reduce public sector costs have increased (Barry et al. 2006; De Vries & Nemec 2013; Fattore et al. 2012; Osborne 2006). Countries with comparable systems, such as Britain, Canada and New Zealand have also experienced a similar approach to public sector reforms with a focus on achieving smaller and less costly public sectors (Wheelan 2011).

It has been well documented that change in the public sector has a high rate of failure (Brunetto & Farr-Wharton 2005; Stummer & Zuchi 2010). Although poorly implemented, change often has long-lasting consequences. This is more often seen through policy failures, inability to implement recommendations from reviews and investigations, and feedback from employee surveys.

## **Methodology**

This study used a case study methodology with data gathered through documentary evidence, semi-structured interviews of middle managers and employee surveys. Data analysis was undertaken utilising ATLAS.ti and SPSS. However, of the quantitative data, the employee surveys, only descriptive statistics were used to justify research conclusions due to the number of participants not being sufficient for a reliable quantitative analysis.

## **Research Outcomes**

To bring my research to its most simple assessment, literature review and my findings indicate that the roles middle managers play in organisations are often undervalued and underestimated. Their potential is not fully realised in the public sector. This is particularly the case, and accentuated when implementing change. Middle managers are often removed from planning and decision making, yet play important roles around communication, engagement and negotiation in the change implementation process. In my research, I was fortunate to have two different case studies that presented contrasting evidence on middle management participation. In one case study, middle

managers were given the responsibility and ownership for implementing change and in the other, they were mostly sidelined. As expected, and in support of theoretical evidence, in the change experience where middle managers were active planners and participants of the change implementation process, the change was effectively executed (Basheer & Sulphrey 2012; Bryant & Stensaker 2011; Burke et al. 1991; Kuipers et al. 2014; Van Der Voet et al. 2015a; Van Der Voet et al. 2015b). Evidence from this case study, also suggested that effective change implementation has an ongoing positive effect on long-term change success and on future change. In contrast, in the change experience where middle managers were mostly sidelined, the change implementation was fragmented, created conflict and left several gaps in operations. An over emphasis on a top-down approach was seen as inflexible where opportunities from tailoring approaches and operational feedback were often missed.

Although there are many complexities and variables that impact the success or failure of change implementation, my research confirmed the critical role middle managers play in this process, which can be largely overlooked by senior management. The most consistent evidence produced through my research was the striking differences between the two agencies and senior management support of middle manager in the implementation of change. In the agency where middle managers were given the ownership of the process, middle managers felt empowered. They displayed initiative, took a proactive approach to problem resolution and demonstrated gradual and increased commitment to work towards a common goal. Middle managers in this agency created a culture of 'we are all in this together' through communication and engagement. They expressed that while some managers were suspicious of the change, mainly due to past change experiences, they were able to openly discussed issues and concerns which were addressed as a group. More importantly, the culture middle managers created amongst them to implement change, was translated to employees under their supervision and external stakeholders.

In contrast, the experience by the second agency studied, middle managers were not involved in the planning of the change and had little control over the implementation process. They saw themselves as recipients of the change rather than active participants in the implementation process. This was evident through their responses in the semi-structured interviews. Responses to the employee survey confirmed that employees saw the limitations their managers were facing throughout the process. A significant gap and a separation between senior and middle managers were evident, with the senior management being responsible for the change implementation process. These conditions hindered middle managers' commitment and capacity to display the transformational leadership traits that support effective change implementation (Abrell-Vogel & Rowold 2014; Hawkins & Dulewicz 2009; Kellis & Ran 2015; Liukinevičienė & Norkutė 2011; Van Der Voet et al. 2015b). Regardless of these circumstances, throughout the process middle managers attempted to contribute. It was encouraging to see their efforts albeit the limitations they faced. Where possible they assisted with information sharing, interpretation, and the framing of what was occurring. Employees surveys results showed an appreciation for what their managers were able to do in very challenging circumstances. However, their efforts were limited by the level of information available to them. In some instances, this presented a risk to their own credibility as their control only went so far, so while they were able to carry out some change implementation activities, these were disconnected from broader approaches and often lacked the necessary feedback loops needed in consultation. For example, some employees felt that they provided information and feedback to managers, but this information was not considered any further, and as such felt as if the consultation process was not genuine and decisions had been already made.

Under these circumstances, the change implementation process was fractured, lacked coordination and had little governance arrangement to monitor progress implementation. Unfortunately, the lack of participation of middle managers in the process was not replaced by any other effective

arrangement. On the contrary, other systems put in place to aid the change implementation process, demonstrated the opposite further confusing the purpose of the change and of the systems for implementation. Coincidentally, middle management also had little involvement with the established systems. As such, this agency presented an alignment with a number of critical failure factors for change studied by Decker et al. (2012). Deficiencies in project management methodology, little end-user involvement in decision-making, lack of transparency, turn-over in change leadership and a poor implementation strategy were all characteristics presented in the agency where middle managers had little involvement.

It is important to note that the NPM based reforms may not necessarily present the best conditions for change management (Omari & Paull 2015). If the principles of NPM alone are adopted, it is likely that change management, although potentially efficient, will be fractured, individualistic, and produce negative consequences to change adoption and implementation. NPM principles appear to have cemented conditions for poor change management administration and have impacted broader management arrangements in the public sector.

NPM has made middle management roles more challenging. The conditions in which middle managers operate, impact the ability of managers to manage and perform their required leadership roles. In change management, middle managers are generally limited in their capacity to contribute to and implement change in the public sector. There is a persistent separation of middle managers from critical planning and decision points (Brunetto & Farr-Wharton 2005; Conway & Monks 2011; Floyd, Steven W. & Wooldridge 1994). They often don't have sufficient information, lack time to plan and implement and feel ill-equipped to appropriately support their team through the change process (Buick et al. 2018). The role of middle managers for effective administration in areas such as change implementation, can only be realised if they are empowered to take on those roles (Conway & Monks 2011; Floyd, Steven W. & Wooldridge 1994; Raelin & Cataldo 2011). Middle managers need autonomy and to have the flexibility to make decisions in order to provide a positive contribution (Barton & Ambrosini 2013; Floyd, S. W. & Wooldridge 1997; Mantere 2005). Without ownership of the process, middle managers are limited on their capacity to display required leadership competencies. Without control, middle managers are unlikely to display the commitment energy and determination required to support strategy implementation. These conditions hinder their ability to maintain and drive a mission, empower and engage employees, freely manage resources and take risks (Hawkins & Dulewicz 2009; Van Wart 2013). It creates a conflict between what they are expected to do and what they are actually able to do (Barton & Ambrosini 2013).

Although my research had the benefit of investigating two different case studies in the implementation of strategic change, the case of agency that involved middle managers, is rare rather than the norm in the public sector. Persistent failures in change implementation and policy, as well as consistent negative employee survey results on leadership, demonstrates that a cohesive, integrated and collegial leadership group is uncommon in the public service.

The current nature of public sector administration, means that the top-down approach of management serves a political purpose. Diefenbach (2007) argues that it is based on power and control, dominance and supremacy, and strengthening individual positions and influence, even though these types of practice have persistently shown to be largely ineffective.

Through my study, I have come to the conclusion that the Public Service would benefit from identifying and establishing conditions that support and promote middle managers' leadership traits. Benefits would be further realised if middle managers are allowed to have more control and ownership of their responsibilities, and be active participants and contributors in strategy development, planning and implementation.

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