

Understanding and Managing Organisational Culture

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40

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Organisational Culture

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EXECUTIVE SUMMARY

Introduction

Organisational culture is a widely used term but one that seems to give rise to a degree of ambiguity in terms of assessing its effectiveness on change variables in an organisation. For the past number of decades, most academics and practitioners studying organisations suggest the concept of culture is the climate and practices that organisations develop around their handling of people (Schein, 2004). Watson (2006) emphasises that an important trend in managerial thinking in recent decades has been one of encouraging managers to try to create strong organisational cultures. Schein (2004) suggests that culture and leadership are conceptually intertwined. This is supported by O'Farrell (2006) in his analysis of the Australian public service, where he concludes that 'statements of values, codes of conduct, principles of public service management and so on set out in rules and regulation are simply rhetoric – or what we now call aspirational statements. Without leadership that is what they will ever be rhetoric. It is our job as administrators, managers and leaders to turn them into reality' (O'Farrell, 2006. p.8).

This study reviews evidence that shows why managing culture is important to effectively enhancing both organisation performance and, in macro terms, the public service modernisation programme. Based on the national and international literature reviewed and interviews conducted, guidance is provided in relation to more effectively managing culture, and issues to be addressed in terms of its effective engagement and use in the public service are outlined.

Why is culture an important issue for public service managers?

Why should public service managers concern themselves with culture? Will it make any difference at the end of the day to know what type of culture or subcultures exist in an organisation, what cultural traits may be desired, and so on? For managers with busy schedules, is culture something they should be concerned with?

The evidence presented here, from the literature, international studies and the Irish experience, suggests that culture is indeed something that public service managers should pay attention to. First and foremost, this is because culture affects the performance of organisations. In the private sector organisations studied – The Hong Kong and Shanghai Banking Corporation and 3M – there is a clear and explicit link between culture change and performance. But this can also be the case in the public sector, despite the absence of a ‘bottom line’. Ban’s (1995) study of the good performance of the US Environmental Protection Agency compared to other federal agencies, cited in Chapter 2, shows how culture can affect performance. The Irish cases studied, such as the Broadcasting Commission of Ireland (BCI) and the Property Registration Authority (PRA) would also suggest that attention paid to culture influences performance in a positive manner.

The evidence from this study would also suggest that it is particularly important for managers to pay attention to culture when reacting to or planning major organisational change. Culture is particularly important when an organisation is undergoing significant transformation or when introducing major reforms which require different or new cultural or value traits from those exhibited in the past.

What can managers do to influence/shape culture?

Knowing that culture is important in shaping organisational practice and performance in public sector organisations is one thing. But a subsequent issue is the extent to which managers can actually shape or influence culture. The literature on culture change explored in Chapter 2 is somewhat ambivalent on this point. On the one hand, examples can be identified where interventions can influence culture. But on the other hand, some academics warn of the danger of attempting to influence the more superficial aspects of culture such as symbols and ceremonies, while ignoring the more pervasive and deep seated aspects of culture such as values and beliefs. These more deep seated aspects of culture are much more difficult to influence.

Six key issues

Based on the academic literature in this study and the findings from the interviews, Chapter 5 sets out a framework that identifies six key issues that managers need to address in order to contribute to creating a more developmental and performance oriented culture in their organisation. These issues are as follows:

1. Creating a climate for change

In terms of creating a climate for change, culture is only effective if it is applied to the relevant area needing change or is tied to some organisational issue. Several of the organisations studied here used internal or external drivers in order to facilitate the culture shift they wanted to see achieved. For example, the UK civil service at the 'unfreezing' stage of their change programme created a climate where civil service change to a more managerial culture was seen as required in order to address long standing problems. The Department of Education and Science uses the social partnership agreements as a framework within which to promote change. BCI has used its organisational development policy as the driver for developing the organisation's culture in the desired direction.

2. Leaders as champions

Leadership is clearly important in determining the effectiveness of culture change. The leaders of organisations are 'champions' of understanding and managing culture in the organisation and of rewarding or punishing subcultures depending on whether they align or not with the corporate culture espoused by the leaders. The influence of leaders in terms of rewarding the sub-culture groups that espouse the dominant beliefs, values and underlying assumptions of the organisation cannot be underestimated. This is demonstrated, for example, in Queensland Health, 3M and the Department of Arts, Sport and Tourism where significant emphasis has been put on leadership development programmes and initiatives. The local authority examples illustrate that clear strategic leadership is necessary to ensure the consistency of organisation culture.

3. Employee engagement and empowerment

Employee engagement and empowerment is crucial to ensure that the culture is effectively managed and aligned with the cultural assumptions of the organisation as a whole. Demonstration projects in the UK civil service, which promoted the desired managerial thinking and at the same time engaged staff in the change process, were an important element in cultural change. Local partnership committees and projects in BCI and the PRA have been used to engage and empower staff, though each recognises that partnership arrangements need careful management if they are to be successful.

4. Team orientation

Team working was a common feature in most organisations studied, in terms of crossing existing barriers and as a useful means of promoting and disseminating new cultural traits. In terms of individual and organisational development, teams are seen as a way of investing in talent development. HSBC, for example, put particular emphasis on team projects rooted in the promotion of the desired core values for the organisation. The Carlow County Council case highlights a further dimension of team orientation – the benefits of developing joint team working with individuals and businesses outside the organisation to help shift the focus to the promotion of a developmental culture. Similarly, Carlow County Council, Donegal County Council and South Dublin County Council emphasise a culture of cross-agency and cross-functional collaboration and teamwork with public bodies and agencies in developing more effective provision of services at a local level.

5. Tracking cultural change

Tracking cultural change is important in terms of assessing whether the culture has become misaligned in terms of sub-group cultures' practices, or whether there are issues or challenges to be addressed which could undermine the cultural ethos and underlying assumptions of the organisation. In the US, the Organisational Culture Assessment Instrument (OCAI) has been used to good effect in some federal agencies. BCI undertook an organisational culture mapping exercise. Schein (2004) suggests that the

ten-step Culture Awareness Programme (see Appendix 1 for details) is a helpful instrument in most situations in which leaders need to manage some element of their culture.

6. Training, rewards and recognition

Training in terms of culture awareness is viewed differently in various organisations. Culture is an aspect of general management training in some organisations. In other organisations, it is deemed appropriate to learn from leaders and managers about the prevalent cultural norms and assumptions. 3M has placed as much emphasis on non-monetary rewards such as honours and recognition programmes as it has on monetary rewards. Carlow County Council, similarly, has placed significant emphasis on recognition and reward and particularly encouraging entering national recognition and reward schemes as a way of promoting a winning culture.

Concluding remarks

This study seeks to enhance understanding in relation to effectively managing culture in public sector organisations and also to provide lessons from initiatives implemented to date in both the public and private sectors. The importance of managing and manipulating culture in public sector organisations cannot be underestimated in terms of its impact on the modernisation agenda. Developing appropriate measures to address culture issues in organisations in terms of increasing organisational capability and performance are addressed in earlier chapters of this study. While the implications of such approaches are wide-ranging, fundamentally the key to effective culture management is leadership. Leadership must be committed to managing culture in terms of developing and sustaining organisational performance, while managers throughout the organisation are responsible for its effective development.

There is much that remains to be done to address the evident gap between the impact of cultural issues and the approaches adopted by managers, approaches which are quite rudimentary in many public sector organisations. The organisations cited for this study provide useful examples of how organisations can effectively manage organisation culture as an integral part of both corporate strategies and

organisational change measures to enhance performance and innovation. This study contributes to the awareness and understanding of culture management in public sector organisations. But, the challenge is to translate this understanding into practical measures in public sector organisations to further bolster modernisation and deliver the 'performance culture where indicators inform policy choices, budgetary allocations and the day to day management of operations' (Cowen, 2008).

Introduction

1.1 Background

This study examines the interaction between organisational culture and the agenda for change in the public sector. Understanding and manipulating organisational/corporate culture to engender greater organisational flexibility and productivity is of particular interest in the light of the modernisation programme within the public sector. A review of comparative international practices in both the public and private sectors is undertaken and recommendations in relation to how organisations can enhance leadership and flexibility are outlined. A complementary CPMR study by MacCarthaigh (2008) examines the development of public service values, a key component of organisational culture.

1.2 Policy context

At the inaugural Institute of Public Administration (IPA) National Conference in June 2006, the then Taoiseach, Bertie Ahern TD, reiterated the important role played by the public service in shaping our economy and society. He acknowledged the importance of the public service responding adequately to future challenges aided by three important levers: partnership, benchmarking and a whole of public service approach. He also emphasised that, 'we need to develop and support those who are in key areas of responsibility and leadership, bringing together the best of the traditions and development opportunities of all parts of the public service. One of the benefits of this approach would be to encourage greater co-operation and mobility across the different branches of the public service' (Ahern, 2006). Similarly, *Towards 2016* advocates that 'the public service must continue to modernise and at a faster rate than heretofore if it is to continue to meet the expectations and requirements of our increasingly sophisticated, complex and diverse society.

The parties reaffirm their full commitment to the further development and accelerated implementation of modernisation frameworks in each sector of the public service in order to secure the flexibility required to achieve the highest international standards' (*Towards 2016*, p.114). At the IPA National Conference in May 2008, the Taoiseach, Brian Cowen, TD, acknowledged that to achieve an 'integrated' Public Service, as advocated by the recent *OECD Review of the Irish Public Service*, requires the changed behaviour of individual public servants and public service organisations.

'We need to tackle any legal, cultural, ownership, human resource, industrial relations, risk management and ICT barriers that are preventing the demonstration of the positive attitudes and behaviours we need if we are to tackle the complex problems that the public service faces.' (Cowen, 2008). The Taoiseach describes the 'need to develop a performance culture where indicators inform policy choices, budgetary allocations and the day to day management of operations. It is in this wider context of performance management that performance indicators can serve to heighten accountability and facilitate the sort of delegation we desire.' (Cowen, 2008).

1.3 Terms of reference and study approach

The terms of reference for this study were agreed as follows:

1. A review of the concepts of organisational/corporate culture and the implications for the modernisation agenda in the public sector.
2. An examination of models and practices currently in operation in the public and private sectors both nationally and internationally. This is followed by a discussion of pertinent elements, which focus on organisation/corporate culture dynamics, innovation, governance issues, and culture/performance linkage. Examples will be derived from international practice.
3. Identifying appropriate responses that need to be developed within the public sector in order to create an awareness of organisation/corporate culture to further

shape the modernisation agenda in the public sector.

The main sources of information for this study are the national and international literature on organisational/corporate culture and the issue of managing culture, and a small number of semi-structured interviews with key informants in a cross-section of public organisations. Good practice examples of managing organisation/corporate culture in terms of implementing change and flexibility are examined in a number of case studies chosen from departments, agencies and local government.

1.4 Report structure

Following this introductory chapter, the structure of the report is as follows:

Chapter Two focuses on the literature on organisational culture. It seeks to develop a comprehensive understanding of organisational culture and its benefits, in particular the importance of developing culture to augment change in an organisation.

Chapter Three focuses on how organisational culture is managed and on models and practices currently in operation in the public and private sectors internationally. It reviews issues in relation to implementation of a culture framework and explains dynamics that can be used to manipulate culture to accentuate change. This is followed by a discussion of pertinent elements, which focus on organisation/corporate culture dynamics, innovation, governance issues, and culture/performance linkage.

Chapter Four provides findings from case study organisations and key informants in the Irish public service on the impact of organisational culture on change programmes in their organisations.

Finally, *Chapter Five* develops conclusions and recommendations, in particular identifying appropriate responses that need to be developed within the public sector in order to create an awareness of organisation/corporate culture to further shape the modernisation agenda in the public sector.

Organisational culture: lessons from the literature

2.1 Introduction

The purpose of this chapter, based on an extensive review of the literature, is to explain what is meant by organisational culture and why it matters. This is followed by consideration of some of the benefits and challenges with respect to its orchestration in organisations. Finally, considerations in relation to the creation and maintenance of an apposite culture in a public sector context are raised.

2.2 What is organisational culture?

Organisational culture is a widely used term but one that seems to give rise to a degree of ambiguity. Watson (2006) emphasises that the concept of culture originally derived from a metaphor of the organisation as 'something cultivated'. For the past number of decades, most academics and practitioners studying organisations suggest the concept of culture is the climate and practices that organisations develop around their handling of people, or to the promoted values and statement of beliefs of an organisation (Schein, 2004). Schein (2004) highlights that 'the only thing of real importance that leaders do is to create and manage culture; that the unique talent of leaders is their ability to understand and work with culture; and that it is an ultimate act of leadership to destroy culture when it is viewed as dysfunctional' (p.11).

Culture therefore gives organisations a sense of identity and determines, through the organisation's legends, rituals, beliefs, meanings, values, norms and language, the way in which 'things are done around here'. An organisations' culture encapsulates what it has been good at and what has worked in the past. These practices can often be accepted without question by long-serving members of an

organisation. One of the first things a new employee learns is some of the organisation's legends. Legends can stay with an organisation and become part of the established way of doing things. Over time the organisation will develop 'norms' i.e. established (normal) expected behaviour patterns within the organisation. A norm is defined as an established behaviour pattern that is part of a culture.

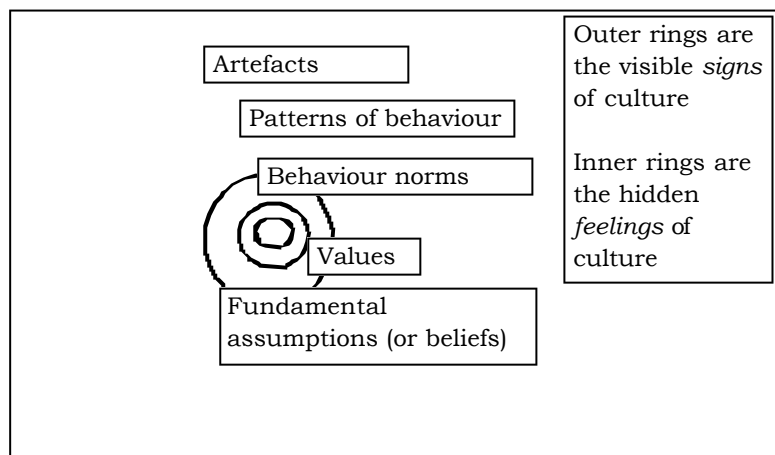
Schein (2004) emphasises that 'perhaps the most intriguing aspect of culture as a concept is that it points us to phenomena that are below the surface, that are powerful in their impact but invisible and to a considerable degree unconscious' (p.8). Schein uses an analogy that culture is to a group what personality or character is to an individual. 'We can see the behaviour that results, but often we cannot see the forces underneath that cause certain kinds of behaviour. Yet, just as our personality and character guide and constrain our behaviour, so does culture guide and constrain the behaviour of members of a group through the shared norms that are held in that group' (p.8).

Schein (1990) emphasises that there are visible and invisible levels of corporate culture (the 'culture iceberg' analogy – the visible levels (surface manifestations) of the 'culture iceberg' incorporate observable symbols, ceremonies, stories, slogans, behaviours, dress and physical settings. The invisible levels of the 'culture iceberg' include underlying values, assumptions, beliefs, attitudes and feelings. Often, change strategies focus on the visible levels.

Deal and Kennedy (1982) emphasise the more visible levels of culture (heroes, rites, rituals, legends and ceremonies) because it is these attributes they believe shape behaviour. But it is the invisible levels that may be of more interest to public sector organisations in terms of their influence in progressing or impeding organisational change. Rousseau (1990) in his critique of researchers who concentrate on one or a few attributes, proposes a multi-layered model which he structured as a ring (see Figure 2.1). Rousseau's rings are 'organised from readily accessible

(outer layers) to difficult to access (inner layers)'. Rousseau's model appears to capture all the key elements of culture: 'a continuum from unconscious to conscious, from interpretative to behaviour, from inaccessible to accessible' (Rousseau 1990, p.158).

Figure 2.1 Layers of Culture



Source: Rousseau (1990) Cited in Cooper (1994),

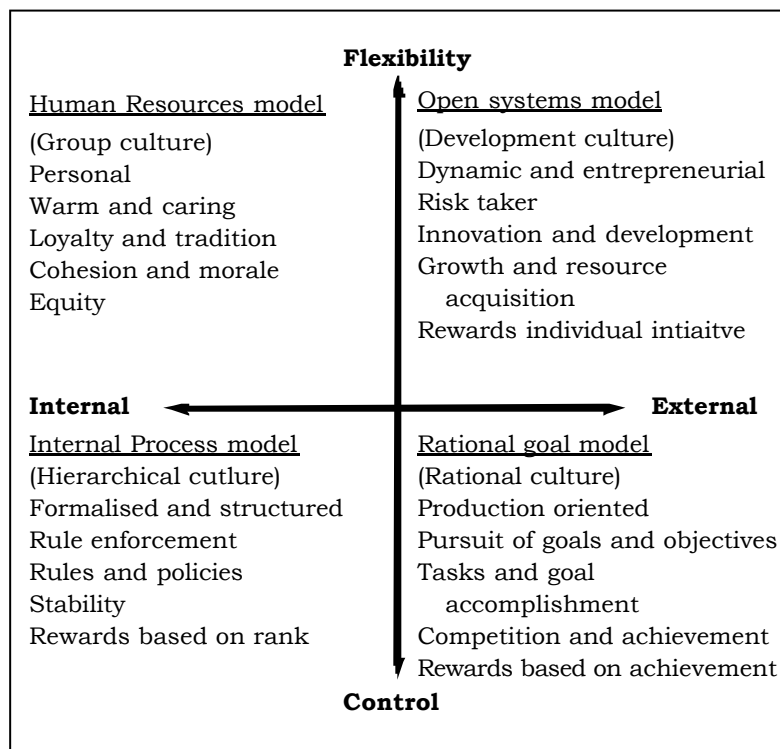
Organisational culture, then, is made up of more 'superficial' aspects such as patterns of behaviour and observable symbols and ceremonies, and more deep seated and underlying values, assumptions and beliefs. Some proponents argue that organisational culture can be changed by focusing on the more visible aspects such as rites and rituals, as these help shape behaviour. However, others argue that this is a misunderstanding of culture and that the 'deeper' aspects of culture such as beliefs and feelings must be taken into account when considering organisational culture and potential changes to culture.

2.3 Types of organisational culture

It is important to note that there is not just one organisational culture. It is widely recognised by the academic literature that different organisations have

distinctive cultures. Also, there may be more than one culture within organisations. One classification of culture types is proposed in Bradley and Parker's (2006) Competing Values Framework (CVF), based on work by Quinn and Rohrbaugh (1983) (see Figure 2.2).

Figure 2.2 The Competing Values Framework of Organisational Culture



Source: cited in Bradley and Parker(2001) and adapted from Zammuto and Krakower (1991)

The CVF has been used in a number of studies to investigate organisational culture (e.g. Harris and

Mossholder, 1996). The CVF examines the competing demands within organisations between their internal and external environments on the one hand and between control and flexibility on the other (Bradley and Parker, 2001). These conflicting demands constitute the two axes of the competing values model. Organisations with an internal focus emphasise integration, information management and communication, whereas organisations with an external focus emphasise growth, resource acquisition and interaction with the external environment. On the second dimension of conflicting demands, organisations with a focus on control emphasise stability and cohesion while organisations with a focus on flexibility emphasise adaptability and spontaneity. Combined, these two dimensions of competing values map out four major 'types' of organisational culture revealed in theoretical analyses of organisations (Zammuto, Gifford and Goodman, 1999):

- The internal process model involves a control/internal focus in which information management and communication are utilised in order to achieve stability and control. This model has also been referred to as a 'hierarchical culture' because it involves the enforcement of rules, conformity, and attention to technical matters (Denison and Spreitzer, 1991). The internal process model most clearly reflects the traditional theoretical model of bureaucracy and public administration that relies on formal rules and procedures as control mechanisms (Weber, 1948; Zammuto, Gifford and Goodman, 1999) Bradley and Parker, 2001, 2006).
- The open systems model involves a flexibility/external focus in which readiness and adaptability are utilised in order to achieve growth, resource acquisition and external support. This model has also been referred to as a 'developmental culture' because it is associated with innovative leaders with vision who also maintain a focus on the external environment (Denison and Spreitzer, 1991). These organisations are dynamic and entrepre-

neurial, their leaders are risk-takers, and organisational rewards are linked to individual initiative (Bradley and Parker, 2001, 2006).

- The human relations model involves a flexibility/internal focus in which training and the broader development of human resources are utilised to achieve cohesion and employee morale. This model of organisational culture has also been referred to as 'group culture' because it is associated with trust and participation through teamwork. Managers in organisations of this type seek to encourage and mentor employees (Bradley and Parker, 2001, 2006).
- The rational goal model involves a control/external focus in which planning and goal setting are utilised to achieve productivity and efficiency. This model of organisational culture is referred to as a rational culture because of its emphasis on outcomes and goal fulfilment (Denison and Spreitzer, 1991). Organisations of this type are production oriented, and managers organise employees in the pursuit of designated goals and objectives, and rewards are linked to outcomes (Bradley and Parker, 2001, 2006).

The importance of this academic understanding of types of culture is not that the types exist in any pure form in organisations. It is possible for organisations to display several cultural types. Rather, it is that such typologies help in our understanding of predominant cultures and thinking as to what re-balancing is needed if culture is to be shifted to support new practices and values.

2.4 Why is culture important?

Some researchers' findings show that certain kinds of cultures correlate with economic performance (Denison, 1990; Kotter and Heskett, 1992; Sorensen, 2002). Boyne (2003) suggests a link between organisational culture change and public service improvement. Similarly, Ban (1995) in a study of the US Environmental Protection

Agency, found that the agency was more adept than other federal agencies in mitigating the effects of centralised federal human resource policy constraints. This was linked to the agency's status as an adhocracy with an open culture, focusing on change and flexibility, and characterised by creative problem solving and risk taking.

Understanding of organisational culture and cultural types also helps our understanding of why managerial reforms may impact differently within and between organisations. An organisation with a predominantly internal process culture, for example, may be more resistant to reforms aimed at promoting innovation. Pollitt and Bouckaert (2004, p.55) note: 'We would also expect staff in high uncertainty avoidance cultures to be more concerned with rule-following and more reluctant to risk changing jobs – both factors of some importance for those reformers who want to deregulate bureaucracies and encourage more rapid job change in the public service'. Practitioners in both the private and public sectors have come to realise that organisational change often requires changing the organisation's culture and learning. For example, in terms of improving career progression arrangements in the civil service, O'Riordan and Humphreys (2002) suggest a need for a change in organisational culture in many areas of a department (p.83). In particular, O'Riordan (2004) says that 'developing a culture in which career progression and development of staff is prioritised represents an important retention and motivation tool' (p.77).

Zalami (2005) notes that culture can either facilitate or inhibit institutional transformation depending on whether or not the existing culture is aligned with the goals of the proposed change. This is also noted by O'Donnell (2006) in terms of culture facilitating innovative initiatives in the public sector and providing a supportive environment for developing 'enterprising leaders' (p.98). The issue of culture emerged as a recurring theme throughout the CPMR study on Innovation in the Irish Public Sector and suggests that

‘management attitudes to risk management and tolerance towards failure merit further research in terms of their impact on developing an entrepreneurial culture in the public sector’ (p.96).

The academic literature suggests that traditional organisational cultures in the public sector are likely to impede public service modernisation unless they themselves are changed to become aligned with the modern role of government as an engine of economic growth (private sector development, ownership of state enterprises). Zalami (2005), as summarised in Table 2.1, notes that change proponents have identified attributes of public sector culture focused on its authorities and controls, rules-driven, bureaucratic nature, inefficient use of resources, unaccountable for results, and suggests a new paradigm more responsive to citizen needs.

Table 2.1 Paradigms

Old Paradigm	New Paradigm
Government is the source of authority and control	Government provides services and solutions to common problems
Government is rules-driven and resistant to changes	Government is results-oriented and changes to meet new needs
Public servants are focused on themselves and their situations	Public servants are focused on meeting the needs of the citizens

Source: Zalami, 2005

Du Gay (2000) argues that undermining the bureaucratic ethos is an avowed intention of contemporary reformers, but their understanding of ‘bureaucracy’ and their conception of ‘efficiency’ he feels leaves a lot to be desired (Osborne and Gaebler, 1992; Peters, 1987). He suggests that rather than referring to a form of organisation exhibiting many if not most of the characteristics of Max

Weber's(1978,II,pp.978ff) classic 'bureau', contemporary reformers use 'bureaucracy' as a composite term for the defects (waste, inertia, excessive red tape) of large organisations. They advocate its replacement by more efficient, business-like methods.

Overall, DuGay (2000) feels that it is both misguided and remarkably premature to announce the death of the cultural ethos of bureaucratic office. 'Many of its key features as they came into existence a century or so ago remain as or more essential to the provision of good government today as they did then – as a number of recent well-publicised cases of improper conduct in government, at both national and supranational level, indicate all too clearly. These features include the possession of enough skill, status and independence to offer frank and fearless advice about the formulation and implementation of distinctive public purposes and to try to achieve purposes impartially, responsibly and with energy if not enthusiasm. Representative democracy still needs the bureaucratic ethos' (p.146).

But Litton (2006) notes that the simple structure form favoured by bureaucracies can lead to cultural traits that limit performance. He finds that the modus operandi of government departments 'bears a striking resemblance to the organisational structure identified by Mintzberg (1979) as the 'simple' or 'entrepreneurial' form' (p.195) and these structures depend on direct supervision as a device to co-ordinate its division of labour. Litton (2006) explains that it is the 'boss' who deals with the environment and assigns tasks according to the products identified by him or her that will satisfy the customer, and who with the support of one or two trusted middle managers or supervisors, oversees their execution. He explains further that the culture that sustains this form is similar to that which Basil Chubb (1970) used to describe Irish political culture: authoritarian, anti-intellectual and personalist. 'The culture is authoritarian because the boss alone has the command of the big picture that combines both internal

and external environments. The boss's role is to handle the uncertainties that attend any organising endeavour. Questioning by staff is one source of uncertainty that can be ruled out by fiat and so it is. The culture is anti-intellectual because to admit the relevance of new understandings is to greatly increase that complexity the boss must handle. The danger of cognitive overload and the suspicion that the increase in acknowledged complexity would not bring commensurate rewards is enough to discourage open ended analysis' (pp.195-196, Litton,2006). He also describes the culture as personalist 'because numbers are small, and in the absence of detailed job descriptions workers interact as individuals, not roles' (p.196, Litton, 2006).

Culture is, therefore, a key battleground in the context of management reform in the public service. Simplistic approaches suggest that the old bureaucratic culture of the public service must be dismantled and replaced by a more private sector like entrepreneurial culture. But the reality is, as suggested here, that such simplistic approaches will not work. A fuller understanding of culture and the reasons for particular organisational cultures in the public service is central to successful management reform.

2.5 Issues in managing culture

If culture is important, is it possible to manage culture change? Culture change involves moving an organisation on from one form of culture to another, often through a culture change programme. Managing this cultural change programme requires that attention be paid to a range of issues. Pettigrew et al., (2003, 2000, 1992, 1983) suggest a number of key factors:

- creating a receptive climate for change
- top leadership drive – coherent and cohesive
- requiring an articulate and precise vision from the top
- discrepant action to increase tension
- use of deviants and heretics

- new avenues for articulating problems
- reinforcing structural change and rewards
- use of role models
- deep socialisation, training and development
- new communication mechanisms to transmit new values and beliefs
- integrated selection criteria and removal of deviants
- luck, persistence and patience.

Hatch (1997), however, suggests that it is important to manage with cultural awareness rather than to directly manage the culture. Legge (1995) has used a metaphor of 'riding a wave' to explain managing culture (cited in Morgan, 1988). 'The best the surf-rider can do is to understand the pattern of currents and winds that shape and direct the waves. He/She may then use them to stay afloat and steer in the desired path. But this is not the same as changing the basic rhythms of the ocean' (Legge, 1995, p.207).

There are, therefore, competing views in the literature as to the degree to which it is possible to manage culture. Some argue that culture can be directed and controlled, particularly by influential leaders. Others argue that directive, top down change is unlikely to be successful in the long run, and that managing culture is either not possible, or only possible if the complexity of reality is understood and change is progressed in a consensual and longer-term manner.

2.6 Conclusion

Organisational culture is an important concept and a pervasive one in terms of its impact on organisational change programmes. The literature suggests an ambiguity in terms of the link with organisational performance as strong cultures have been shown to hinder performance (unadaptive) and there is also a problem of isolating the impact of corporate culture on performance. The problems associated with the culture/performance linkage include

validation concerns in terms of measurement, as the effect of a particular cultural variable may not affect all performance-related organisational processes in the same way. Researchers also view it as a socially constructed norm and not just a managerial control strategy – ‘caught not taught’. Hatch (1997) suggests that organisations should aim to manage with cultural awareness and not merely manage the culture.

International public and private sector examples of culture management

3.1 Introduction

The terms of reference for this study suggest that a useful means of reviewing the successful management of culture in organisations would be an examination of models and practices currently in operation in the public and private sectors both nationally and internationally. The choice of comparators in the private sector required careful consideration. The organisations chosen have successfully adapted their organisational cultures to meet the needs of their dynamic environments. The two organisations chosen were HSBC and 3M. Both are large complex organisations that are actively engaged in ongoing culture change programmes. The second aim of this chapter is to review experiences in relation to organisational culture in public service organisations internationally. Developments in Australia, Canada, and the United Kingdom are outlined.

3.2 Australia: culture change in the Queensland public sector

In the context of the implementation of new public management prescriptions in the Australian public sector, Bradley and Parker (2006) examined the likelihood that public sector managers would prefer an organisational culture that would reflect the culture of private sector organisations, with an external rather than internal orientation. The research involved managers in the public sector in the Australian state of Queensland. The public sector in Australia has undergone a major process of restructuring over the last twenty years due to a number of factors, including the overall broad process of public sector reform in Australia, and a major change of government in Queensland in 1989, from thirty-two years of conservative

party rule to the election of the Australian Labour Party (ALP). The ALP advocated reforming the public sector so that it was more responsive to political direction and more in tune with contemporary thinking regarding public sector management. In the 1990s, the Queensland government sought to introduce changes that had already been achieved at the federal level. This included program budgeting, an enhanced focus on outputs rather than inputs, increased authority for line managers and the introduction of commercial principles in service delivery (Hede, 1993). Managers were encouraged to seek to drive organisational change towards the model of excellence (Queensland Treasury, 1994, 1997) similar to that of successful private sector organisations' (Bradley and Parker, 2006).

A focus of Bradley and Parker's research included examining both the extent to which managers' views on culture reflect the principles of the new public management and the desires of lower level employees, and how they fit within the new public sector management context. Their research investigated the idea that managers' perceptions of ideal organisational culture would be different to the bureaucratic model of culture (internally oriented), which has traditionally been associated with public sector organisations. Responses to a competing values culture inventory were received from 925 public sector employees. Results indicated that the bureaucratic model is still pervasive; however, managers prefer a culture that is more external, and less control focussed, as expected. Lower level employees expressed a desire for a culture that emphasised human relations values. (Bradley and Parker, 2006) This study reiterated findings arrived at by Bradley and Parker in 2001, which found that Queensland public sector agencies have a predominant culture that reflects a focus on rules and regulations, with little flexibility.

O'Farrell (2006) notes that Bradley and Parker (2001) placed a considerable emphasis on: the role of leaders in influencing culture in terms of how they react to crises;

what the leaders pay attention to; how resources are allocated; and also that the criteria by which people are selected, promoted and assessed may have a significant influence on culture. O'Farrell (2006) reiterates that the change recommended by the researchers to move toward practices which are more flexible and less rule bound is a 'huge challenge of building and indeed shifting a culture in a large bureaucratic structure like the Queensland public service. We're talking close to 165,000 full time employees in the QPS and in Queensland Health alone, around 44,000 people. Nor should we underestimate the challenge of being a leader in the Queensland public service, or any other public service for that matter' (O'Farrell, 2006, p.7). O'Farrell (2006) recommends that leaders in the public sector should contemplate two questions. What are the words your staff would use to describe the culture in the organisation or team you are responsible for? Do you think the description is consistent with your own diagnosis?

He concludes that 'statements of values, codes of conduct, principles of public service management and so on set out in rules and regulation are simply rhetoric – or what we now call aspirational statements. Without leadership that is what they will ever be rhetoric. It is our job as administrators, managers and leaders to turn them into reality' (O'Farrell, 2006. p.8).

O'Farrell (2006) describes a review conducted by Forster of the health system in Queensland as a good example of an organisational culture change programme and its wider implications for the whole of the Queensland public service. A commitment had been given by Queensland public servants that 'Queensland Health staff generally are a dedicated, professional and committed workforce, with a strong ethos to do the best for patients and consumers'. In his review, Forster highlighted a number of negative features of the organisation's culture, which he claimed would 'severely impede its ability to deliver the best possible standard of service to patients and consumers'. These negative aspects included dysfunctional behaviours such as

bullying, intimidation and a reluctance to share information, and professional 'silos' which reflect traditional occupational groupings. Budgetary and workload pressures have worsened these 'tribal' behaviours and contributed to a less than satisfactory workplace environment'. Forster advocated a vision for a culture in the Queensland Health service where: 'patient centric services and community engagement are pre-eminent values; individuals are well informed about the scope and access to services and options to enhance their own care; leaders are empowered and demonstrate positive behaviours which support and value the contribution of staff; staff are confident in their leaders and their employer and have pride in the services they deliver and all people in the organisations treat each other with respect'. Forster worked to develop this culture by charging 'a new and reformed leadership' with the responsibility to deliver these changes with 'a significant focus on teamwork and reform activity, a shift from centralised decision-making to clinician led decision-making and more money to relieve work pressure and allow training and team development'. O'Farrell (2006) summarises the progress achieved in terms of developing this organisational culture: Queensland Health earmarked \$56.4 billion in extra funding through the health action plan over five years; the department is operating under a new streamlined structure; a new code of conduct is operational; \$3 million is being invested over two years to improve workplace culture and eliminate bullying through a new workplace and leadership centre; a new leadership development programme commenced in May 2006 for the top 300 senior staff to develop and improve their management skills to help repair the department's damaged culture; a new regular staff survey will monitor feedback on workplace issues and a new independent health quality and complaints commission is to be established (O'Farrell, 2006).

3.3 Canada

Some commentators have argued that the Canadian model of public administration is quite distinctive compared with countries such as Australia, Britain, New Zealand and the United States. There is greater emphasis placed on values and behaviours following the need to build public trust and confidence after a number of corruption scandals. A number of reports and initiatives were implemented to reinforce the importance of values and ethics in public administration, including, *A Strong Foundation. Report of the task force on Public Service Values and Ethics* (2001), *Case study Report 1* (2000) and *2* (2001), *A Critical Moment: Capturing and Conveying the Evolution of the Canadian Public Service* (2006), *A Canadian model of Public Administration* (2004), and *Results for Canadians: A Management Framework for the Government of Canada* (2002). Similarly, the research report by Crookall and Schachter (2004) entitled *Changing Management Culture Report* (2004) set out guidance for organisations in managing culture in the public service and outlined the common requirements for achieving a change in culture, including, strong leadership, a vision, and a change team or guiding coalition charged with implementation, perseverance and commitment to follow through, understanding of the current culture, where resistance will come from and the courage to tackle resistance head-on (Crookall and Schachter ,2004).

Along with the need to defend institutional integrity to external audiences, Selznick (1957) observed that leaders must promote dynamic adaptation, foster new organisational competence, and cultivate an evolving sense of mission through 'critical decisions' that alter institutional character in the longer term. Otherwise, insitutions move out of synch with their external and internal environments.(CSPS, 2006). Selznick's observations were incorporated in the 'model' of the Canadian public service. The Canadian model identifies critical functions of a well-performing public service institution. In this context, the

term 'well-performing' refers 'to an institution's ability to anticipate and respond to challenges, modify key functions, deal with key constituencies, recruit and deploy talent, coordinate and align effort, and learn from experience inside and outside the institution as a basis for reforming itself. Every public service institution has different traditions, approaches, and capabilities in each function, and different balances and trade-offs among those functions. This model moves beyond articulating desirable values to discerning which functions, processes and conditions can achieve them' (CSPS, 2006).

Lindquist (CSPS, 2006) notes that 'leading a national public service encompasses a diverse complex of organizations, each possessing unique goals, tasks, experiences, competencies, and challenges. But public service institutions still must develop common norms if they are to become more than the sum of their parts, collectively interacting to serve governments and citizens in a broader, complex, and political environment'. He suggests that 'the complexity of the public service's mission increases the demands on institutional leaders seeking to foster a common identity, coordination, corporate initiatives, and higher values'. Selznick(1957) stresses that 'all institutions inevitably encounter difficult, often character-defining, moments. Adroit leadership will take advantage of such moments to assess risks, reconcile and perhaps instil new values, and move the institution in new strategic directions'. Lindquist emphasises that such leadership should be pivotal in developing the organisation's norms, cultivating a sense of mission, representing the institution to internal and external audiences, and defending its integrity to key stakeholders. (CSPS, 2006)

3.4 United Kingdom

The example of culture change in the UK comes from some time back, from the changes in civil service culture that took place in the 1980s. The election of the Thatcher

government in the UK led to a radical attempt to shift what was perceived as an inward looking and inefficient administrative culture in the civil service to a managerial culture with an increased emphasis on efficiency. Richards (1988) describes this culture change initiative by adapting Lewin's classic unfreeze-change-freeze organisational change model (Lewin, 1951). She outlined a four stage process:

Stage 1. Unfreeze/destroy the old culture/undermine the paradigm

There was a significant degree of hostility in the new government to the civil service. It is characterised by the statement of one ministerial adviser when asked about morale in the civil service who replied that there was a problem with morale, it wasn't low enough yet. Deliberate attempts were made to make it clear that the traditional way of doing things was no longer acceptable. Initiatives were taken to de-privilege the civil service, and staffing cuts introduced.

Stage 2. Introduce new ideas about how things ought to be done

Public choice theory was influential at the early stages in introducing a new theoretical justification for changes in how the civil service should be organised and run (Boyle, 1997). A more market-oriented and managerial approach was promoted. At the same time, the Rayner scrutinies were introduced in government departments. Lord Rayner was appointed from the private sector to introduce efficiency changes. But he chose to work with the grain of the civil service rather than take an antagonistic line. Small demonstration projects were used to illustrate the need for change. Ownership was vested in departments rather than the centre. A small group of high flyers was identified to undertake the projects and to become the top managers of the next generation, with a new approach and mind set. It became widely recognised that the system had been under-

managed and that management improvements could be made.

Stage 3. Systematically apply the new ideas/establish the new paradigm

This stage covers the implementation of the new model, forming the basis of the new culture. As Richards (1988) notes 'Accountable management, as expressed in the Financial Management Initiative, provides the new model of organisational life for the new culture'.

Stage 4. Re-freeze the new culture

This is where the new culture becomes a normal part of the pattern of working life. The second term of the Thatcher government is associated with this re-freezing, with less new initiatives being brought in, and a bedding down of the new traits and practices. At the same time, there was some change on the part of ministers as they became to value more the traditional skills of civil servants. So the culture change was a two-way process.

3.5 USA

In order to diagnose organisational culture, the Organisational Culture Assessment Instrument (OCAI) is often used by organisations. The instrument is in the form of a questionnaire that requires individuals to respond to several dimensions. Steps for designing an organisational culture change process are: (1) diagnosis and consensus for the present, (2) diagnosis and consensus for the future, (3) what it means, (4) illustrative stories, (5) strategic action steps, and (6) an implementation plan (Cameron and Quinn, 1999, pp.77-89). The purpose of organisational culture assessment is to help ensure that the organisation is clear from the outset about its current culture, why it needs to change, and where it needs to go (OECD,2002).

The US Office of Personnel Management (OPM) utilises the Organisational Assessment Survey (OAS) as an Organisational Culture Assessment Instrument (OCAI) designed to assess

organisational culture/climate processes that are related to organisational effectiveness (<http://www.opm.gov>). The survey assesses several dimensions that organisational theory, research, and practice indicate are related to organisational effectiveness. This assessment process is important to any organisation that is striving to improve outcomes, such as financial performance and customer satisfaction. OPM has worked with many organisations in various phases of organisational assessment and change management. Agencies that have taken the OAS become part of a learning network of public sector organisations known as Performance America. The survey has been used to assess performance, benchmark best practices, make changes, and evaluate success of agencies (OECD, 2002).

3.6 Hong Kong and Shanghai Banking Corporation

The Hong Kong and Shanghai Banking Corporation (HSBC) was established in 1865 to finance the increasing trade between China and Europe. The HSBC is the second largest financial institution in the world and is headquartered in London. The Bank's international network comprises approximately 10,000 offices in seventy-seven countries. In the late 1990s to ensure HSBC remained in the league of top ten banks in the world by market capitalisation, the Bank introduced a five year strategy, *Managing for Value*.

To help operationalise the strategy, a bank-wide strategic culture change programme called *Together, We Win!* (TWW!) was introduced over the period 2000-2001 for HSBC Holdings Hong Kong plus five subsidiary companies. The core purpose of the culture change programme was 'to work together to embrace change and allow HSBC continuing success in the twenty-first century'. The strategic goals of the programme were to heighten levels of customer satisfaction, to build shareholder value and to improve staff satisfaction. Six core values were identified for the programme: 1. Achieve More! 2. Embrace Change! 3. Delight Customers! 4. Take Personal Responsibility! 5. Continuously Learn! 6. Continuously Improve!

A steering committee was formed to provide strategic direction. This committee comprised the head of personal financial services, head of corporate and institutional banking, head of human resources and the head of training. A programme manager reported to the steering committee and received direction from the chair. A dedicated programme team supported the programme manager, and the programme had a budget and other resources assigned to it. The steering committee met as a group every six weeks during the duration of the programme.

The programme was divided into two phases (see Figure 3.3). Phase one comprised a centralised one day event. Over 15,000 staff from HSBC Holdings Hong Kong plus five subsidiary companies attended the one-day event, 120 participants each day between November 2000 and July 2001. In the morning, cross functional teams at the event explored the six core values and their implications. These teams each had facilitators specifically recruited and trained from line staff. Facilitators were recruited to provide the workforce with positive role models from their own work environment and to create a group of 'champions' who would bring the programme back to the workplace upon completion of their event duties. These facilitators knew the business intimately compared to external trainers and had a lot of credibility in terms of the internal customers.

Each afternoon, a member of the top management team took central stage in the Event Hall to discuss current business issues, reinforce the core values in their presentation and answer a Q &A session. At the end of each day the event was reviewed by the core team members and event facilitators. This provided customer feedback and the programme was modified where appropriate to demonstrate customer-centricity and continuous improvement.

Phase two involved transferring the learning event to the multi-faceted local workplace of over 15,000 staff by providing customised learning tools to help staff embrace change in their local workplace. The programme was

Figure 3.3 TWW! Projects and Activities Map and Core Programme Design

Core Programme	Phase 1: A Centralised Event Cross-functional teams explored 6 core values during a one-day event, covering the first 3 steps of the experiential learning cycle ('do', 'reflect' and 'connect')	Phase 2: Workplace Localised Local teams action-planned on 6 core values in their own workplace, covering the last step of the experiential learning cycle ("apply") Module 1: Teamwork (3 months) Module 2: Embrace Change (3 months) Module 3: Delight Customers (3 months) Module 4: Take Personal Responsibility (2 months) Module 5: Continuous Learning (3 months) Module 6: Continuous Improvement (4 months)
Learning and Development Centred	Experiential Learning Activities Live Q&A with Top Management	Self-Directed Learning Interdependent Team Learning
Structured Support Activities and Projects	Event Hall Development Steering Committee Meetings Materials Design and Development Facilitator Recruitment and Training Pilot Run Management Event Management Stakeholder Management Communications	Workforce Alignment Steering Committee Meetings Advisory Committee Meetings Materials Design and Delivery Materials Distribution Pilot Teams Management Event Management Stakeholder Management Communications
Culture Embedding Mechanisms	Leadership Focus Allocation of Resources Rites and Rituals Formal Statements and Values	Role-modelling, Teaching and Coaching Rewards and Status Recruit, Select and Promote Organisational Systems and Procedures

Source: O'Donovan, 2006 (p.11 & 13)

implemented in the workplace during normal work duties. Teams would apply the programme core values with support and reinforcement from their team leaders and identified line champions. Senior management across the business identified 1,400 line managers as team leaders

and almost half of these were non-executives. Over 13,000 staff who reported into these line managers became programme team members. Every department head was responsible for taking ownership to drive the programme in their area of the business, forty TWW! champions were recruited by department heads to help them drive the programme in their part of the business and 290 line materials co-ordinators were recruited for materials distribution. Phase two of the programme involved a combination of self-directed learning and interdependent team learning. A TWW! booklet was produced and circulated to every staff member. The booklet explained the linkage between the TWW! core values and HSBC group's strategic imperatives and articulated to staff how each individual could contribute to the group strategy in their own roles. To support the learning process, all staff received packages of learning resources (module focus materials, team leader guides, inspirational books on specific core values, small gifts such as key rings, calendars, computer mats etc).

Six modules were based around the core values outlined in phase one and these modules were delivered by team leaders with a focus on the actions teams needed to take for their internal and external customers. Each of the six modules focused on a particular value and consisted of three key activities (an introductory activity, our team score, team action planning and team self-assessment). A total of 1,400 teams across the HSBC completed 100,800 action plans over the course of phase two.

During phase two a number of issues were dealt with by the programme:

- Many staff wanted another fun event away from the office and it was a challenge to integrate programme learning and action-planning into the busy work environment.
- All line-managers were updated on and given support and coaching (where necessary) in leadership workshops in terms of facilitating team activities.

- To overcome the excuse for not embracing change by claiming one is too busy, stakeholder management and communications played a crucial role in securing buy-in from staff.
- As this was the first culture change programme in the history of the HSBC, insiders who had not experienced a culture change initiative with previous employers had no benchmark to refer to.
- The Head of Training retired in 2001, and over the lifetime of the programme three individuals were in the post. None were training and development professionals and this led to lack of continuity and expertise which created additional challenges with handover periods.

O'Donovan(2006) outlines the key features of the TWW! programme as follows:

- It aligned the internal social environment with the fast-paced external environment using strategy to underpin a service culture.
- It gave over 15,000 staff a strong, ingrained sense of the programme's core values and strategy from the top management to the most junior staff.
- It transferred the baton of leadership from the general manager to the most junior line managers via policy changes and leadership workshops
- It stimulated innovation, risk-taking and learning from mistakes in an environment where staff were expected to 'get it right first time'.
- It engaged staff bank-wide in the process by seeking input for materials design, development, delivery and evaluation.
- It transferred responsibility for learning and development to the workplace with training providing support courses to meet needs identified during team action-planning activities.
- It empowered staff allowing them to take responsibility for their own learning, deciding at a local level which

tactics and tools to employ to convert core values into results.

O'Donovan (2006) further outlines the main outcomes and results of the TWW! Programme, including:

- Return on Investment was 634 per cent for every 1 HK\$ invested in the programme, i.e. a direct return of HK\$6.34 in net benefits per HK\$. The total external cost of both phases of the programme was HK\$6.3 million over two-and-a-half years. HK\$40 million in increased revenue plus significant cost savings were achieved through line teams implementing all six core values in the workplace. The more satisfied team and more satisfied customers led to an improved profit despite the difficult economy and market conditions. The value of the suggestions implemented under the Bank suggestion scheme for improvements in work practices was HK\$16.1million (In 2001, 2,202 suggestions provided HK\$6.7 million in terms of implementation value, in 2002, 7,359 suggestions provided HK\$9.4 million in terms of implementation value).
- The brand image of HSBC benefited when the programme won a number of industry awards. In 2005 TWW! won an Excellence in Practice Award conferred by the American Society of Training and Development. In November 2003 the programme was awarded the Best Practice Award 2003 by the Best Practices Management Hong Kong for People Training and Development. At the end of 2003 the Hong Kong Retail Management Association awarded the retail bank the Customer Service Grand Award for the first time in its history, based on the new service culture implemented under the Together, We Delight Customers, a core value of the TWW! programme.
- At the programme design stage a variety of internal measures were identified to provide feedback from both internal and external customers, for example, the employee attitude survey (managed by external consultants) and other historic local measures managed

by the line. These tools provided a benchmark in terms of key performance indicators. Customer satisfaction was measured by telephone surveys and questionnaires to existing customers. Over 7,000 customers are contacted annually to gain their views against eleven key service categories and a mystery shopper programme is also run by the Bank to assess the reception given to an anonymous customer. Over the two-and-a-half years of the TWW! programme there was consistent improvement in all historical measures. The general manager conducted an employee attitude survey prior to commencement of TWW! and at the end of 2002. Every category showed improved feedback: the HSBC company image improved by 15 per cent, the quality of supervision by 14 per cent, in terms of empowerment by 14 per cent, customer focus by 14 per cent, working relationships by 12 per cent and quality by 10 per cent.

- Through team efforts to improve, *Teamwork*, a premier centre team achieved a 32 per cent reduction in the amount of overtime required and maintained their standard delivery lead-time at four minutes despite a five per cent increase in counter business and won first ranking in the credit card sales programme within their divisions. Another division under the *Delight Customers* initiative enhanced their service standards by revisiting branch service standards through videos, briefings, experience sharing and role-plays. For the fourth quarter of 2001, ninety-five new accounts were opened in this division compared to a total of ninety-six for the previous three quarters as a whole and customer satisfaction increased as evidenced by customer feedback.
- Staff across the HSBC agreed the main benefits of the programme included that it gave teams a safe forum and a common language for discussing difficult issues during a period of major change and it gave teams the tools and official backing to make local changes where necessary (O'Donovan, 2006).

3.7 3M

In 2002 3M celebrated one hundred years in business with a presence in sixty countries, 55,000 products and annually applied for over 500 patents. 3M is a diversified technology company with a worldwide presence in a number of markets. In 1999, 3M was organised into six business segments – Industrial, Transportation, Graphics and Safety, Health Care, Consumer and Office, Electro and Communications, and Speciality Material – to increase the pace of growth.

From its early days, 3M fostered a culture of innovation in its organisation. McKnight, an early vice president, tried to create an organisation that would encourage its employees to take the initiative and come up with ideas and laid down principles for fostering such a culture. Mc Knight laid out a basic rule of management in 1948: ‘As our business grows, it becomes increasingly necessary to delegate responsibility and to encourage men and women to exercise their initiative. This requires considerable tolerance. Those men and women, to whom we delegate authority and responsibility, if they are good people, are going to want to do their jobs in their own way’.

McKnight Principles

- Listen to anyone with an original idea, no matter how absurd it might sound at first.
- Encourage, don’t nitpick. Let people run with an idea.
- Hire good people, and leave them alone.
- If you put fences around people, you get sheep. Give people the room they need.
- Encourage experimental doodling.
- Give it a try – and quick.

Source: James C. Collins and Jerry I. Porras, Built to Last, (Harper Business, 1997, First Edition)

A commitment to innovation gave employees freedom to conduct research in areas of their choice even if that

research was not related to their official projects. A 15 per cent rule was instigated, 3M employees were allowed to spend 15 per cent of their working hours on independent projects. Most analysts agree that the key factors that fostered innovation at 3M were its ability to recruit and retain creative talent with a broad range of interests, create a challenging environment, encourage knowledge sharing, a multi-disciplinary approach to work and develop suitable reward systems. To many business analysts, 3M represents the house of innovation with a formula for growth of recruiting the right people, providing them with the right environment to work and let them do their thing. 3M codified the six traits of innovative people in its recruiting brochure as follows: creativity, broad interests, self-motivated, resourceful, hard-working and problem-solvers. 3M not only recruited people with the aforementioned traits but also tried to retain them through providing a challenging environment and reward systems. In 1984, 3M's Corporate Scientist Joe Abernethy initiated and 3M later launched a new programme to support innovation entitled the Genesis Program. Under the Genesis Program, 3M provided financial support to technical employees to encourage entrepreneurship for projects in the research stage. Initially, approximately sixty people submitted proposals at the launch of the Genesis Program. In 1986 3M provided Alpha grants for non-technical employees who wanted to bring in some innovative processes in administrative, marketing and other non-technical areas.

In addition to providing a stimulating environment for employees to innovate, 3M also provided an encouraging environment for knowledge-sharing among its employees. 3M employees were encouraged to talk and were free to communicate across departments and share ideas. A tradition of storytelling, particularly success stories was encouraged to fire the imagination of employees and generate innovative ideas. 3M encouraged openness and cooperation among various divisions to foster innovation and established forums to encourage employees to share

ideas and knowledge. In 1951, the Technical Forum was set up to encourage 3M's technical staff to discuss, inquire and share new ideas and technologies. In order to introduce its employees to new technologies, 3M invited Nobel Prize winners to forum meetings to discuss research findings. The Technical Forum conducted problem-solving sessions, at which business divisions brought their unsolved technical problems in search of solutions; held an annual exhibition at which all divisions could display their technologies and brought together scientists from different disciplines and formed them into groups to share their knowledge.

To encourage a spirit of innovation, 3M also focused on rewarding employees. 3M adopted a dual career path for employees – technical and management. This approach enabled a technical person to get promoted to the vice-president level without taking on managerial and administrative responsibilities. In the early 1930s, 3M set up a pension plan for employees and in 1949 was one of the first companies to offer its employees stock options. In addition, 3M instituted non-monetary rewards: awards to recognise and encourage employee contributions. The Carlton Society honoured technical employees for their achievements. The Technical Circle of Excellence and Innovation honoured employees whose innovations had considerable influence on the company's products, processes or programmes and the Pathfinder Program honoured non-technical personnel in production teams, sales, marketing, logistics and finance for developing innovative methods for launching new products in the market.

By the late 1990s, 3M's growth rate started slowing down and analysts felt it was unable to respond to market conditions. In December 2000, 3M announced the appointment of James McNerney Jr. of General Electric as its CEO. For the first time, an outsider became Chairman and CEO of 3M. McNerney announced a number of initiatives to revive the stagnating growth rate of the

company including cost cutting measures (under the 3M Acceleration program Mc Nerney cut research projects from 1,500 to 700; announced a lay-off of approximately 6,500 employees and assured employees that he would invest 7 per cent of annual sales in R&D and preserve the culture of innovation at 3M). He rationalised purchases and implemented process improvement programmes in the company and he gave a centralised direction to the company from its earlier laissez-faire working style. Mc Nerney established the leadership development institute, which offered a three-week development programme for participants to work on 3M business issues and present their recommendations to senior management.

3M values

- Provide investors an attractive return through sustained, quality growth.
- Satisfy customers with superior quality, value and service.
- Respect our social and physical environment.
- Be a company employees are proud to be part of.

Source:http://solutions.3m.com/wps/portal/3M/en_US/our/company/information/about-us/

3M management identified six leadership traits (charting the course of business, raising the targets, energising subordinates and colleagues, innovating resourcefully, following 3M values and delivering results) that the company's employees should possess and were incorporated into the performance appraisal process. The establishment of the leadership development institute fostered leadership qualities among employees. Mc Nerney made changes to 3M's pay structure, which had been based on seniority and introduced a performance-based pay structure. All employees had to come up with individual development plans and demonstrate steps they would take to improve their performance.

Some business analysts were wary of Mc Nerney's changes including the Acceleration program and introduction of a Six Sigma initiative, fearing that it might harm the 100-year old culture of 3M that fostered innovation and sustained its growth. Mc Nerney argued that though innovation would remain the core competency, certain aspects of 3M had to change and the changes in 3M would provide the company with a strategic direction in a volatile business environment without negatively impacting its organisational culture. Analysts criticised Mc Nerney's style of management (move from egalitarian culture in terms of developing ideas to one where management took control of ideas that had potential for commercialisation), doubts were expressed about the co-existence of the Six Sigma initiative and innovation in 3M as it would stifle the spirit of innovation by removing the possibility of mistakes in the name of quality. However, Mc Nerney's initiatives received the support of top ranking employees of 3M who were willing to make changes to accelerate the growth of the organisation. Mc Nerney announced that 3M would be concentrating on high growth sectors such as healthcare. In 2004, sales topped \$20 billion for the first time, with innovative new products (Post-It Super Sticky notes, Scotch Transparent Duct Tape, optical films for LCD televisions, and Scotch-Brite cleaning products) contributing significantly to growth.

3.8 Conclusions

This chapter has outlined the developments in organisational culture in Australia, Canada and the United Kingdom. A number of influencing factors including new public management prescriptions, private sector practices and leadership development programmes are currently shaping the culture of the Australian public sector. In the United Kingdom, Lewin's classic culture change programme was used to assess the major culture shift under the Thatcher government in the 1980s, from an insular inefficient administrative culture to a more managerial

culture with a focus on efficiency in the civil service. A number of comparative private sector examples (3M, HSBC) were also reviewed in terms of their successful use of culture change programmes and initiatives to adapt the organisation's performance to a more dynamic environment. Overall, the examples highlighted in this chapter underline the importance of leadership in driving the culture change programmes, as O'Farrell (2006) emphasises: 'statements of values, codes of conduct, principles of public service management and so on, set out in rules and regulation are simply rhetoric – or what we now call aspirational statements. Without leadership that is what they will ever be rhetoric. It is our job as administrators, managers and leaders to turn them into reality' (O'Farrell, 2006. p.8). Gideon Kunda's study on managing culture suggests that 'the idea is to educate people without them knowing it. To have the religion and not know where they got it' (Grey, 2005). Leadership is necessary to ensure the appropriate culture becomes engrained as the religion without people knowing it.

Irish public service experience with culture management

4.1 Introduction

The aim of this chapter is to review experiences of managing culture in relation to the implementation of reform across the public service. In order to determine the effectiveness of culture awareness and management, a select number of interviews were conducted at department, agency and at local government levels. These organisations included: an older well established department, the Department of Education and Science; a newly formed and constantly changing department, the Department of Arts, Sport and Tourism (DAST); a constantly changing agency, the Broadcasting Commission of Ireland (BCI); an older, well established agency which has undergone substantial change in recent years, the Property Registration Authority (PRA), and finally, at local government level, Carlow County Council. In addition, information obtained from previous studies of the Office of the Revenue Commissioners, Donegal County Council and South Dublin County Council (O'Donnell, 2006; O'Donnell and Boyle, 2004 and Timonen, O'Donnell and Humphreys, 2003) has been incorporated to provide complementary information on culture change. In accordance with the central focus of this study, a number of areas were addressed: leadership and culture, culture and organisational structures, culture and the environment, culture and performance, and the effectiveness of culture training and awareness programmes.

4.2 Three central government organisations: the Department of Arts Sports and Tourism, the Department of Education and Science and the Office of the Revenue Commissioners

Each department addresses and manages culture in various ways, depending on a number of factors: structural changes in departments post general elections, the dynamics of the public sector modernisation programme in terms of their department's agenda/policy areas and internal synergies, and changes as part of the decentralisation programme and modernisation process. In terms of DAST this involved a merging of separate functions with their own previous identities. In relation to the Department of Education and Science it necessitated a change of culture following the Cromien report, and culture change supported the overall change programme in Revenue.

External drivers can sometimes be used to create a climate of support for cultural change. The Department of Education and Science says that the national pay agreements and partnership have engendered change in the public sector. The national pay agreements have been used to facilitate dramatic culture change in the education sector with whole school evaluations of post-primary schools, standardised school year, standardised tests, and development of the special needs area. Partnership in the wider public service has heralded changes in terms of modernising the service through joint union, management and staff involvement in projects and initiatives.

How people are recruited into the public sector has also brought a change in culture with greater open competitions bringing in different opinions, norms and perspectives compared to the precedent of individuals being promoted through seniority in the public service. In the Department of Education and Science, a tradition of promotion by seniority internally was the norm, with a one-third external to two-thirds internal ratio for promotion. But this is gradually changing with greater external open competition compared to the method of consistory (i.e. internal interview

favouring seniority) competition. External influences and experience lead to change in the culture of the organisation. It is acknowledged that greater open recruitment from outside the public sector at grades from HEO to PO in various departments will affect the ethos and culture of public sector organisations in the future, especially with the attrition rate under the decentralisation programme and this will necessitate effective culture awareness and change programmes in the future.

It should be noted, however, that external drivers are not always positive, and have to be managed if they are not to disrupt cultural change. The Department of Arts, Sports, and Tourism and the Department of Education and Science both noted the impacts of staff turnover due to decentralisation on organisational culture. Turnover rates of up to 70-90 per cent in some sections clearly impact on culture, and these changes need to be managed when planning for culture change. One commentator suggested that the negative impact of decentralisation on organisational culture, especially in the case of departments which experience frequent changes in their functional boundaries, cannot be underestimated. Organisational bonding around disparate functional areas, which in itself presents a considerable cultural challenge, becomes all the more difficult when accompanied by a requirement to manage major staff turnover. The challenge for the organisation is to accomplish harmonious absorption of disparate traditions while at the same time retaining the commitment of staff who will be moving elsewhere under decentralisation. There is also the need to ensure that staff joining a decentralising department achieve full cultural immersion within a short time-frame.

Looking internally, team working is an important part of inculcating the desired cultural traits to an organisation, and is commonly used by the organisations examined. For example, the Department of Education and Science has undergone significant change in how it is organised following the recommendations in the Cromien Report. As a

result of the subsequent changes, the department looked at new ways of working across divisions to address issues in the policy areas under its remit and looked at its structures to address the work pressures in the different areas. The professional and administration staff in the department work together on project/policy teams. The assistant secretary grade has a key role in ensuring that professional and administrative staff work on a common task on policy teams, developing coherent meetings with the team to alleviate issues that may become divisive and engendering a sharing of norms to create a more coherent culture in the organisation. In particular, cross-organisational teams, whether through networks or issue-driven working groups, are a particularly powerful means of shining a spotlight on areas of potential change and improvement. For example, in Revenue, the organisation review team, which played a key role in the structural review and grade integration programme successfully implemented in the past few years, was derived from the then taxes, customs and excise and general service areas to ensure that any, and all, of the assumptions and methods of each part of the old organisation would be open to challenge and that no one of these 'traditional' areas could claim they were not part of the change process.

Departmental reorganisation offers opportunities for culture change. But this requires good leadership and effective support structures. After general elections, some departments are re-constituted or new areas/functions are added and this requires active management by the secretary general and senior management to blend new elements into the existing culture of the department. To this end, ensuring active co-operation of all elements in the new set-up by using cross-cutting teams to work on projects can be of assistance.

For example, the establishment of the Department of Arts, Heritage, Gaeltacht and the Islands following the 1997 general election brought with it the challenge to fuse together in a single entity a disparate grouping of functions

which included arts, culture, development of the Gaeltacht and the offshore islands, broadcasting and responsibility for the natural and built heritage (previously exercised by OPW/Dúchas). This required the development of strong integrating strategies involving the creation of inclusive partnership structures, an expanded MAC and a pro-active programme of staff mobility. There were particular challenges arising from the fact that Dúchas was by far the largest component of the new Department. Its staffing comprised both professional and administrative civil servants and it had a strong service delivery ethos whereas the main responsibilities of the other parts of the department revolved around policy formulation. Much was achieved over the five-year period 1997-2002. The departmental partnership committee was widely acknowledged within the department as a key influence on organisational and cultural coherence. However, although some limited progress had been made over the five-year period with the integration of professional and administrative staff, the organisational reform process remained unfinished business when the department was abolished following the 2002 general election. The consequent re-allocation of functions saw the arts and culture functions of the former department combined with tourism and sport in a new Department of Arts, Sport and Tourism. This was a much smaller entity in which the three functions of arts, sport and tourism were similar in size. The main organisational priorities for the new department were to create a corporate structure comprising the core business functions of finance, organisation and HR to serve the three functional areas and to maximise opportunities for synergies between these areas. Although the cultural disparities between tourism, sport and the arts were not as marked as those experienced in the former Department of Arts, Heritage Gaeltacht and the Islands, they did exist and needed to be addressed. The departmental MAC was reconstituted and expanded and gave initial overall direction to the integration process. A bottom-up approach

was adopted to the preparation of the department's first statement of strategy which also helped to foster a sense of common purpose between the three line divisions. The relatively small size of the department made collaborative work across divisions relatively easy to accomplish and facilitated the exploitation of opportunities for functional synergies. Thus, collaboration between the tourism and sports divisions resulted in a highly-successful hosting by Ireland of the Ryder Cup. Similarly, high-profile cultural events such as the Bloomsday and Beckett Centenary celebrations demonstrated the efficacy of cultural tourism programmes

In Revenue, a culture of innovation has been facilitated by encouraging devolution through the creation of the regional divisions and a large cases division (LCD) which moved senior management closer to operations, thereby facilitating decision making on new approaches without the restrictiveness of head office sanctioning decisions centrally. The existence of four regions, and the LCD working in parallel, provides space for the regions to develop differing approaches and compare results. For example, the regions have successfully developed a number of local projects targeting industry groups in their areas (entertainment/hospitality in the east and south-east region, fishing in the border, midlands and west region, hairdressing and high-value cars in the Dublin region, motor industry in south west region). They have also piloted innovative approaches to the Revenue 'basics' of audit, compliance and customer service. Subsidiarity is very much encouraged in Revenue. It has taken considerable effort in Revenue (tax administrations tend to be a very traditional command and control organisations) to 'allow people the freedom to make mistakes in pursuit of better ways to do things'. Revenue management will support new approaches and recognise that when some of them fail (as they inevitably will) the response must be one of acknowledging the effort and learning from, rather than condemning the outcome.

The general principle is that decisions are made by stakeholders at the lowest appropriate level, and carry-forward of devolution is inherent in the structure and in the approach to the Performance Management Development System (PMDS). Local partnership groups (LPGs), for example, are encouraged to get involved in suggesting new ways of doing the traditional business as well as the development of overall strategy. Regional Management Teams (RMTs) are a key part of the structure of each region and decisions do not go beyond the RMT if the impact is purely local and there is no conflict with standing policy.

A key factor in sponsoring a culture of change is that it has to be driven from the top, with a management attitude which acknowledges that the status quo is never 'sacred' and everything is open to question and improvement. In practice, the Management Advisory Committee (MAC) is the key forum for driving change and an obvious vehicle for imprinting the culture across divisional boundaries. In Revenue the MAC is a sizeable nineteen members. Good practice might suggest that this should be smaller but Revenue took the very deliberate decision to include all three board members and all the assistant secretaries to ensure a corporate approach and to effectively manage a large, complex and diverse organisation. A huge effort is put into managing and chairing the MAC with tight scheduling of meetings – 'A' and 'B' item agendas and a general briefing session which provides each member the opportunity to update on issues/ideas. Briefing items which are judged to require more detailed discussion are placed on the next agenda of the MAC. Experience shows that this MAC is key to a real sense of shared values, common objectives and effective delivery. To a great extent it is the fountain from which much of Revenue's organisational culture flows.

Other cross-organisational structures, the MAC briefings, operational networks and an Operations Management Group (OMG) which brings coherence to the work of the regions allows the lessons learned from these initiatives to be shared across the organisation. A close

relationship between the Operations Policy and Evaluation division (OPED) and the regions – through OPED attendance at regional management team meetings, networks and operations management group (OMG) – also helps ensure that change does not overstep the ‘constitutional’ boundaries thereby compromising Revenue through inconsistency. It is a way of managing the tension between encouraging local cultural traits while at the same time ensuring there is a central common culture across the organisation. No specific change management fund exists but incentives include recognition, promotional opportunities where change and innovation are key criteria in the internal competitions, and the use of exceptional performance awards to help to encourage a culture of change and signal that it is valued in the organisation.

Training of staff in the new cultural traits desired can be an important support for the management of culture. A programme of training on general management for all grades in the Department of Arts, Sport and Tourism, from clerical officer to assistant secretary level, was instigated three years ago. This training involved allocating particular themes or management suggested themes to multi-grade, multi-disciplinary groups. ‘They would sit down together and ask are there better ways of doing the job?’ This was an empowering process for the group and they delivered results and made suggestions to management on these themes and got management buy-in. The process allowed people ‘learn by doing’.

The role of legislation and codes of practice also shape organisational culture in the civil service. For example, all Revenue officials at assistant principal level and above, including certain other officials involved, for example in procurement decisions, are required to submit an annual Statement of Interests under the Ethics in Public Office Acts 1995 and 2001 (Revenue Annual Report 2006, 2007). The Civil Service Code of Standards and Behaviour is an integral part of the terms and conditions of service of all civil servants. It reinforces existing rules in many areas of

civil service organisations, including Revenue's own code of ethics and sets out the main principles, standards and values that the civil service espouses and advocates. (Revenue Annual Report 2006, 2007) 'Appropriate opportunities are used to actively reinforce values of integrity and honesty e.g. annual circular to remind staff of their obligations under the Ethics Acts, publication of information on Revenue's internal Internet system, publication during 2006 of Revenue's revised Internet and E-mail Policy and also Revenue Security and Confidentiality Policy' (Revenue Annual Report 2006, 2007).

4.3 Two public sector agencies: The Property Registration Authority and the Broadcasting Commission of Ireland.

The Property Registration Authority (PRA) provides a system of registration of title to land carrying a state guarantee. The main customers of the PRA are lawyers, professional law searching firms, financial institutions, public corporations, local authorities and private firms. The organisational change programme involved changing front-office and back office services, and much emphasis was put on creating a culture that supported the change programme. Business process redesign (BPR) was used to help structure the change process. There was some increase in middle management due to increased work, and clerical officer staff were given the opportunity to advance to executive officer/higher executive officer level.

The BCI is an independent statutory organisation responsible for a number of key areas of activity with regard to television and radio services in Ireland. The Commission was established in September 2001 by the Minister for Arts, Heritage, Gaeltacht and the Islands. The work of the Commission is guided by four pieces of legislation (the Radio and Television Act, 1988, the Broadcasting Act 2001, the Broadcasting (Funding) Act 2003 and the Broadcasting (Amendment) Act 2007). The mission of BCI is to stimulate the development of an excellent indigenous broadcast

industry that meets the diverse entertainment, education and information needs of the people of Ireland, while making effective use of a national resource. The key functions of the Commission include the licensing of independent broadcasting services including the additional licensing of television services on digital, cable, MMDS and satellite systems; the development of codes and rules in relation to programming and advertising standards and the monitoring of all licensed services to ensure that licence holders comply with their statutory obligations and terms of their contracts. As noted earlier in the case of the PRA, culture also underpins both the BCI's organisation development policy and the divisional structure based on its core functions.

Some organisations find benefit in using assessment exercises and surveys to track culture within their organisation and to indicate where attention should be focused in terms of desired changes. For example, BCI underwent an organisational culture mapping exercise in 2003, with outside consultants who determined a set of values to give a sense of where culture is at in BCI. The BCI's internal policies (organisational and staff management) will be focused to maintain this culture in all of its actions. Changes and growth of the organisation in the future will have to be consistent with the BCI culture in order to be implemented successfully. The key elements of the BCI culture are underpinned in the following definition of culture:

a set of shared values that manifest themselves in the behaviour and other elements of a given group. Culture is constructed and learned, i.e. it does not form part of the human nature and it is distinct from individual personality; however it is shared by members of the group. (BCI, 2003b)

One message that comes across strongly from the cases studied is the importance of creating a supportive climate for culture change. This may be done either by using external forces for change as a driver, or through using

internal strategic drivers. As an example of an internal strategic driver, some organisations incorporate managing culture as a central tenet of their organisation development (OD) policy and strategic planning. For example, an organisation development (OD) policy was required in the Broadcasting Commission of Ireland (BCI) arising from significant growth since 2001 (notably in its name, size, influence and remit) and the commitments to develop the organisation's culture, processes and systems as outlined in the strategic plan (2004-2008). Further change is anticipated with the establishment of the Broadcasting Authority of Ireland (BAI); the BCI is expected to form the nucleus of this new enlarged organisation. The OD policy forms an overarching policy, the objectives of which are: to provide an appropriate structure for the implementation of relevant organisational development policies and initiatives, to strengthen communications within the organisation, to chart the culture of the organisation, to enhance management and staff relationships within the organisation, to provide a framework for the empowerment of staff and to facilitate the implementation of change where such is needed (BCI, 2003b).

The BCI Strategic Plan 2004-2008 identifies the following list of values for the organisation: openness and transparency, fairness, consistency and flexibility, people, quality, innovation, excellence, efficiency and effectiveness, respect and loyalty. These values incorporate a summary of the desired organisational culture of the BCI. In addition to these, the BCI organisation is characterised by a number of strengths, including being informal, evolving, consultative, and supportive. The organisation fosters individual and group decision making and responsibility (through empowerment). This combination of values and strengths are the expression of the BCI organisational culture. While some of these are explicit, it is noted by BCI that others are implicit and may necessitate concerted focus from all parts of the organisation in order to flourish.

Leaders have a key role to play in promoting desired

cultural traits. Leaders in this context include but are not limited to the chief executive. It may be the management team, or leaders at other levels in the organisation. For example, due to the organisational structure in BCI, it is possible that at times the organisational culture may not be perceived to exist in a uniform manner. This could relate to the difference in size and make-up of each of the divisions. It is, therefore, expected that the management team will play an important role to ensure the consistency of culture across the BCI. It is noted by BCI that this is important to ensure that staff should never feel that other staff members working in other areas are better/worse treated than themselves; cross-functionality may mean that staff are exposed to different management styles during the span of their career with the BCI; and management in BCI believe a consistency of core cultural traits is important to maintain what has made the BCI the successful organisation it is: its flexibility, its care for its staff, and its focus on development. Similarly, in the PRA the chief executive selected the programme change steering committee to co-ordinate and drive development of new projects and changes affected by the use of ICT systems. All functional areas in the organisation were represented on the steering committee. To allay union fears, management held communication sessions/consultation sessions with the unions and all internal stakeholders. The change programme took place in the context of a review of the overall business strategy for the organisation, as developed through the strategy statement and business planning process. The change programme provides a blueprint for project-based change.

At the Property Registration Authority, a huge amount of work is done by management to influence culture. An improvement in culture is achieved by ensuring a coherent management culture, use of integrated work arrangements and cross-functional teams, providing extra skills to technical/legal staff and an opening-up of management posts to staff. The McKinsey (1978) seven 'S' organisation model is referred to in the PRA and most of the 7S elements were changed except the structure (e.g. staff, strategy, skills, style, systems, shared values). The CEO led by

example, and also promoted leadership of change at both line management and staff levels.

Given the recent changes in structure at BCI, the benefits of retaining key management people during the change process, from a pre-existing organisation structure (older culture) that merged with another organisation, was important. For example, a small number of the team management from a smaller organisation transferred onto the seven member management team of BCI, this ensured a smooth transition during the merging of functions and cultures of both organisations.

Business drivers can also be used to create a supportive climate for culture change. In the past, there was a culture in the PRA, for example, akin to the internally focused organisation model described in Figure 2.3, but nowadays, the model is more business oriented with clear outputs, identifiable customers and close interaction with customers, speed of delivery, more of a move towards the rational goal model. The organisation is very business focused, with cost reduction and efficiencies very high in the organisation. Since 1999, there has been a 125 per cent increase in productivity in the PRA. People's individual returns and outputs are important in the PRA. It is a vital organisation operating in a complex demand driven legal environment. In the PRA, overall culture in the organisation is very results-oriented and this is underpinned by the four main constituents in their PMDS programme: achievement, drive, commitment and customer services

Employee engagement and empowerment when introducing cultural change was stressed in both the BCI and the PRA. Both used partnership as a vehicle to explore culture and organisation development issues. In BCI, for example, the partnership forum involves management and union members and is central to the successful introduction of relevant organisational and staff policies and the implementation of change within the BCI. The role and remit of the partnership forum is to provide the opportunity for increased employee involvement in decision making, utilising a joint problem-solving approach, achieving consensus on the implementation of change,

enhancing the overall efficiency and effectiveness of the BCI while simultaneously meeting the needs of management, union and employees. The partnership forum is a key initiative within the OD policy in that it is the cornerstone of all organisational policies and activities.

As in the BCI, partnership is seen as very useful in the PRA, but interviewees stress it can be hugely time-consuming. In the PRA, from the beginning management insisted on meetings of unions, management, and staff. It was agreed not to discuss trivial issues at partnership, but to put real issues on the table. Partnership is useful as it develops a culture of openness and enables management and unions to be seen other than as in their perceived roles.

In the PRA, sense of responsibility and sense of ownership is encouraged at executive officer level. For instance, executive officers take responsibility and sign-off on cases, for example, sign-off on legal cases regardless of the value of the property concerned. Only if a difficult legal issue is involved is it sent up the line.

In both the BCI and the PRA all grades are required to have an element of team-working as part of their core duties. There are huge interdependencies as 'the system is only as good as everyone working in it' and team working is central both to effective working and to ensuring a culture that supports a coherent and consistent approach to work. Team-working is important and is encouraged in these organisations that rely heavily on particular expertise, for example legal expertise in the case of the PRA. There is a huge dependency on knowledge and knowledge sharing is a key cultural requirement for all staff.

The Property Registration Authority places a huge emphasis on training for managing culture. They found that training can support culture if there is not already an ethos of culture change in the organisation, but training courses in splendid isolation can become a 'tick the box' exercise in organisations and may not impact on culture change as line managers may 'talk the talk but not walk the walk'. And people can be sent on expensive courses, but employees become frustrated when they are not in a position to make changes they have learnt on courses. In the PRA, with a

strong ethos of probity and fairness, training on organisational culture emphasises these traits. Overall, training courses in isolation are of limited value to changing culture if not reinforced by what is happening on the job. Training reinforces what is there already in the organisation, it is an aid not a substitute, otherwise training does not work. Training is only useful if an employee uses it in the job, as the benefit needs to be on the job.

4.4 Three local authorities: Carlow County Council, Donegal County Council and South Dublin County Council.

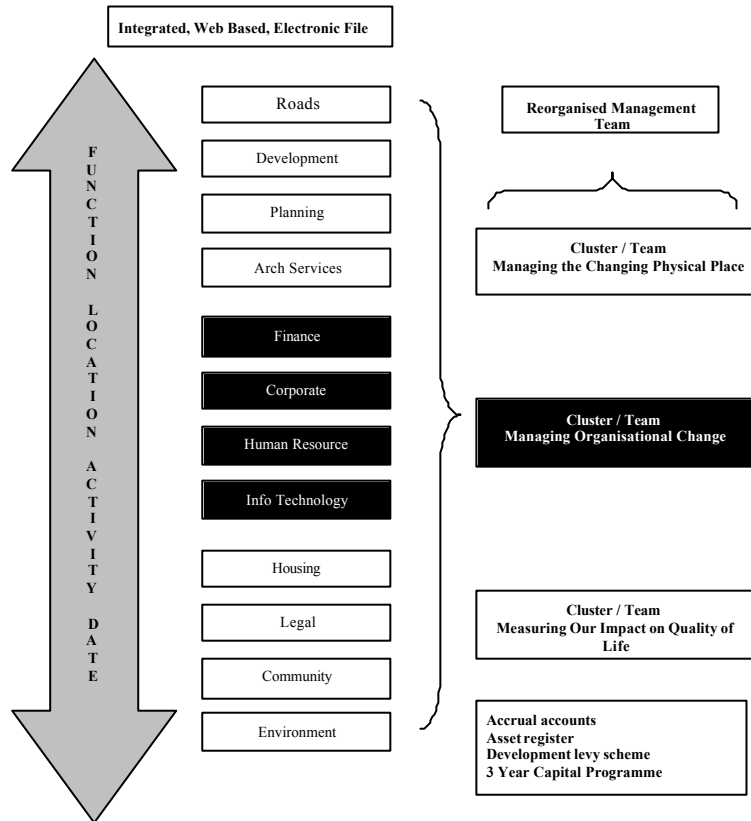
Carlow County Council has changed its organisational culture over its first (2001-2004) and second (2004-2009) corporate plans. The council has implemented business planning ethos and methods in each department of the council, developed customer centric services based on ICT developments and opened new civic centres and involved itself in greater collaboration and teamwork with other public bodies and agencies in terms of economic development of the county. The council enhanced customer services through use of ICT developments, opening new offices in Tullow and Muinebheag and cross-agency collaboration in provision of services and economic development of the county. The second corporate plan (2004-2009) sets out the policies and directions the council will pursue over the next five years, in order to ensure the achievement of the highest levels of efficiency and effectiveness to improve and enhance the standard of service to the people of Carlow. Formulation and implementation of business action plans by each department of the council ensures that the objectives and strategies outlined in the corporate plan are achieved. The corporate plan also incorporates customer service indicators published on an annual basis to ensure that the standard of service is enhanced.

Similarly, the culture of Donegal County Council has significantly changed through organisation changes

effected in the 1990s. The council restructured from a bureaucratic organisation structure to one of decentralised service centres with cross-agency collaboration, and teamwork. A new management and accountability structure was put in place in which managers are fully accountable for all aspects of delivering the service (financial, human resource, quality of customer service etc) (Mc Loone, 2003). There is potential to have increased productivity and to reduce unit costs, as accountable managers begin to use the new financial management tools to target cost reductions, productivity and improved quality. Greater devolution in decision making, greater teamwork across functions in the local authority are evident in this devolved structure and work is organised and delivered in customer-centric integrated service centres with close collaboration among the council areas and other associate agencies and services.

Equally, South Dublin County Council has transformed its services structurally to become more flexible in terms of cross-functional collaboration in the delivery of council services and cross-agency collaboration in the county. There are over 1,600 people working in South Dublin County Council (SDCC). The council has €3.7 billion in assets and a budget of €500 million in 2006. The corporate mission statement is ‘...the provision of open, effective, inclusive and participative local democratic processes together with best quality services, facilities and supports which sustain, improve and promote the social, environmental, cultural and economic fabric of South Dublin County Council for all who live, work and visit here...’ (SDCC, 2006b). As highlighted in Figure 4.1, the council has restructured to enable greater flexibility and cross-functional working, through division of the management team into three clusters/teams: Cluster A: Managing the changing physical place (roads, development, planning and services); Cluster B: Managing organisational change (finance, corporate, human resource and information technology) and Cluster C: Measuring the council’s impact on quality of life (housing, legal, community and environment).

Figure 4.1 South Dublin County Council's Approach to Harnessing Staff and Information Resources



The local authority examples illustrate that clear strategic leadership is necessary to ensure the consistency of organisational culture. For example, in Donegal County Council, the county manager selected a project team to coordinate the development of new management structures to more effectively support the delivery of decentralised services and to develop integrated service centres in close partnership with the agencies. An inter-agency project board was established in 2000 and a project manager appointed. Project leaders were assigned in the principal participating agencies. Strong leadership is a key ingredient in driving the change process and ensuring a culture of

change is implemented and sustained. In Donegal change would not have happened without the drive and initiative of the county manager. The project manager and inter-agency project board have initiated core work programmes such as service re-engineering studies, analysis of means tested services, contact centre feasibility studies and data analysis of common client information (Sheridan, 2003).

Similarly, the local authority examples also highlight that a well planned and soundly based structural re-organisation is important to embed the culture of change in an organisation. Best practice in change management is employed by SDCC, with clear objectives set out, an open communication policy across the organisation, stakeholder buy-in at all levels, top level support for change and adequate resourcing of change. Planning and consultation of the change process and progress is regularly mapped, communicated and appreciated. Management must drive any change agenda and whole-hearted appraisal is required to decide where the organisation is going. Kotter's (1995) seminal article 'Leading Change: Why Transformation Efforts Fail', is a good blueprint for organisations in their change endeavours. It is acknowledged that culture change is the biggest challenge to implementing change in the public sector, alongside keeping pace with technological developments. Equally, in Donegal County Council an international organisational specialist was employed to design the framework for the new organisational structure based on the levels of complexity of work cross-referenced by the capabilities of employees. The structure implemented was based on the template put forward by Elliott Jacques (1996) in his book *Requisite Organisation - a system for effective managerial organisation and managerial leadership*. ICT developments enabled an electoral area model of decentralisation to underpin the new management structures and incremental change ensured the modernisation is culturally embedded by involving all stakeholders in the transformation (Donegal County Council, 2001(a), 2001 (b)). This ensured a culture of change was successfully managed and embedded in the new structures.

The local government examples illustrate that creating a climate for culture change may involve using linkages to the wider community and opportunities to profile the desired changes through the active use of media and PR to help create the desired image. This is evident in Carlow County Council's promotion of the concept of community ownership of villages and towns. Community ownership – 'it's the Carlow Way' – is a phrase used to promote such an image. Also, a major initiative of branding Carlow was launched using celebrities such as the TV personality Kathyrn Thomas in terms of tourism, and the political journalist Olivia O'Leary in terms of business/development. The local authority has implemented a major programme of economic development as its main priority led by high-end promotion and major quality of life initiatives. A culture of leadership in local government, business and community involvement, teamwork and co-operation between all organisations (public and private) aims to ensure that Carlow is proactively designing and developing innovative initiatives to meet the growth needs of its population and economy. In the same way, in Donegal County Council, corporate commitment was important in creating a co-operative and collaborative culture with partner agencies and community organisations in developing the Integrated Service Delivery Centres. An important element of the new decentralised structures is the strong corporate commitment from the senior management team in the council, together with the elected members. Active support has also been forthcoming from most senior managers in the partner agencies. This has supported and driven a culture of change in the organisation. Agencies and public sector organisations involved in the ISD project are at differing levels of the partnership process and this involves greater consultation by management with all parties to keep them in the information loop, to ensure cultural obstacles are overcome and to ensure all issues are addressed. This is also necessary to align the various cultures in each organisation to reinforce the overall corporate culture that is being advocated by the project.

Team working can also involve inter-agency team

development and thinking. It is not limited to within organisations. In local government, as exemplified by the Carlow case, managing culture in teams that span issues affecting the county is deemed important to enable innovative developments and to meet challenges in the local economy. A culture of team-working within the organisation and joint-working with outside organisations develops a community and entrepreneurial spirit to enable the emergence of innovative developments, such as a biotechnology research centre in Carlow. Underpinning all these joint-venture developments is the leadership at local government level to inspire the economic development of Carlow. A focus on education and research is central to the development of new innovative initiatives. Networking with the directors and heads of the Carlow educational colleges, IT Carlow, the vocational education committee and Teagasc enabled the development of joint-marketing, joint-thinking, joint analysis and development of innovative initiatives. A proposal to establish a national biotechnology research centre employing 170 people is being advanced by Carlow County Council, Teagasc, Carlow Institute of Technology and the private sector and will position Carlow strongly in the bio-tech industry in terms of industrial development, biofuel, research and development (R&D) and industrial spin-offs. It is an example of public services being creative, using joint-working with agencies, educational bodies and public service thinking with real involvement by the local authority. The developments in Carlow demonstrate that to understand somebody else's business (e.g. private sector), it is important to apply a variety of local management skills to the initiative, including inter-agency team working, coupled with academic backing and consultant expertise to provide for joint-thinking, networking and joint application to develop an innovative and entrepreneurial culture. Joint working and developing a culture of team-working in the county has enabled a sectoral development group to emerge providing an alignment of corporate goals, alignment of thinking, providing resources to marketing in the areas of education, biotechnology, arts, culture etc.

As well as training, reward and recognition can be used

to signal the importance of particular cultural traits and encourage their adoption. In Carlow, they aim to use various reward mechanisms to encourage behaviours they require. For example, in terms of the tidy towns they received and promoted the first Irish Business Against Litter (IBAL) award. A Co-operation Ireland north/south award sponsored 'Best Pride of Place Award' was presented to Tullow town for building citizenship. A culture of winning is encouraged in Carlow. IT staff in the county council proposed the idea of wireless Internet in Carlow, it was the first WIFI town in 2007 and was done in partnership with e-net Local Government Computer Services Board. Carlow County Council received an E-Government partnership award. Leadership, reward and recognition are very important in managing culture and in turn very important in developing a local economy.

The local authority examples also highlight the importance of project teams and functional clusters or groups to administer the change programme and guarantee a smooth transition culturally to the modernisation programme. In 1995, the Donegal county manager established a project team to assess the possibilities for organisational change prior to the rollout of a service decentralisation programme. The work of Donegal County Council has been divided into seven different directorates and into four levels of management. The four levels of management represent different levels of decision making and responsibility. In the old structure accountability was divided between professional and technical work, administrative work, finance work, human resource work etc. In the new structure each managerial role has accountability for all aspects of the work of the staff for whom the manager is accountable. As a result, the new structure distinguishes the managerial roles from other roles in the grading structure. The council employs over 1,000 people. Around fifty now have managerial accountability for the work of others, i.e. on average one manager is accountable for the work of twenty persons (Mc Loone, 2003). It was decided to decentralise council services to district offices based in the six electoral areas in the

county. Subsequently, in July 2001 a partnership was formed between Donegal County Council, the North Western Health Board, the then Department of Social Community and Family Affairs, and FÁS to appoint a project manager to explore the possibilities of utilising the framework of the public service broker (PSB) to develop integrated inter-agency services to citizens. The intention was that integrated service centres (ISCs) be established to enable the customer to access information, advice and services across multiple channels and multiple agencies at a single point (Donegal County Council, 2002(a), 2002(b), 2001,).

Similarly, in South Dublin County Council, the organisational change and modernisation team has an important role to support the business and organisational changes necessary in achieving the corporate mission. The role of the organisational change and modernisation team is to ensure that the culture of the organisation permeates throughout the change programme by promoting the corporate mission and vision of senior management. The organisational change and modernisation working group provides a support framework for projects and initiatives and ensures that these are aligned with the corporate objectives and culture of the organisation. Recent developments that underpin this programme include significant investment in staff, training, document management systems, hardware and software, enabling SDCC to rapidly deploy and utilise these resources to impact on high quality service. For example, there has been successful redeployment of staff from various departments to the customer care centre as a result of changes in work practices. PMDS provides a framework to support and facilitate change. The partnership process provides opportunities for the council to maintain its focus on customers and quality service delivery (SDCC, 2006b).

The main factors influencing a culture of change in South Dublin County Council include: leadership encouraging a culture of an 'excellence' approach to customer service provision, an open attitude to team-working and partnership, employee involvement in PMDS and operational plans, family-friendly policies,

technological advances that support the use of web-enabled geographical maps to simplify data accessibility and connectivity and provide ease of interrogation and an innovative approach to customer service provision (SDCC, 2006c).

Figure 4.1 captures what SDCC is trying to achieve with regular meetings between the county manager and the directors of the clusters (for example, the county manager meets one director from each cluster every first/second Tuesday of the month and, moreover, meets all twelve directors on one-to-one basis once a month). The county manager drives the change programme by dividing management into cluster groups with an agreed agenda and strong focus on service to the areas. The outcome of all the change is to deliver on promises outlined in council policy documents and to ensure that the customer is the primary focus of service delivery.

In SDCC any difficulties in communicating the message of change or overcoming culture issues are overcome by use of partnership communications and by mentoring individuals to change the process. In terms of encouraging change, the management team instigated a performance management system consisting of 360-degree feedback from colleagues, which showed strengths and weaknesses for each individual manager. This is important in terms of the culture being endorsed by the leader and advocated in the organisation by gauging the perceptions of the senior management team. In SDCC, strategic training and PMDS are linked to the overall vision of change and this has helped pioneer a culture of further change.

4.5 Key chapter findings

This chapter provides examples of how a range of public service organisations have sought to use culture to modernise their organisations. Inter-linked themes were focused on in this chapter, including the importance of leadership, strategy, team-working, training on cultural awareness backed up by on the job experience. Across the public service organisations reviewed, our research suggests that there are varying degrees of culture

awareness and management in practice. However, the following specific learning points are worth noting.

Leadership is important in creating the climate for culture change in an organisation. Project teams, cross-functionality/staff mobility are good methods of addressing sub-cultures and developing a consistent, coherent culture in an organisation. It was noted by one interviewee that 'it is important to learn quickly, total culture should be flexible, with structures around the project team and exemplify positive lessons learned, you use structure to integrate the organisation on different floors, use cross-functional teams on different cases working in a team, project teams become part of the process of working and shares knowledge across core areas, but it is very important for management to govern at a central level'. Formalised methods of addressing culture, including a culture mapping exercise and culture survey, inclusion of culture explicitly in the business plan or strategy statement, were used by some organisations to address culture change issues where new sections or divisions were being incorporated into an organisation. Others believe in a more informal approach with a mix of general management training (including a course on culture) and on-the job training and mentoring by management to enable a coherent culture to develop.

In comparison, MacCarthaigh's (2008) study on values, provides some interesting findings from a number of public service and local authority workshops that were held to determine the most commonly identifiable values and how these values were developed and transmitted. 'In two of the three workshops, particularly strong emphasis was placed on the role of line managers (and not senior managers) in the transmission of values. The emergence of management teams played an important role in respect of values.' This has important implications for how organisational culture evolves in an organisation, and particularly, the crucial role played by line managers and management teams in transmitting values, as these are an important component of the overall organisational culture dynamic.

The scale of an organisation was mentioned by some

interviewees in terms of the effectiveness of culture on reform programmes; and the importance of not confusing structural changes in an organisation with cultural change was noted. To ensure effective culture change in an organisation, an open-door management style was advocated underpinned by cross-divisional project/policy teams to ensure an effective way of addressing cultural divisions between professional and administrative staff in organisations. Greater open recruitment was seen as creating a new culture set-up in public sector organisations, creating greater competitive influences and external norms and cultures compared to the former method of internal promotions based on seniority. Staff mobility and decentralisation were highlighted as major influences on culture change in the public sector in the coming years.

In terms of managing culture, one respondent mentioned that they were not aware of culture being a factor in a public sector context or as a study 3-4 years ago, but now it has become more important and needs to be named/defined as culture in corporate strategies and organisation policies. It is important to recognise culture in an organisation's strategic plan, in terms of risk management and corporate governance and if it be an issue in an organisation, name it, define it and manage it.

Some interviewees expressed an interest in the interventions side of culture and how these could be manipulated to enhance performance. MacCarthaigh's study on public sector values (2008) found that informal and formal methods of communicating values were favoured by a number of civil service and local government participants in three workshops on values. The study findings also emphasise the centrality of public service values that should be an integral part of both a formal method of induction for new recruits involving case studies and role play and also informally through the examples and on-the-job training provided by senior managers and line managers. Leadership commitment and culture awareness training are important in relation to culture management. There is a huge emphasis on training in organisations

where culture is an issue. Training can support where there is no ethos of culture change, but training courses should not be done in isolation from the organisation as it may become 'a tick the box' exercise and not lead to culture change. Therefore, training must be carefully managed. You also need buy-in by line managers/managers in an organisation to 'walk the walk, not just talk the talk'. People can be sent on expensive courses but it frustrates them when they return from a course if they are not in a position to make change in their own organisation. PMDS programmes in organisations can be used as a positive way of reinforcing organisational culture and is used by a number of organisations consulted.

There is no one generic model for addressing culture in an organisation but a number of factors affect its impact including, scale of the organisation, structural framework, leadership style, management buy-in, professional/administrative split in the organisation, stability of the organisation, PMDS programme, national pay agreements and modernisation, recruitment methods, cross-functionality, use of project teams and explicit inclusion of culture in strategy statements/business plans. Culture awareness is noted in all organisations but how it is managed determines the degree of successful implementation of change in existing departments and organisations and, importantly, in the new decentralised structures.

It is important to create a supportive culture for promoting change. This may be realised by reassuring staff that it is alright to take a risk and that management will support them both in successful endeavours and during failures. Public sector managers should accept that there is still significant potential for things to go wrong but nevertheless believe that the potential value of the project is such that it is worth taking those risks. In particular, developing a supportive culture underpinned by risk management principles is necessary if the public sector is to become more flexible and efficient in cross-collaborative projects and developing a shared services model.

Leadership is important to create and implement

change, to indoctrinate the vision and organisational culture throughout the management team and the organisation, to keep people focused, and to manage the change process effectively. It is important to ensure effective management of organisation change by ensuring that appropriate resources are provided to ensure that the project is actively driven.

It is important to have open communication channels and ongoing consultations with the various partner agencies and public sector organisations involved in a cross-agency project, underpinned by a flexible structure of working groups and collaborative teams and supported by funding bodies and partner agencies. This ensures that cultural barriers are overcome and synergies develop between the organisations to provide a more cohesive and efficient service for the customer.

It is important to ensure the customer is the focus of the change process, even if this may involve costs. For example, in Donegal, devolving public services to local electoral areas has had cost implications but, as the Fitzpatrick Evaluation Report (2005) highlights, it is paramount in terms of customer convenience and accessibility.

The budgetary financial cycle can serve as a very powerful tool to encourage change. For example, at Donegal County Council if a manager is given a level of resources to deliver a work programme and if through efficiencies or better working arrangements, or any form of innovation, he/she can save €100,000 to €2m, Donegal County Council does not penalise them for that, by cutting their budget next year. They can proceed with additional work with those resources. Equally, however, if a manager oversteps that budget, the overspend has first call on their budget the following year. This ensures the development of a culture of risk management and effective use of resources.

Conclusions and recommendations

5.1 Introduction

The aim of this final chapter is to review evidence from the report that shows why managing culture is important in effectively enhancing both organisation performance and, in macro terms, the modernisation programme; to summarise the findings of the research presented in the preceding chapters, thereby providing guidance in relation to more effectively shaping and managing culture; and by doing so to identify issues to be addressed towards its effective engagement and use in the public service.

5.2 What is culture? The concept of culture revisited

Organisational culture is a widely used term but one that seems to give rise to a degree of ambiguity. For the past number of decades, most academics and practitioners studying organisations suggest the concept of culture is the climate and practices that organisations develop around their handling of people. (Schein, 2004) Furthermore, some proponents suggest that the concept of culture should take on board the way organisations do business as well as the way they handle people.

Watson (2006) emphasises that an important trend in managerial thinking in recent decades has been one of encouraging managers to try to create strong organisational cultures. 'It has been recognised that it would help managers enormously in the struggle for control if they could get all their employees to subscribe to the beliefs inscribed in a corporate bible – especially if they themselves could write this bible' (p.256, Watson, 2006). Schein (2004) suggests that culture and leadership are conceptually intertwined. This is supported by O'Farrell (2006) in his analysis of the Australian public service, where he

concludes that 'statements of values, codes of conduct, principles of public service management and so on set out in rules and regulation are simply rhetoric – or what we now call aspirational statements. Without leadership that is what they will ever be rhetoric. It is our job as administrators, managers and leaders to turn them into reality' (O'Farrell, 2006. p.8).

Schein (1990) emphasises that there are visible and invisible levels of corporate culture (the 'culture iceberg' analogy – see Figure 2.1). Organisational culture, then, is made up of more 'superficial' aspects such as patterns of behaviour and observable symbols and ceremonies, and more deep seated and underlying values, assumptions and beliefs. Some proponents argue that organisational culture can be changed by focusing on the more visible aspects such as rites and rituals, as these help shape behaviour. However, others argue that this is a misunderstanding of culture and that the 'deeper' aspects of culture such as beliefs and feelings must be taken into account when considering organisational culture and potential changes to culture.

5.3 Why is culture an important issue for public service managers?

Why should public service managers concern themselves with culture? Will it make any difference at the end of the day to know what type of culture or cultures exist in an organisation, what cultural traits may be desired, and so on? For managers with busy schedules, is culture something they should be concerned with?

The evidence presented here, from the literature, international studies and the Irish experience, suggests that culture is indeed something that public service managers should pay attention to. First and foremost, this is because culture affects the performance of organisations. In the private sector organisations studied – The Hong Kong and Shanghai Banking Corporation and 3M – there is a clear and explicit link between culture change and

performance. But this can also be the case in the public sector, despite the absence of a 'bottom line'. Ban's (1995) study of the good performance of the US Environmental Protection Agency compared to other federal agencies, cited in Chapter 2, shows how culture can affect performance. As cited by Pandey et al (2007, p.403) Ban's study suggests that 'In simple terms, Organisation A and Organisation B could face exactly the same rule burden. However, Organisation A could be more effective than Organisation B because of its ability to cope with and manage this rule burden. The difference between the two organisations is the nature of the organisational culture: Organisation B has a culture that encourages rule adherence, resulting in a greater likelihood of goal displacement away from effectiveness, whereas Organisation A has a culture focusing on finding ways to use the rules flexibly to improve performance'. The Irish cases studied, such as BCI and the PRA, would also suggest that attention paid to culture influences performance in a positive manner.

The evidence from this study would also suggest that it is particularly important for managers to pay attention to culture when reacting to or planning major organisational change. Culture is particularly important when an organisation is undergoing significant transformation or when introducing major reforms which require different or new cultural or value traits from those exhibited in the past. In the Canadian public service, for example, culture change was demanded and driven by a number of corruption scandals that shook people's trust in the public services. In the UK civil service and Queensland Health examples studied, new cultural traits were deemed important in promoting a new way of working. In the UK example, a shift to a more managerial culture was deemed necessary in order to promote greater efficiency. In Queensland Health, characteristics such as patient-centric services, community engagement and clinician-led decision making were practices the new culture is intended to support. In the Department of Arts, Sport and Tourism, the amalgamation

of existing and new functions following on from departmental reorganisation prompted a need to develop a new, cohesive culture for the department. Similarly, in Donegal County Council, the development of integrated services centres at electoral level necessitated a change in culture to incorporate new managerial arrangements, devolved decision-making powers and a more customer-centric approach to services.

Schein (2004) underlines the point that diagnosing a culture for its own sake is not only too vast an undertaking but also can be viewed as a boring and useless exercise. 'On the other hand, when the organisation has a purpose, a new strategy, a problem to be solved, a change agenda, then to determine how the culture impacts the issue is not only useful but in most cases necessary. The issue should be related to the organisation's effectiveness and should be stated in as concrete a way as possible' (p.362).

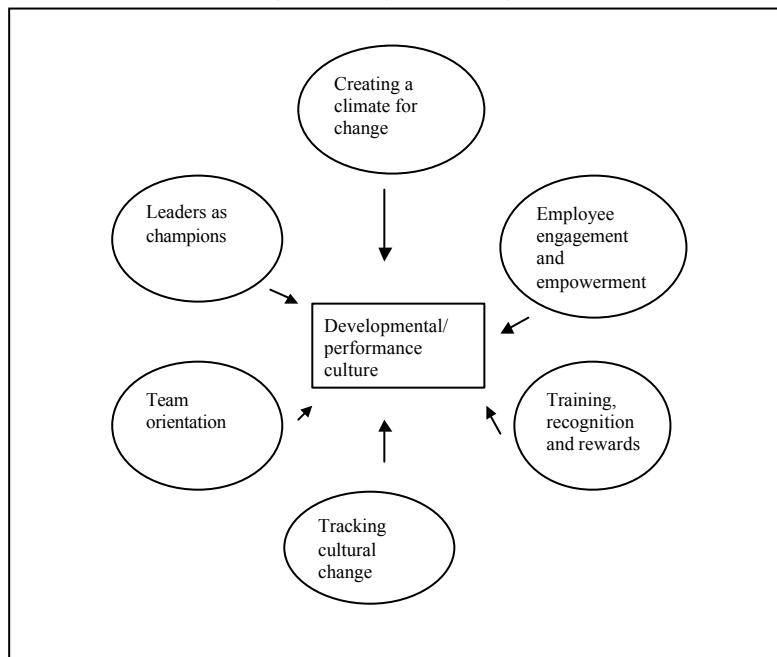
5.4 What can managers do to influence/shape culture?

Knowing that culture is important in shaping organisational practice and performance in public sector organisations is one thing. But a subsequent issue is the extent to which managers can actually shape or influence culture. The literature on culture change explored in Chapter 2 is somewhat ambivalent on this point. On the one hand, examples can be identified where interventions can influence culture. But on the other hand, some academics warn of the danger of attempting to influence the more superficial aspects of culture such as symbols and ceremonies, while ignoring the more pervasive and deep seated aspects of culture such as values and beliefs. These more deep seated aspects of culture are much more difficult to influence. MacCarthaigh (2008), for example, examines the challenges involved in developing distinct public service values, a key underlying element of organisational culture in public organisations.

Based on the academic literature in this study and the findings from the interviews, Figure 5.1 sets out a

framework that identifies six key issues that managers need to address in order to contribute to creating a more developmental and performance oriented culture in their organisation.

Figure 5.1 A framework for understanding and managing culture: six key issues for managers to address



Creating a climate for change

In terms of creating a climate for change, culture is only effective if it is applied to the relevant area needing change or is tied to some organisational issue. It is suggested by one commentator that understanding the determinants of cultural behaviour is crucial to the creation of a climate for change; change agendas which are not congruent with the cultural ethos of an organisation can often deliver perverse results. Several of the organisations studied here used internal or external drivers in order to facilitate the culture shift they wanted to see achieved. For example, the UK civil service at the 'unfreezing' stage of their change programme

created a climate where civil service change to a more managerial culture was seen as required in order to address long standing problems. The Department of Education and Science uses the social partnership agreements as a framework within which to promote change. BCI has used its organisational development policy as the driver for developing the organisation's culture in the desired direction.

Leaders as champions

Leadership is clearly important in determining the effectiveness of culture change. The leaders of organisations are 'champions' of understanding and managing culture in the organisation and of rewarding or punishing subcultures depending on whether they align or not with the corporate culture espoused by the leaders. The influence of leaders in terms of rewarding the sub-culture groups that espouse the dominant beliefs, values and underlying assumptions of the organisation cannot be underestimated. This is demonstrated, for example, in Queensland Health, 3M and the Department of Arts, Sport and Tourism where significant emphasis has been put on leadership development programmes and initiatives. The local authority examples illustrate that clear strategic leadership is necessary to ensure the consistency of organisational culture. For example, in Donegal County Council the county manager selected a project team to co-ordinate the development of new management structures to more effectively support the delivery of decentralised services and to develop integrated service centres in close partnership with the agencies. An inter-agency project board was established and a project manager appointed. Project leaders were assigned in the principal participating agencies. Strong leadership is a key ingredient in driving the change process and ensuring a culture of change is implemented and sustained. Similarly, in Carlow County Council, the county manager was instrumental in developing the networks for co-operative economic

development initiatives with public bodies and agencies at a local level.

Employee engagement and empowerment

Employee engagement and empowerment is crucial to ensure that the culture is effectively managed and aligned with the cultural assumptions of the organisation as a whole. Demonstration projects in the UK civil service, which promoted the desired managerial thinking and at the same time engaged staff in the change process, were an important element in cultural change. Local partnership committees and projects in BCI and the PRA have been used to engage and empower staff, though each recognises that partnership arrangements need careful management if they are to be successful. But, it is also noted by one commentator that structures or initiatives designed to empower employees, e.g. PMDS, partnership committees and statements of strategies run the risk of degenerating into mechanistic initiative-killing processes if the emphasis shifts from empowerment to form-filling

Team orientation

Team working was a common feature in most organisations studied, in terms of crossing existing barriers and as a useful means of promoting and disseminating new cultural traits. In terms of individual and organisational development, teams are seen as a way of investing in talent development. HSBC, for example, put particular emphasis on team projects rooted in the promotion of the desired core values for the organisation. The Department of Education and Science has used more team working post the Cromien report that criticised many existing management practices and procedures. The Carlow County Council case highlights a further dimension of team orientation – the benefits of developing joint team working with individuals and businesses outside the organisation to help shift the focus to the promotion of a developmental culture. Similarly, Carlow County Council, Donegal County Council and South

Dublin County Council emphasise a culture of cross-agency and cross-functional collaboration and teamwork with public bodies and agencies in developing more effective provision of services at a local level.

Tracking cultural change

Tracking cultural change is important in terms of assessing whether the culture has become misaligned in terms of sub-group cultures' practices, or whether there are issues or challenges to be addressed which could undermine the cultural ethos and underlying assumptions of the organisation. In the US, the Organisational Culture Assessment Instrument (OCAI) has been used to good effect in some federal agencies. BCI undertook an organisational culture mapping exercise. Schein (2004) suggests that the ten-step Culture Awareness Programme (see Appendix 2 for details) is a helpful instrument in most situations in which leaders need to manage some element of their culture. This internal deciphering process is sufficient and useful in many circumstances, and it is possible to conduct at various intervals as a tracking mechanism of culture issues or alignment with performance.

Training, rewards and recognition

Training in terms of culture awareness is viewed differently in various organisations. Culture is an aspect of general management training in some organisations. In other organisations, it is deemed appropriate to learn from leaders and managers about the prevalent cultural norms and assumptions. 3M has placed as much emphasis on non-monetary rewards such as honours and recognition programmes as it has on monetary rewards. Carlow County Council, similarly, has placed significant emphasis on recognition and reward and particularly encouraging entering national recognition and reward schemes as a way of encouraging a winning culture. Story-telling or writing up successful change management programmes can make a significant contribution to the development of positive

cultural values in organisations. It is acknowledged by one commentator that it is certainly a failure of the public sector that it does not adequately acknowledge or proclaim its successful transformation.

5.5 Conclusion

The importance of understanding, harnessing, managing and maintaining an appropriate culture in public sector organisations cannot be underestimated in terms of its impact on the modernisation agenda. Developing appropriate measures to address culture issues in organisations in terms of increasing organisational capability and performance were addressed in earlier chapters of this study. While the implications of such approaches are wide-ranging, fundamentally, it is implementing effective culture management policies in a manageable way for organisations that falls within the remit of leadership in these organisations. Leadership plays an important role in effectively managing and developing culture in organisations. Leadership must be committed to managing culture in terms of developing and sustaining organisational performance, while managers throughout the organisation are responsible for its effective development throughout the organisation.

It has been shown in the organisations examined for this study that ensuring employee commitment through culture awareness programmes and team oriented projects and initiatives (e.g. demonstrations, partnership, team-based projects) creates a climate for change and further endorses the relevant culture advocated by managers. Training in terms of culture awareness is viewed differently in the various organisations examined. Culture is an aspect of general management training in some organisations. In other organisations, it is deemed appropriate to learn from leaders and managers about the prevalent cultural norms and assumptions. But, it is important to track cultural change (through culture mapping exercises or culture awareness programmes) in terms of assessing whether the

culture has become misaligned in terms of sub-group cultures' practices, or whether there are issues or challenges to be addressed which could undermine the cultural ethos and underlying assumptions of the organisation.

There is much that remains to be done to address the evident gap between the impact of cultural issues and the approaches adopted by managers, which are quite rudimentary in many public sector organisations. The organisations cited for this study provide useful examples of how organisations can effectively manage organisational culture as an integral part of both corporate strategies and organisational change measures to enhance performance and innovation. This study contributes to the awareness and understanding of culture management in public sector organisations. But, the challenge is to develop this understanding into practical measures in public sector organisations to further bolster modernisation and deliver the 'performance culture where indicators inform policy choices, budgetary allocations and the day to day management of operations' (Cowen, 2008).

Organisation Culture and Irish Public Sector Reform

In the 1970s, the emphasis within the civil service appeared to be on trying to change the organisation and structures of departments. A major review of the public service was commissioned by the government during the 1960s and in 1969 the Report of the Public Services Organisation Review Group (known as the Devlin Group) recommended a separation of policy-making from policy execution functions within departments and changes in organisational structures, in response to a major perceived problem of concern with the finer points of day-to-day administration at the expense of strategic thinking about long-term issues (McCarthy, 2005; *Administration*, Vol. 43, No.2,p.47). But, 'politicians and civil servants alike saw the proposals as threats to their best interests, and were not convinced of the merits of full separation of policy and executive functions....little progress was made in implementing the major recommendations although many of the subsidiary proposals have been put into effect – admittedly after many years' consideration'. (*Administration*, Vol. 43, No.2, p.47). The white paper *Serving the Country Better* (1985) focussed on improving management in the public service in terms of clear statements of aims and objectives of departments; specific results to be achieved to be identified in advance; decentralisation from central to line departments and within line departments; greater responsiveness to citizens' needs with a more efficient, courteous and prompt service to the public. This paper did not lead to significant overall changes due to a change of government and a budgetary crisis at that time, but, 'there is no doubt that the initiative did serve to bring about a cultural adjustment in the civil service – particularly in focusing on the need to serve the public better as clients or customers' (*Administration*, Vol. 43, No.2, p.47).

The 1980s saw a re-emphasis on clarifying the role of public service managers and improving the quality of their performance, partly due to the necessity to implement major reductions in public expenditure and reductions in public service numbers during that decade. The introduction of the Top Level Appointments Committee led to more competitive appointment and promotions which helped to bring about some change.

Overall, 'many of the changes effected in departments have been of the cosmetic type. There are only a few examples of major attempts to change the culture of organisations. This civil service culture has been described as 'a legacy of austere traditions and archaic chivalry'. In particular 'the lack of management training of many of the senior personnel in the civil service would be a factor in this lack of development. Another factor is that attempts at change have generally had a top-down approach – a coercive rather than a participative approach but with little or no follow through or support'. (*Administration*, Vol. 43, No.2, p.48).

It is acknowledged that some of the service delivery departments made notable efforts to develop a customer-oriented culture but by the early 1990s none of the programmes had reached a satisfactory performance level.

In the 1990s, the Strategic Management Initiative (SMI, 1994) provided the framework and Delivering Better Government (DBG) (1996) set out the programme for modernisation in the civil service. DBG required civil servants to better support the Government in achieving its objectives in relation to national development; to make more effective use of resources and to provide a high quality service to all its customers (McCarthy, 2005). In 1995, Hurley advocated that 'Strategic management is a process which must become integrated in time into the very fabric and culture of public administration. We must be able to look back in ten years' time and say that the initiative continues to operate, not just as a framework for renewal but as a comprehensive approach to our work generally, a

set of tools and attitudes which influence and direct management thinking at all levels'. (IPA, 1995, p.41)

McCarthy (2005) points out that SMI has provided the framework for the building blocks to achieve the objectives set out in DBG and in so doing it has supported the vision for the civil service set out in DBG:

- as a high performance, open and flexible organisation operating to the highest standards of integrity, equity, impartiality and accountability;
- with a mission and culture of quality service to Government and to the public at every level, delivered in a helpful and courteous manner;
- that makes the maximum contribution to national social and economic development and to competitiveness, within a clear strategic framework, both at the level of the individual Department and across Departments;
- making use of effective human resource management systems to ensure that each person who works in the Civil Service can develop to his/her maximum potential in contributing to the attainment of stated goals;
- that provides, through a partnership across all levels in the Civil Service, equality of opportunity for all through its standard of recruitment, conditions of work, training and development of people and promotion practices;
- supported by modern systems of financial management, to ensure value for expenditure undertaken within the limits set by Government;
- that operates necessary and simplified regulations efficiently and fairly;
- that must be competitive by reference to international comparisons and benchmarks (McCarthy, 2005).

Boyle and Humphreys (2001) emphasise that the agenda of change has been broad and deep at both central and local government levels. McCarthy agrees with this, by outlining the importance of having legislative change to

underpin responsibility and accountability in the Civil Service. He suggests that published statements of strategy and annual reports have complemented new avenues of accountability through (i) Freedom of Information legislation (FOI Act, 1997) and (ii) the compellability of witnesses to attend an energised system of Parliamentary Committees.

McCarthy (2005) outlines a number of other significant developments that are aimed at culture change in the public sector including: the introduction of the Quality Customer Service Initiative and Customer Charters for Government Departments and Offices; the introduction of the Performance Management and Development System (PMDS) for all civil servants; the provision of better financial management systems as part of the Management Information Framework (MIF) and the introduction of the MIF in Departments and Offices to provide better and more timely financial and management information; the enactment of the Public Service Management (Recruitment and Appointments) Act, which modernised the recruitment system for the civil service. For the first time in 2004, the civil service recruited a number of staff by open recruitment competition for the Higher Executive Officer and Assistant Principal grades. Similarly, the civil service recruited a number of staff by open competition for the Principal Officer grade in 2007. Other developments included the instigation of more competitive promotions and more cross-departmental mobility of staff, particularly with the onset of greater decentralisation; the Civil Service Regulation (Amendment) Act has been enacted and this devolves functions in relation to appointments, performance, discipline and dismissal to more appropriate levels; the Code of Standards and Behaviour was published in September 2004 and sets standards for service delivery, behaviour at work and integrity for staff in the civil service; a White Paper on better regulation, *Regulating Better*, setting out the principles to inform the government's approach to regulatory policy was published in January,

2004. A key element of this process was the use of regulatory impact analysis in departments. The Value for Money and Policy Review Initiative has been strengthened as a tool to scrutinise spending programmes and their effectiveness, and multi-annual capital budgets have been agreed to allow departments greater flexibility in managing resources (McCarthy, 2005). The public service modernisation initiative of the 1990s has enabled significant progress to be achieved in financial and resource management, human resource management, and customer management areas.

McCarthy (2005) describes how a similar strategic approach to reform was undertaken in other parts of the public service. *Better Local Government - A Programme for Change* (1996) set out a programme for the future development of local authority services through increased emphasis on corporate planning, creation of county/city development boards and publication of the Local Government Act, 2000. A number of initiatives have been, or are currently being, undertaken in support of better customer service and increased efficiency in the use of resources. These initiatives are mutually supportive and are intended to lead to an improved culture of financial management in local authorities in the future, based on value for money and modern accounting principles. He also suggests that a significant amount of progress on service provision and customer focus has been made and in June 2005, the Department of the Environment, Heritage and Local Government published its report on Service Indicators in Local Authorities (2004). This report from the Local Government Management Services Board sets out and analyses key services provided by local authorities (McCarthy, 2005).

In the health sector, the Health Act, 2004 enabled the establishment of the Health Service Executive (HSE), and forms part of the most significant change programme in the health sector. It aims to provide a more integrated and cohesive approach to service delivery and result in a more

co-operative culture in the sector. The restructuring of the education sector, following on from the Cromien Report, has delegated functions to relevant bodies under the aegis of the Department and provided the Department of Education and Science with an opportunity for greater focus on strategic management and policy development. The Department of Education and Science has always had a culture of cross-departmental working and this is reinforced by the changes that have taken place in this sector with greater co-operative team working and cross-departmental working ensuring more effective service delivery to key stakeholders in the sector.

Boyle and Humphreys (2001) emphasise that 'handling relationships between public, private and voluntary bodies all involved in policy and service delivery requires that underlying cultural norms are questioned and changed where necessary. Leadership is required to promote an emphasis on co-operation, consensus, persuasion and the like' (p.80). It is important to take into account the impact of different cultures in the various organisations involved in the development of shared services for the public sector and the effective role leadership will play in aligning the different cultures that exist in the different organisations. The shared services model is outlined in the national agreement *Towards 2016*. 'There will be co-operation with the introduction of shared services between public service and related organisations where this can give rise to efficiencies or cost savings. Examples of areas where shared services will be possible include, but are not confined to, HR, Finance and Accounts, Payroll and Superannuation Management, ICT (including telecommunications and data centers), Procurement, Data Entry/Capture and specialist legal and secretarial services and areas where unusual or unexpected needs arise' (p.116, *Towards 2016*).

Leadership is also important in terms of how the management framework operates. New Public Management (NPM) is credited with transforming the way in which the public sector understands its business rather than its accom-

plishments, in changing the way that business is actually done. (Litton and MacCarthaigh, 2007, p.57) 'The cultural transformation is indicated by the replacement of 'public administration' with 'public management' and the takeover of continuing education for public servants by management schools' (Litton and MacCarthaigh, 2007, pp. 57-58).

Litton and Mac Carthaigh (2007) explain that the business planning model is instrumental in how NPM operates. 'The minister is responsible for setting the objectives of his department. The departmental head draws up a strategic plan in which the organisation's environment is analysed and feasible outcomes identified that will bring matters nearer these objectives' (p.58). These outcomes provide the basis for the business planning process, and ultimately, for the management of individual performance.. Furthermore, Litton and Mac Carthaigh (2007) suggest that the new language that this introduces is clearly instrumental. Critically, they suggest 'it is concerned not with what is right or fitting to do but with technical analysis of the most efficient and effective means to given ends. Managerial competence is more highly valued than good judgement in discerning what will serve the public interest'. (p.58)

While acknowledging NPM's shortcomings, Litton and Mac Carthaigh (2007) agree that NPM in its various forms has contributed to improving public services and its emphasis on efficiency and effectiveness does allow the state do more with less. 'Its recognition of the value of the staff functions (human resource management, financial management, production design, strategic planning) that have long guided private sector enterprises has improved the monitoring and control of performance in public sector organisations. Its designation of the consumer has prompted improvements in service delivery'.

'NPM is most convincing in circumstances where the ends of policy are clear and the means towards them are well understood. It is then that its lessons on efficiency and effectiveness make most sense and its case that the civil

servant should be the master of management techniques is at its strongest. However, when ends and means are uncertain its guidance falters. ...The organisational form matched to this task is the network. Networks are receiving increasing attention (Murray, 2006). They are set to become the twenty-first century business model. Whether this is so or not, they are a better guide to much civil service business than machine bureaucracy, the twentieth century business model' (p.59).

This is an important element that needs to be considered in future aspects of change programmes – how culture and various subcultures will affect change in a greater matrix, networking public service structure rather than in the traditional hierarchical bureaucratic structure.

Ten Step Cultural Assessment Process

Step 1: Obtaining Leadership Commitment

Schein (2004) advises that when 'deciphering cultural assumptions and evaluating their relevance to some organisational purpose', this process must be viewed as 'a major intervention in the organisation's life and therefore must only be undertaken with the full understanding and consent of the leaders of the organisation' (p.340). In practical terms, he suggests that it is important, at the outset when a person from an organisation solicits help from a consultant or researcher in order to figure out their organisation's culture to ask: 'Why do you want to do this?' or 'What problem are you experiencing that makes you think a cultural analysis is relevant?' In Schein's opinion, 'The only times I have tried to help a group analyse its own culture without a problem or issue to motivate the process, the analysis has essentially failed for lack of interest on the part of the group'. (p.340)

Step 2: Selecting Groups for Interviews

Schein (2004) outlines that the next stage for the researcher or consultant is to work with the leaders or executives of the organisation to determine how best to select some groups representative of the culture. He notes that the criteria for selection will depend on the concrete nature of the problem to be solved. Groups can be homogeneous or heterogeneous in their make-up by either selecting a given department or rank level or alternatively, by diagonally slicing the organisation. The group can vary in size from tiny groups (of 3) to large groups (of 30). Schein suggests that it is important to include sub-cultures in the group formation by repeating the process in different groups or by deliberately including samples of members from different

groups in order to test in the group meetings, whether the assumed differences exist.

He also notes that the composition of the group is affected by the level of trust and openness in the group particularly, in regard to deciding whether senior people who might inhibit discussion should attend. He suggests further that 'because the level of trust and openness across various boundaries is itself likely to be a cultural issue, it is best to start with a heterogeneous group and let the group experience the extent to which certain areas of communication are or are not inhibited by the presence of others' (p.341). He recommends that once groups have been chosen, it should be the leader or executives who inform the groups of the purposes of the meetings. He also advises that rather than summoning people to a vague general meeting to do with a culture assessment, that participants must know either what change problems are being examined or what research problems the external researcher or consultant has brought in and gotten commitment to pursue.

Step 3: Selecting an Appropriate Setting for the Group Interviews

Schein recommends that an appropriate venue to hold the group interviews would be a setting that is normally a large, comfortable room with space for hanging flip chart pages and with break-out rooms for sub-groups to meet.

Step 4: Explaining the Purpose of the Group Meeting

Schein (2004) recommends that the large group meeting should be commenced with a restatement of the purpose of the meeting by someone perceived to be in a leadership or authority role in the organisation. This should encourage openness and trust in terms of response. Following this introduction, Schein suggests that the process consultant should be introduced as the outsider who will help the group conduct an analysis of how the organisation's culture is a benefit or constraint in solving the problem or issue to

be resolved. He recommends that the process consultant can be an outsider, a member of the organisation who is part of a staff group devoted to providing internal consulting services, or a leader from another department who is familiar with how culture works (p.342).

Step 5: A Short Lecture on How to Think About Culture

Schein (2004) recommends that the consultant should use Schein's three level model of Culture (Level 1: artefacts, Level 2: espoused beliefs and values, Level 3: underlying assumptions) to explain the manifestation of culture in the organisation. 'It is essential for the group to understand that culture manifests itself at the level of artefacts and espoused values, but that the goal is to try to decipher the shared tacit assumptions that lie at a lower level.' Schein advises that through use of the model, it is important for the group to understand the distinctions between each level and that culture is a learned set of assumptions based on a shared history.

Step 6: Eliciting Descriptions of the Artefacts

Schein notes that the question that elicits artefacts is 'What is going on here?' He recommends that this stage is where the consultant tells the group that they are going to start by describing the culture through artefacts. Recent members who have joined the group are asked to describe entering the organisation and what they noticed most upon entering it. Everything mentioned is written down and presented as wall hangings visible around the room to encourage the group to think of its own deeper layers of thinking about assumptions its members share. 'If group members are active in supplying information, the consultant can stay relatively quiet, but if the group needs priming, the consultant should suggest categories such as dress codes, desired modes of behaviour in addressing persons in charge, the physical layout of the workplace, how time and space are used, what kinds of emotions one would notice, how people get rewarded and punished, how one gets ahead

in the organisation, and so forth'. (p.342) This process should continue for about an hour.

Step 7: Identifying Espoused Values

Schein notes that the question that elicits espoused values is 'Why are you doing what you are doing?' Schein would normally choose an artefactual area of interest to the group and ask people to articulate the reasons why they do what they do. As values or beliefs are stated, and consensus formed, then these values and beliefs are written down on a new page of flipchart. If members disagree, Schein recommends asking whether this is a matter of different subgroups having different values or is it a matter of genuine lack of consensus, in which case the item is recorded on the chart with a question mark after it, to ensure it is revisited. The group is encouraged to look at all the artefacts and to identify possible values implied. This process should continue for about an hour.

Step 8: Identifying Shared Tacit Assumptions

Schein (2004) suggests that 'the key to getting at the underlying assumptions is to check whether the espoused values that have been identified really explain all of the artefacts or whether things that have been described as going on have clearly not been explained or are in actual conflict with some of the values articulated' (p.344). He notes that an example of where these can be misaligned is exemplified by the engineering group at HP that discovered that the espoused values of 'teamwork' and 'being nice to each other' were overruled by the tacit assumptions that individualistic competitive behaviour was the way to get things done and progress in the organisation. This process takes approximately three to four hours and should be completed when the group and the consultant feel they have identified most of the critical assumption areas.

Step 9: Identifying Cultural Aids and Hindrances

Schein (2004) suggests that if the group is larger than ten people, it is necessary to conduct this stage in smaller breakout groups. The task for the subgroups comprises two parts, spending an hour or so refining assumptions and identifying other assumptions that may have been missed in the large group meeting, and categorising the assumptions according to whether they will aid or hinder the solution of the problem that is being examined. The groups review what the 'new way of working' is and how the assumptions identified will help or hinder in getting there. Schein (2004) recommends that the subgroups report back to the total group both the two or three main assumptions that will aid and also the two or three main assumptions that will hinder the desired changes.

Step 10: Reporting Assumptions and Joint Analysis

Schein (2004) suggests that the purpose of this step is to reach some kind of consensus on what the important shared assumptions are and their implications for what the organisation wants to do. This process begins with the reporting back of the subgroups to the full group. If there is a consensus on these separate group analyses, the process consultant proceeds into a discussion of implications. Normally there is a lack of consensus, which requires further inquiry by the total group with the aid of the consultant. According to Schein a number of reasons may account for this: the group may decide that there are strong subculture differences that must be accounted for; or some of the assumptions may need to be re-examined to determine whether they provide resolution of disagreements at a deeper level; or maybe the group may come to recognise that for various reasons it does not have many shared assumptions. 'In each case, the role of the process consultant is to raise questions, force clarification, test perceptions, and in other ways help the group achieve as clear a picture as possible of the assumption set that is driving the group's day-to-day perception, feelings,

thoughts, and ultimately, behaviour' (p.347). Schein notes that once consensus is reached on what shared assumptions are, the discussion proceeds to the role of those assumptions in aiding or hindering what the group wants to do. If on the other hand, real constraints are identified, the group discussion shifts to an analysis of how culture can be managed and what it would take to overcome the identified constraints. Schein (2004) recommends that the process consultant should provide a lecture on culture change mechanisms that are implied at this stage and a new set of subgroups may be formed to develop a change strategy. This would require an additional minimum half-day to complete and is additional time beyond the original one-day meeting on culture assessment.

Schein concludes that the ten-step process described above is extremely fast and within a few hours a good approximation can be made of what some of the major assumptions are. He recommends that if more detail is required additional observations, participant observations and group assessments can be made. He argues that in most situations in which leaders need to manage some element of their culture, this internal deciphering process is sufficient and useful.

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