Part 1

Setting the Scene
Chapter 1

Introduction

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

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

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

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\(^1\) I use the term conservative meaning of the political right. It could be argued that in many ways the theories of neoliberalism are radical in terms of the changes they have brought.
This thesis argues that local government management may continue to be ‘captured’ by the dominant view: I use the term neoliberalism to define the politically conservative policies of many western countries. These policies are based on the economic theories of public choice and agency. I use the term economic rationalism to define the theories that posit that the market is the key sphere of influence and if it is left to regulate itself, without undue government intervention, then order and prosperity will follow. This ideology of the market still appears to dominate the language and thinking within local government and this may not be in the best interests of either local government organisations or the communities they serve.

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

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

2 Local government CEOs interviewed for this research indicated the number of services they operated. They varied from 80 to 140.
My central thesis is that the language of the commercial sector, which has been adopted (in varying degrees) by management in local government, may not always be appropriate or consistent with its ethic of service. It may not provide a sustaining and enriching focus for the goals and activities of local government. Specifically, this research uses a socio-analytical approach to look at what it means to be a Chief Executive Officer in a local government authority in all its complexity. This model employs a reflective approach to encourage an engagement with the values under study. The aims of the research are to:

1) identify management theories and tools currently used in local government in Victoria;
2) assess whether these theories and tools underpin leadership styles that promote local government goals and objectives;
3) explore how CEOs conceptualise themselves and their professional frameworks within the context of local government;
4) shed light on the values that underpin local government CEO actions, decisions and management frameworks;
5) investigate the fit of managerialist principles (defined as the results driven approach adopted from the private sector) with:
   a) the role and purpose of local government;
   b) the capacities required of CEOs in today’s local government; and
   c) appropriate motivators for local government staff.

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

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

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

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

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

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

The final part of the thesis, Making Sense of It, brings together all points under four chapters. The first chapter examines if lasting positive change did occur in local government as a result of the reforms of the 1990s. The next chapter argues that local government is not a business and that the importation of business language and processes are harmful to the operation of the enterprise. Chapter 15 then describes how local government is still captured by this ideology of the dominance of the market. Finally, chapter 16 seeks to describe leadership in the public sector differently from profit making businesses, with leadership being defined by the enactment of values. Government is called upon to reclaim its rightful place in promoting the values of a just society and to promote the public sector as the centre of debate about what the ‘public good’ means and providing a new model of compassionate leadership.
Chapter 2

Recent History of Local Government

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

What was local government like before the 1990s?

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

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

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

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

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

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

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

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

Table 2.1 Local government revenue and outlay 1999–2000

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

Source: Australian Bureau of Statistics (2001)

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

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

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

(c) to provide equitable and appropriate services and facilities for the
community and to ensure that those services and facilities are managed efficiently and effectively; and

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

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

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

**Changes in the 1990s**

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

**Was change necessary?**

Restructuring of the public sector was occurring at all levels during the 1980s. This first wave of change included borrowing private sector practices. Commonwealth and state departments had introduced corporate-planning and program-budgeting techniques, employment contracts and performance measurement for managers (O'Flynn 2003:9). By the 1990s the reform agenda had shifted to the desire for market solutions to what was considered the failure of government. These changes had also been adopted in part at the
local government level, but prior to the reform agenda put in place by the State Government from 1992, local government in Victoria still had a traditional hierarchical and bureaucratic structure, with the chief administrator called the Town Clerk. Aulich (1999) reviews the literature around the efficiencies of the ‘old’ bureaucratic structure of local government and concludes that, although little research exists, that which does exist indicates that there were inefficiencies in local government management and culture (Aulich 1999:70). He concludes that in the main local government was inward looking and not focussed on innovation, customer service or on measuring outcomes.

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

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

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

<table>
<thead>
<tr>
<th>State</th>
<th>Rates per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland</td>
<td>$385</td>
</tr>
<tr>
<td>New South Wales</td>
<td>$317</td>
</tr>
<tr>
<td>South Australia</td>
<td>$293</td>
</tr>
<tr>
<td>Western Australia</td>
<td>$271</td>
</tr>
<tr>
<td>Victoria</td>
<td>$324</td>
</tr>
</tbody>
</table>

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

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

What did the changes encompass?

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

In the public sector, this shift to a private sector model of management is usually called either New Public Management (NPM) or, if seen in a somewhat negative sense, managerialism. Elements of good management are, of course, essential to all well functioning organisations and local government is no exception. It requires clear and open communication, accountability, planning systems in place, structures that enhance decision-making and the like. Managerialism is seen as distinct from good management in that it is
influenced by specific economic conservative theories. Hood (1991) says that the two partners in the ‘marriage’ of NPM are the economic theories of public choice and agency theory and the scientific management movement, which saw management as a set of professional tools applicable to every setting. Various authors have described the elements of managerialism or New Public Management. The elements include an emphasis on cost-cutting, capping budgets, transparency in resource allocation, downsizing traditional bureaucratic organisations into separate agencies, separating the provision of services from purchasing of services, introducing market mechanisms, requiring staff to work to performance targets, indicators and output objectives, employment by contract based on performance and increasing emphasis on service ‘quality’, standard setting and ‘customer responsiveness’ (see Pollitt 1995; Hood 1991; Osborne and Gaebler 1993).

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

**Table 2.3 Osborne and Gaebler’s 10 principles**

<table>
<thead>
<tr>
<th>principle</th>
</tr>
</thead>
<tbody>
<tr>
<td>steering, not rowing</td>
</tr>
<tr>
<td>partnerships</td>
</tr>
<tr>
<td>competition</td>
</tr>
<tr>
<td>mission driven</td>
</tr>
<tr>
<td>funding outcomes, not inputs</td>
</tr>
<tr>
<td>customer driven</td>
</tr>
<tr>
<td>enterprising</td>
</tr>
<tr>
<td>anticipatory</td>
</tr>
<tr>
<td>teams not hierarchies</td>
</tr>
<tr>
<td>market oriented</td>
</tr>
</tbody>
</table>
NPM – adopted in many countries

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

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

The stated driving forces behind these reforms were public debt and being part of the world stage that required such reforms. The conventional wisdom is repeated in Canada: ‘Globalization, information technologies are changing the focus of management. The focus must be on results. Public enterprises need to be more ‘efficient, effective, responsive and innovative’ (OECD 2001b). Again a public budget deficit throughout the 1980s is said to have required these reforms. While the Canadian Government says it values people and diversity, it also uses the correct language of economic orthodoxy in claiming reform was needed and in detailing how the reform has occurred. The Canadian Government is ‘committed to fiscal restraint, accountability and transparency’. Changes include ‘new approaches to business planning; and modernization of results-oriented performance management information supporting systems.’ (OECD 2001b:12).
Changes in Victoria from 1993

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

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>Liberal–National State Government elected on mandate to reform the public sector and reduce government debt. State Government leader was Jeff Kennett. The (then) minister for local government Roger Hallam argued that local government must ‘do more with less’.</td>
</tr>
<tr>
<td>1993</td>
<td>Local Government (Amendment) Act 1993 introduced to establish a Local Government Board to advise the Minister for Local Government on measures to improve the performance of local government.</td>
</tr>
</tbody>
</table>

3 The only other change to this situation occurred in October 2002 when the Shire of Delatite split to become two municipalities based around the towns of Benalla and Mansfield.
1993-94 Amalgamations of 210 local governments into 78; conducted in five rounds by region – 20 per cent reduction in rates imposed and the introduction of rate capping. Rural municipalities went from 149 to 47.

1993-94 Replacement of councillors by government appointed commissioners for a two-year term.

1994 Introduction of CCT through the *Local Government Compliance Act 1994*, a series of regulations, and a Code of Tendering. Councils required to market test an increasing proportion of their services. From 1994–95 services to the value of 20 per cent of the councils’ total operating expenditure were to be competitively tendered, to be increased to 30 per cent by the end of 1995–96 and to 50 per cent by the end of 1996–97 and for each year thereafter.

1994 Revisions to the *Local Government Act 1989* to include new financial management and reporting requirements, new borrowing requirements and the introduction of contracts for senior executive staff. By 1994–95, almost $500 million worth of local government work had been tendered out (Aulich 1999:21).

1996 From March, councils conducted elections for councillors to replace the commissioners. Return to democracy for 23 inner city councils in March 1996 and the rest in March 1997 after three years of commissioners. From July 1996 the principles of ‘competitive neutrality’ embodied in the *Trade Practices Act 1974* (Commonwealth) applied to local government as well as State and Federal instrumentalities.

1998 State Government lifted rate capping to enable a maximum rate rise of 8 per cent from 1998–99. Job losses in Victorian local government to 1997 were 17,000 (Aulich 1999).

1999 Change of State Government at the October elections. The new Bracks Labor Government decided to ‘quietly remove the most objectionable features of the Kennett era’ (Hill 2003:6).

*Adapted from Aulich (1999:18)*

From July 1996 the principles of ‘competitive neutrality’ embodied in the *Trade Practices Act 1974* (Commonwealth) applied to local government as well as to state and federal instrumentalities. This legislation meant that government could not engage in any services or program if, in order to do so, it provided subsidies or undercut a private sector provider in
the same area. So child-care, for example, provided by a local authority must not charge fees that undercut a private child care provider.

**What were the driving forces behind the changes?**

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

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

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

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

\(^4\) O’Flynn (2003) also notes the impact of related economic theories at the time. They were all based on the notion that competition inevitably leads to efficiency. In agency theory, contracts bind the principal [purchaser] and the agent in action. In New Institutional Economics (NIE), it is argued that institutional forms arise and change as a means of minimising the transaction costs of contracts entered into, either to make or to
Stephen Albin (1995) contends that those wishing to see a change in public sector management assumed that in large scale government bureaucracies a larger budget and more staff were taken as measures of management success and that this needed to change in order to curb public-sector spending. ‘Managerialism is directed at changing traditional bureaucratic organisational incentives to reduce outputs and thereby lower taxes. The explicit assumption is that private sector incentive structures are far superior to those which manifest in government’ (Albin 1995:138). These changes began in local government in the 1980s with contracting out of services.

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

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

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

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5 Walsh (1995:xiii) argues that the ‘rediscovery’ of productivity, performance and control issues has occurred periodically in the public sector since FW Taylor’s time in the early 1900s.
decisions on the basis of narrow self-interest. Although public choice theory was developed in relation to the American system of government, its tenets have found wide application, especially in Australia, New Zealand and the UK. The key assumptions of public choice theory are that individuals are always motivated by rational self-interest. It is argued that government will necessarily be inefficient because it is not part of a marketplace. Often service delivery is by a government instrumentality that is a monopoly. Therefore, according to public choice theory, life tenure for senior staff in such instrumentalities inevitably leads to empire building and does not encourage innovation in provision. Life tenure, on this account, nullifies incentive.

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

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

Moore’s view was that there is a ‘growing recognition that governments tend to be less efficient deliverers of services than the private sector because they are not so exposed to competitive forces and they are so susceptible to “capture” by one type of interest group or another’ (Moore 1996:70). The idea that special interest groups can capture both politicians and public administrators is not tested. It is assumed that it occurs and that this capture leads to pressure on policy making and a distortion of outcomes. It is also argued that the public sector will necessarily be inefficient since it is often in a monopoly situation and does not have the discipline of competition to ensure efficiency.
The influence of this economic theory was not confined to the State Government in Victoria. In his book, *Economic Rationalism In Canberra*, Pusey (1991:10) argues that government in Australia is ‘caught within projections of reality that give primacy to “the economy”, second place to the political order and third place to the social order.’ The first ‘wave’ of reform occurred in Victoria in 1982 (with the introduction of program-budgeting, corporate-planning) and in the Commonwealth Government by 1984, with a second wave in 1987 with the Federal Labor Government’s policy of micro-economic reform (Davis 1997). By 1994, all levels of government agreed under the *Competition Principles Agreement* that they would not restrict competition unless it could be shown that restrictions were in the public interest (Aulich 1999:16). The ‘most stealthy’ of economic rationalist policies adopted by all governments in Australia is the National Competition Policy (Gray and Lawrence 2001:5).

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

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

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

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6 I will use the pronoun ‘her’ hereafter to denote either gender.
markets were to be created within the authority (business units and the purchaser-provider split).

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

**Can it rightly be called reform?**

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

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

The election of a more moderate Labor State Government in 1999 has led to greater emphasis on democracy, community building and participation, but the decade of the 1990s has left an indelible mark on the way local government managers go about their work. The majority of local government authorities in Victoria are now signatories to the recently produced VLGA *Code of Good Governance* (2000) that outlines the roles and responsibilities of councillors, citizens and staff. While the *Code of Good Governance* notes the importance of ‘internal governance’ (corporate governance), it does not address it in detail. This sphere of local government action is still waiting for a new code to be adopted.
It is valuable to explore the impact of the reforms of the 1990s on management practice in local government today, to bring to light the values and unconscious motivations influencing the work of CEOs and to look at local government management from a different perspective.

**Conclusion**

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

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

Walsh devotes a chapter of his book to these other factors that, I believe, still boil down to the rise of neoliberal economic ideology. The rhetoric of the need for change comes from a mindset that assumes ‘business does it better’ and that the public service is necessarily inefficient. The Kennett Government used this rhetoric with very little supporting evidence. The evidence of successful implementation of market-based changes has also never been thoroughly documented and is one of the factors used here to show the link between introduced changes and ideology (changes were made for ideological purposes and with little regard for their actual success). Finally, imitation may have spread new ideas, as Walsh contends, but imitation will only occur if there is acceptance of the tenets underlying the changes.
Pollitt (2003) also puts emphasis on the notion of practitioners copying what appear to be good ideas from others and the influence of the Organisation for Economic Cooperation and Development (OECD) and the World Bank, which also use and promulgate the terminology. As Pollitt says, it is the ‘only show in town’. He thinks there are a variety of reasons for NPM’s rise, including the legitimacy it has gained from these credible agencies, the fact that it provides a simple set of solutions to complex problems and that its implementation cuts costs. However he argues that NPM was chosen by conservative politicians and based on neoliberal ideological preferences rather than occurring with no rhyme or reason or even occurring as an inevitable response to globalisation and changing business practices (as is sometimes claimed).

The next chapter investigates the pervasiveness of this ideology and investigates its origins in the philosophical belief in the rationality of humanity. It also outlines another way of looking at humanity, which describes and accounts for both rational and irrational events.
Chapter 3

Rationality and Irrationality

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

Philosophical views of humanity

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

Renaissance thinkers, while still religious, tried to reclaim, without recourse to God, the view of humanity as essentially noble, creative and admirable. The Renaissance saw
humanity in a new light. Humanity is master of its own destiny (Goudzwaard 1970:13). Thomas Hobbes treated the world as purely mechanical and material. In *The Leviathan*, he wrote that ‘the universe is corporeal; all that is real is material, and what is not material is not real’ (Williams 2006). Hobbes was pessimistic about humanity in its base state. He warned against freedom to pursue individual goals and asserted that this leads to a ‘war of all against all’. A little later, Descartes attempted to use logic to defend Christianity. Later still, with the rise of Protestantism and the economic power of the emerging middle classes, the thinkers of the Enlightenment (late 17th and 18th Centuries) linked logic with reason to defend their scepticism about the prevailing religious faith. The Enlightenment view is that reason and emotion are opposite: emotions are personal, subjective and unknowable, resistant to measure and serve no useful purpose; whereas rationality is what differentiates us from animals – rationality is our nobility. Our ability to reason is the key to our perfectibility (Goudzwaard 1970).

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

**Rationality and the Enlightenment**

With the Enlightenment came the shift of values from tradition, community, and authority to individualism, freedom and change. Radical doubt about the previous authority of church and state led to a philosophy that has paradoxically locked us into another narrow and conservative view of humanity. A shift occurred from the idea that the world can be investigated by rational means to the idea that there is only one way to view the world. The requirement that all phenomena conform to the rules of logic has infused thinking in the west and is seen in mainstream management thinking today. The great thinkers of the Enlightenment period (Voltaire, Rousseau, Locke and Hume) were infatuated with reason as a means of overcoming the superstition of religious faith and the absolute power of the monarchy (Uzgalis 2005). Enlightenment thinkers tried to link virtue to reason and saw humanity as individuals in pursuit of individual ends, which are relative. There was no longer a moral imperative – the will of God – prompting us to aspire to realise our full potential. Yet the Enlightenment thinkers still believed in the rationality of life and saw progress as continually occurring. Belief in the inevitability of human progress became an
article of faith in the Enlightenment period and this perspective continues today. Rather than being a religious faith, Goudzwaard (1970:xxii) calls it a ‘propelling, all-embracing vision[s] which direct[s] persons in everything they feel, think, and do’. Because it is an article of faith it is part of the fabric of society. Although the more radical later thinkers, Hegel (Redding 2002) and Marx (Wolff 2003) were critical of Enlightenment views of the bourgeoisie, they also saw progress as inevitable and, essentially, linear.

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

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

\(^7\) See page 41 where it is also noted that Adam Smith believed in the ‘invisible hand’ guiding humanity to the common good.
everything back to the individual and to the material. But values that do not recognise the inter-connectedness of community are potentially exploitative or at best meaningless.

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

**A sea of irrationality**

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

In his work, *The Birth of Tragedy* (1872), Nietzsche took up Schopenhauer’s concept of the importance of irrationality to describe how Greek tragedies worked for an audience. Nietzsche believed that both rationality and irrationality were present in Greek tragedy, and that tragedy is shown by the tension between them. The god Apollo represents rationality: he is clear-headed, logical and makes meaning of what he sees and does. On the other hand there is Dionysus, who is the god of drunkenness and debauchery. He is intuitive, instinctual, hot headed and overthrows convention with chaos. For Nietzsche, Dionysus represents reality and Apollo is a construct of humanity to attempt to make sense of and control the raw and uncontained power of Dionysus (Cook 2002).
Whereas Enlightenment thinkers saw a duality between rationality and irrationality, with rationality representing the noble in humanity and irrationality as the base, the mad and the unmentionable, Nietzsche believed that rationality is a ‘thin veil’ covering the true irrational nature of the world. Its purpose is to convince humanity that the world is really intelligible. This veil is necessary for us to cope with the chaos around us. In Nietzsche’s view there is a continuum between rationality and irrationality. Rather than rationality being dominant, it is possible that irrationality is the true experience and rationality is a construct imposed as a means of coping with that fact. In Schopenhauer and Nietzsche we find that the idea of a conflict between reason and emotion, morality and desire, was familiar before Freud took up the theme. Both the philosophers and Freud saw continuity between rationality and irrationality. One fundamental difference between them, however, was that Freud imagined the existence of the unconscious. He postulated the existence of a previously unthought of psychological realm where socially inappropriate desires can be repressed – they are excluded from consciousness and denied active expression. The repression of these desires does not, however, eradicate them. They continue to ‘press for satisfaction’ and they achieve it in thought, in the form of fantasy and in a physical form, as neurotic symptoms. Neurosis is ‘the return of the repressed’.

**Freud and the irrational**

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

**Klein and ego development**

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

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

Briefly, Klein proposes that the first object that we encounter and relate to is the mother’s breast. The breast represents the mother and the source of all good. However the breast is identified with both good and bad experiences (frustrating, slow or difficult feeding). Feelings of anxiety are projected – placed outside the baby and onto the ‘bad’ object – and the good breast provides the focus for positive and affirming experiences. The self-
preservation of the infant depends on her trust that there is a good mother. By splitting off the bad aspects and clinging to the good, she maintains her trust in the good mother. In splitting, it is as if (in the child’s mind) both a good and a bad breast exist: the good breast is separate and not contaminated by the bad breast. This splitting of good and bad can be described as separating parts of experience to protect the good and reject the bad. Implied in this splitting of love and hate is an ‘interaction between introjection and projection, between internal and external objects and situations’ in the developing ego (Klein 1975:2).

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

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

Having experience of a good breast and internalising this good object acts as a focal point for the ego. This experience builds the ego, makes it integrated and cohesive (Klein 1975:6)
and defends against frustration and anxiety. It is a precondition for normal development. Similarly, projecting bad feelings onto external objects (or people) protects against internal feelings of persecution. Idealisation is another part of the mechanism of splitting. In idealisation, the good aspects of the object are exaggerated to protect against the fear of the persecutory power of the bad object. In fact idealisation can go as far as denying the existence of the bad object altogether. It leads to the later experience of refusing to acknowledge any unwanted feeling.

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

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

**Object relations in the workplace**

Elliot Jaques (1955) first developed the concept of *social defenses*, whereby a group engages in rituals that help manage anxiety about the job at hand. Jaques believed that the
same defence mechanisms that are used by babies, as Klein suggested, are also used by adults in workplace situations. People project their bad internal objects into another member of the organisation, who then takes in the projection. Thus individuals can maintain the feeling of their own goodness by splitting off their own unwanted parts and feelings and projecting them into others. Group cohesion can be aided by seeing others as bad, whether it be the boss, a minority group or even the client or customer that the group is set up to assist.

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

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

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

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

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

In the pairing basic assumption mode members of the group come to believe that through a union of two, a leader will come to save them from the anxiety experienced in the group. In the flight or flight mode, there is a tendency to project fear onto some outside enemy and the urge is to fight or flee this external enemy. In the dependency mode, the focus is (as in the other modes) on a leader to solve the problems of the group. There is unconscious collusion within the group to act on these basic assumption modes.
Groups can move from one basic assumption to the next as one becomes unsatisfactory. There is, however, conflict between the basic assumption states and the sophisticated work group. The efforts to get back on track with task are efforts to grow up and to rely on learning as a group, and not on magical answers appearing from on high. Bion notes that, in general, the work group does function adequately and fears of being swamped by the basic assumptions are out of proportion (Bion 1959:98).

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

**What is real?**

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

Winnicott’s thesis on the *manic defense* gives a deeper understanding of why we are largely unconscious of this ideology of rationality at work in our lives and why it tends to have a deep hold on us. The manic defense is the desire for omnipotent control of external reality, the denial of guilt, greed and hate co-existing within ourselves with love. Its characteristics are the denial of inner reality (feeling elated and unconcerned and denying any feelings of sadness or fear), flight to external reality (excessive interest in physical pleasures or in
hypochondria), holding inner reality in suspended animation (omnipotent control over the internalised bad parent figure), the denial of feelings of depression and the use of opposites in reassurance. Winnicott describes the manic defense as the defence used to ‘deny the depressive anxiety that is inherent in emotional development’ (Winnicott 1975:143). Signs of the manic defense at work in Winnicott’s view are the denial of depressive terms and the use of opposite terms to control external reality. We deny that we feel empty, still, unchanging or dead and instead overly emphasise being alive, moving, growing, altering constantly. These terms are now orthodoxy in scientific management literature.

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

**Manic denial at work**

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

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

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

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

There is a tradition of investigating workplace relations following from Menzies, Winnicott and Bion that interprets material as presented in a rational way in documentation, formal procedures, annual reports and the like. However, in this tradition, the researcher is also listening for the irrational as it appears in slips of the tongue, outbursts in meetings over apparently trivial matters, paradoxical behaviours and extreme reactions to organisational issues. While mainstream management techniques down play, ignore or sometimes introduce measures to curb and control the irrational at work, a ‘psychoanalytically
informed’ workplace consultant or researcher uses psychoanalytic theory and other useful insights to highlight emotional issues at work (Gould 1991:34). The workplace researcher or consultant employing psychoanalytic theory may use a variety of strategies for intervention, but she always looks for unconscious processes, and defences against anxiety that characterise group behaviours. This way of investigating workplace issues has the potential to give staff greater insight into their own behaviours, the behaviours of groups and the meanings behind actions. In this way, it may bring to light difficult issues, but is ultimately more real than the formulas for success in mainstream management texts. It is discussed in more detail in chapter six.

Management in the service of rationality

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

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

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

**Economic rationalism as ideology**

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

In reviewing the various attempts to verify or falsify the assumptions at the heart of economic rationalist thought, Udehn (1996:86) states that there is ‘a great mass of
disconfirming evidence, and little if anything in the way of confirmation.’ Yet it is still a pervasive ideology.

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

(i) Managing a business is a rational activity.
(ii) There are linear steps to success.
(iii) Success can be taught.
(iv) The use of rules, codes, rewards and punishments must all be strictly and rationally laid out for success to occur.
(v) Following the formula will guarantee this success.
(vi) Change and progress are inevitable and for the good.
(vii) Issues such as the values, different worldviews, motivations and dreams of fellow workers can be harnessed and controlled for the benefit of the business.

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

Are we enthralled at present with the idea that the market or market-like exchanges are the only legitimate forms of social interaction? Public discourse would suggest that we believe the market is the only solution to all social ills. My research, however, suggests that at a more individual level, the public discourse and the language of business are not sustaining. The thesis of Antonio Gramsci may be relevant here. Gramsci (Femia 1981) used the term ‘hegemony’ to account for the dominance of one group over another. This dominance is not considered simply as economic, but the capacity of one group to project its view as the best, most logical or common sense way to see the world. For Gramsci there is always a struggle between acceptance and rejection of the dominant view by those in a sub-ordinate group. The central theme of economic rationalism is that whatever happens in the market place will benefit society as a whole. It argues that all other social goods may be derived from this
starting point. The unregulated market, however, is a concept that can be used to justify the active pursuit of self-interest. In the period after World War II, Australia had tariff protection, centralised wage-fixing and low unemployment. It was a time when, as a society, we welcomed workers from other countries. We built community on trust in ourselves and others, and we believed that government was there to ensure a ‘fair go’ for all. We had confidence in the future. Now the dominant attitude is that we live in a dog-eat-dog world. Whereas in the past, government was the main regulator of social protection for all (tariffs, wage fixing, industry regulation), increasingly, government is not seen as the best regulator and confines itself to ‘safety net’ protection of the most vulnerable in society. Even here, government now speaks of ‘mutual obligation’ where the recipients of welfare benefits are obliged to provide something in return for their benefit. Public discourse suggests that the market is the best regulator, business knows best and bureaucracies are slow and fat. We are urged to base every choice or decision on economics. Aid is given on the basis of economic self-interest, family breakdown is tackled because it costs taxpayers money and discrimination in the workplace is bad for business (Edwards 2002:91).

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

For the economic rationalist every value, including justice, is reduced to a corollary of efficiency. It is just to use resources efficiently. To ensure free choice in the marketplace, without government interference is justice in action. ‘[T]he economic rationalist worldview considers that the natural order of the market is inherently just.’ (Edwards 2002:141). Whatever happens in the marketplace will be of benefit to society. It is just in that it does not discriminate: it does not put one person or group above another. But the assumption behind this is that everyone is the same and everyone has equal access to the goods of society. Economic rationalists tend to view social justice as equal access, but they do not consider the matter of equal outcomes (Jackson 2001).
Jackson (2001:9) argues that there is an ‘overwhelming case’ for government to play a mediating part in the collective affairs of society. Can the market successfully solve all problems, especially those related to distributive justice? Perhaps there is still a need for a coordinating system, and there are information failures that require intervention. If employees were operating on the principle of self-interest, it is hard to see how an organisation could function. Authority, structure, plans and governance are tools to curb the costs of rampant individualism in enterprise. So, despite the protestations of economic rationalists, it seems that we do want rules that guide our ethical and cooperative behaviour.

**Economic rationalism and civil society**

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

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

Each person’s desire to have attained a good life (however defined) must be seen in the social context. We are part of a society with which we interact and that sustains our personal identities. Personal virtues are placed alongside and interact with definitions of what we value as a society. We can only function together by defining what is good. Society is generally seen as curbing individual excesses and supporting individual successes with a sense of balance. A virtue is good human conduct, and values represent a standard of behaviour or state of social affairs in the world to which we aspire. There is a tension between the wish to live a moral life and greedy desires, which in psychoanalytic terms is the structural conflict between super-ego and id. Values come from living in community and
become habitual ways of behaving. However, for the economic rationalist, there is no such thing as society.

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

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

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

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8 This interview was published on 31 October 1987 under the title ‘Aids, education and the year 2000!’ in Women’s Own magazine, pp8-10. The journalist was Douglas Keay and the Margaret Thatcher official archive notes that he did faithfully reproduce her reflections on society (Thatcher, 1987).
Both Sennett (1998) and Saul (1997) note that the ‘father of modern capitalism’ Adam Smith was a more complex thinker than he is often given credit for being. As well as the treatise The Wealth of Nations (1776) in which he outlines progress associated with the free circulation of money, goods and labour, Smith also wrote The Theory of Moral Sentiments (1759) in which he argues for the virtue of sympathy for the plight of others. He did not envisage progress being merely that of ‘economic man’ without the moral progress associated with lasting social values.

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

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

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

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

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

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

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

The language of ideology

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

But, of course, ‘impenetrable sludge’ does serve a purpose. It allows those in the elite group to feel that they are superior to those outside the group who do not understand the complexity of the language or the jargon. It can be used to obfuscate, confuse and alienate those not in the inner circle. It provides the opportunity to dismiss and denigrate those who do not follow or agree. It allows individuals to identify with the elite group by their own use of the language of the elite. It can also stifle debate: it does not allow for nuance or moral ambiguity.
The use of jargon words and phrases is not new of course, as George Orwell (1946) complained. He found political writing most open to abuse in this way and believed it serves the purpose of making lies sound truthful. He further argued that, not only is poorly constructed writing incomprehensible, but that the use of it dulls the brain and discourages thinking. ‘This invasion of one’s mind by ready-made phrases (lay the foundations, achieve a radical transformation) can only be prevented if one is constantly on guard against them, and every such phrase anaesthetizes a portion of one’s brain.’

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

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

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

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

Sennett (1998) takes up the point about the lack of memory in the language of business. He thinks that we are driven to create life narratives for ourselves in which work plays a big part in our sense of ourselves and our unfolding lives. Sennett’s thesis is that the short-term, contractual nature of modern workplaces and practices undermines the values of trust, loyalty, commitment, and obligation to others. The focus on rapid change, short-term jobs and episodes of work make life long narratives and long-term values difficult to maintain. Sennett talks about discontinuity in time, while Saul (1997) says we lack memory of the
past. Lack of memory (or time discontinuity as Sennett would have it) leads to reinventing of institutions over and over again – change for the sake of change. It is as if what went before does not matter; best practice requires more change. The issue of change in the workplace loomed large in the minds of staff I spoke to at Glenview, the municipality in which I undertook a case study. Changes that had taken place in the past few years formed significant narratives, even for those staff who had come more recently to the workplace and who were not part of the changes.

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

**Conclusion**

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

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

However, it is also argued that this is not the only way to view humanity. It is possible that rationality is a construct created as an adaptation to a chaotic environment. The psychological concept of the unconscious is a theoretical device for explaining irrational behaviour. The unconscious is timeless in terms of its experiences. The impacts of early experiences do not turn off within the unconscious and while we can find parallels of adult
fears and anxieties with childhood experiences, the fears themselves are alive and well in all of us. This thesis investigates irrationality as it impacts on organisations, both private and public, on management theory and on our concepts of values and leadership.
Previously I have argued that the Enlightenment view that humanity is fundamentally rational pervades conservative neoliberal politics. This view proposes the world as a place of order and progress. The accompanying idea of life as a marketplace has become economic orthodoxy in many western cultures. In this chapter, I show how this thread of rationality infects mainstream management thinking and impacts on the way of operating in the public sector.

**Scientific management**

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

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

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

Psychology and management

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

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

At that time, psychologists became interested in the cognitive paradigm. In applying aspects of cognitive psychology to the workplace, the importance of what a person thinks (again, in a rational sense) about a particular issue or change at the workplace is thought to determine her level of cooperation with it. Management literature adopting cognitive psychology tends to see individuals reacting in the workplace and teamwork simply as a rational tool in the management of the workplace. It is not seen as an independent variable in itself. There is little acknowledgement of the impact of groups on perceptions within the workplace, of informal allegiances between staff members, of envy occurring within a group, of unspoken
power struggles: cognitive psychology in management does not see the reality of social
groups and social processes (Haslam 2001:20). What we may think about an issue is often
socially derived and heavily influenced by interacting with others. Contemporary HRM
(human resource management) is often a ‘recasting of Taylorist managerialism in group-
based terms’ (Haslam 2001:20). Human Resource Management determines contracts and
notions of reward on an individual basis (the worker makes a contract with management)
and, where group-based incentives are in place, it is as if the group is a single entity, with
uniform motivations and goals: ‘economic man continues to survive in management
literature’ (Kets de Vries 1984:xv).

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

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

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

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

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

The theme of measurement/results and the theme of understanding the humanity of workers both continue to operate in the field of management. In the 1990s the ‘human’ emphasis was often on matters of leadership, team-building, managing diversity and empowerment in the workplace. Senge (1990) popularised the notion of a learning organisation in his book The Fifth Discipline. Covey (1989) looked at the skills of successful managers in 7 Habits of Highly Effective People. Organisations have been described using the metaphors of machines, brains, cultures, seats of power, as instruments of domination and as flux by various authors over the past few decades (Argyris 1964; Peters 1987; Morgan 1997). Morgan (1997) also brings in the unconscious by using the metaphor of work as a ‘psychic prison’ where individual unconscious motivations influence the operation of an organisation.
But the link between management theory and its application in the workplace has not been well made. Palmer and Hardy (2000) acknowledge this. The translation of theory to application either does not happen or has been over-simplified for practitioners resulting in the plethora of ‘5 easy steps to success’ style of books. More recently there have been attempts to translate the complexity of theory by acknowledging various ways of viewing organisations (see Morgan 1997). Yet it still seems too difficult and managers are action-oriented and impatient with complexity. Managers are expected to use, and perhaps themselves desire to use, one lens for viewing a situation. Again this removes the complexity of real life. Structural change has been widely used as the means of achieving control in the workplace (Palmer and Hardy 2000:11) and the notion of bureaucratic structures with strict lines of reporting has come in for criticism. In business today, the primary means of imposing order on the operation of the business is strategic management.

**Strategic management**

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

Strategy is a term for planning, originally used in the context of warfare. However, it has been applied to business since the 1960s, predominantly by the Harvard Business School (Hubbard 2004:2). It is the logical assessment of the internal strengths and weaknesses of the business in conjunction with an assessment of the threats and opportunities posed by the external environment. It is widely accepted in business, although there is no theory that unifies strategic planning activities (Hubbard 2004:11). Its language hides the fact that it is not based on any particular theory and, in this sense, it parallels Bion’s fight or flight valency, which is itself anti-intellectual. If a complex problem can be boiled down to a simple list of priority actions, it gives the illusion of simplicity and control. Its simplistic adoption of rationality is shown by the fact that strategic management assumes that we can actually count, measure and explain phenomena in the environment external to the operation of the business, that we can observe and understand the meaning of the phenomena and that
it is unlikely that we will miss anything significant in our environmental scan. It further assumes that we can predict future events on the basis of past trends and that a simple linear process is adequate for future prediction (Hubbard 2004; based on Mintzberg 1990). Strategic management has a mythos of competition at its base. It describes the world in terms of a struggle to win. It is really about the elimination of uncertainty about the outcome of the struggle. Therefore in the words of Hardy and Palmer, ‘strategy is a construction which serves to make sense of the world’ (2001:166).

**Power, authority and culture at work**

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

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

However, in the 1980s, the debate about power led (in part) to the trend of speaking of and describing culture in the workplace. Organisational culture is the study of that aspect of organisational life that is not an overt part of a measurable structure. Discussion of
organisational culture acknowledges that not everything that occurs in the workplace is rational and measurable and, in that sense, is welcome. Nevertheless, trying to describe and discuss things that are hard to see and measure has its critics. Culture has been difficult to define and some now say the study of organisational culture is passé (Palmer and Hardy 2000:117). Again the desire for simplicity and certainty may have led to the demise of the area of study. Of interest here though is that one of the most commonly used terms in the definition of culture is values. Writers have tried to use the term value to describe part of what organisational culture is (Peters 1993; Schneider 1990; Schneider, Brief and Guzzo 1996).

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

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

The study of culture has informed current management thinking, which holds that the old way of organising workplaces (rigid boundaries, hierarchical structure) is no longer the best way to manage. New business pressures (technological innovation, savvy customers, globalisation, and the like) are requiring business to think more laterally and flexibly in
terms of structure. The literature talks about the urgent need to change the way we do business and to develop autonomous work teams, webs and structures that empower or are flat, inverted, have fuzzy boundaries and so on (Palmer and Hardy 2000:13).

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

**The ‘urgency’ of the need for change**

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

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

Success is the Holy Grail in business, and pursuing change in the workplace is the path to success. Change happens because managers are desperately looking for some rational way to improve things (Abrahamson 1996). There is considerable literature on how to change,
why change is needed for greater success and adaptability to our ‘ever changing’ world. There is also literature on why it does not work (Robbins and Finley 1997; Greiner 1992). But again the link between change and success is tenuous. Siegal (1996) shows that where 75 per cent of companies surveyed introduced Total Quality Management (TQM), only around 10 per cent reported success with the program and nearly two-thirds did not significantly reduce product defects.

**Are public institutions businesses?**

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

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

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

**Conclusion**

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

In each case, though, rationality is at the base of the theory. Management is about control of inherently chaotic environments. It is about imposing order and rationality where, possibly none exists. It describes the workplace as if it were a war zone and uses military terms and metaphors to give the illusion that mastery over the environment can be gained by the successful manager. It describes tools and techniques to employ, has a sense of urgency in its language and argues that continuous progress is achievable and desirable. It claims to be scientific, but there is actually a poor connection between theory and application and few of the tenets of management theory are rigorously tested. It is susceptible to simplistic and overly rational solutions to complex problems of human interaction and is unable to account for behaviours and beliefs that are resistant to rational explanation.
The next chapter investigates how mainstream management texts have described and evaluated leadership in the business world and the concept of values in business. It examines the change in meaning of the terms ‘value’ and ‘leadership’ as they have become part of the language of the market.
Chapter 5

The Impact of the Ideology of Rationality on Values and Leadership

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

The public good

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

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

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

A value is a principle, standard, or quality that is considered worthwhile or desirable. Descriptions of these principles or standards have not changed markedly over the centuries.
or between cultures. Nevertheless, different values are emphasised in different cultures and time periods. Furthermore, it has been debated whether values are universal and absolute, who has the moral authority to determine values, whether they are intrinsic to humanity or can be learned and applied to different situations. Debate has also centred on the purpose values serve.

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

**Value**

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

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

Historically, the term value has also been linked with economic matters. Since the 1930s it has been used in the context of the new national income accounting to refer to adding manufacturing steps to products to increase their value in the market. It was then used in
management thinking in combinations such as ‘value free’, meaning objective and rational and value-laden, meaning biased in favour of certain values.

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

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

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

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

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

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

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

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

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

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

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

Following several high-profile cases of corporate mis-management and greed, which came to light in the late 1990s, the OECD Council adopted recommendations for improving
ethical conduct in the public service in 1998\textsuperscript{10} and in 2000 the OECD reviewed its *Guidelines for Multinational Enterprises* (see OECD 1998; OECD 2003) and several management texts began addressing organisational values in some further detail (Haigh 2003; Cohan 2003). If the public knew the extent and ramifications of this prevailing value free orthodoxy in business, it may be outraged (Bakan 2004).

**Values-based management**

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

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

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

\textsuperscript{10} This document was the impetus for the adoption of values in the Australian Public Sector.
put to use in the service of profit. Profit is still the end – it may require honest behaviour to ensure shareholders are not defrauded. It may require a quality product to avoid litigation by unhappy customers, but profit is still the motivation.

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

**Values in the public sector**

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

Value statements have gained in popularity in the public sector generally and in local government in recent years. They have appeal as a means of advertising the difference between themselves and business and perhaps as a corrective to the harsh emphasis on efficiency during the Kennett years. Yet the meaning behind these statements is hard to define. These days in business and the public sector, value is either reduced to general terms
with unclear meaning as used in company value statements and printed in annual reports, or is part of a large ‘shopping list’ of values covering every conceivable good (as is the case in the APS), or it is wholly encompassed by the simple term ‘shareholder value’. In this latter sense value equates with monetary return on investment by shareholders and nothing more.

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

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

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

**Philip Morris**

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

**Coca-Cola**

Our Code of Business Conduct serves to guide the actions of our employees, officers and directors in ways that are consistent with our core values: honesty; integrity;
diversity; quality; respect; responsibility; and, accountability. The Code helps our people play by the rules wherever we operate around the world. And, we have well-defined procedures for times when concerns arise, in The Code of Business Conduct Procedural Guidelines (Coca-Cola 2004).

**Ford Motor Car Company**

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

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

**Local government values**

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

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

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

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

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

**Leadership**

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

A related view is expressed in Wheatley’s (1999) comparison of the business organisation with an organic system that is constantly in a state of flux. She urges leaders to learn from the science of quantum theory and the realities of chaos, flux and change, which are ever present in the natural world. Here the states of chaos and change, generally described as ‘rapid’ and ‘global’, are again applied to organisations without analysis, but rather as an article of faith. Chaos and order are relational aspects of a living system and so they are in an organisation. Wheatley’s views are an improvement on traditional, positivist science in the sense that she says there are no simple answers; no recipes for orderly progression and relationships are integral to the functioning of natural systems. However, the application of
the metaphor of quantum physics to the business world and human organisations is not made in any practical detail. Max Weber’s concept of the charismatic leader has also become popular again to describe the good leader (Stoner et al. 1989).

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

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

Mant (1997:272) is critical of formal management training for avoiding and often ignoring any emotional aspects to managing and leading in the workplace. Worse, he says, sometimes, it studies techniques in order to manipulate behaviour. Goleman (2002) first coined the term ‘emotional intelligence’ and says that the fundamental task of a leader is to ‘prime’ good feelings in those they lead. He believes that a good leader needs emotional intelligence, which he describes as emotional self-awareness, self-management, self-confidence, empathy, optimism and transparency. Yet he still argues that these are competencies that can be learned. This is the basic belief in mainstream management texts – leadership is a constellation of skills, traits and competencies that can be learned.
For all its emphasis on tools, technique and the science of leadership, long lists of traits, skills and attributes are generated in the texts with no attempts to quantify, measure, compare or validate the significance of the lists (Hubbard 2004:269). An example list is given in Table 5.1 The traits are not only resistant to measurement but in general relate to the leader herself and do not pay much attention to the relationships with followers. Experience at Glenview suggests significant pressure is exerted by staff on the leader to behave in particular ways that fit stereotypes and unconscious projections.

Table 5.1 Leadership attributes

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


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

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11 For example, ‘a good relationship takes thought’ ‘money is nourishment for an organisation, not medicine’ Crosby 1996.

12 ‘Take time to deliberate, but when the time for action has arrived, stop thinking and go in – Napoleon’; ‘nurturing customers and meeting their needs creates customer loyalty’ Crosby 1996.
This book exhorts the business leader to have a vision, love what you do, focus on the process and develop the talent of your team players. It uses coaching language and metaphor throughout: being on a winning team, developing star recruits, being physically fit for the challenge, play hard, competitors are winners (Robinson 1996). These books construe the world as a battlefield. The fact that they draw so heavily on war and sporting metaphors shows that they are related to Bion’s fight leader (Bion 1959).

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

**Leader as hero**

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

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

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

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

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

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

Conclusion

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

Mainstream management theory, in service to economic rationality, attempts to explain the world of work as a battle to be fought and won by a strong, heroic leader, who is value neutral and rational at all times. It purports to be scientific, but there is no analysis of this assertion. In summary, management teaching is a series of prescriptions, rather than theories. It has limited scientific evidence of successful application of its theories. It
assumes the workplace is rational and that progress is linear, desirable and achievable. It
does acknowledge that non-rational and chaotic things can occur, but its focus is on
minimising and excluding them. The non-rational is considered to be located below the
level of the system. It acknowledges that the most likely place for the non-rational lies in the
people of the organisation and it uses psychological tests to measure, minimise and account
for it. It assumes that good management and indeed leadership can be taught and learned,
and, its model of good leadership is the rational male. It argues that the past was stable and
now the world is uncertain and chaotic. Yet only rhetoric is used to back up this view,
which is repeated in different texts and thereby given undue status as received wisdom.
Moreover, mainstream management theory plays on fears.

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

The next chapter outlines the methodological approach taken in this research. It argues that
the desire for certainty and rationality also impinges on the ways in which research is
undertaken and described. In researching groups of people in their workplace, it must be
acknowledged that the background, experience and worldview of both the researcher and
those being researched interact in sometimes unexpected ways.
Chapter 6

Investigating the Process of Change

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

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

Questioning the application of the scientific method

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

There was not a great deal of learning directly about ‘human nature’ in my undergraduate Psychology course, undertaken in the 1970s. While I questioned the choice of topics, I did not question the need for a rational, logical, scientific approach to studying all phenomena,
including human behaviour. In fact I built a business on just that premise. I worked as a consultant for 15 years to public sector and community based not-for-profit businesses (including local government), advising them on drawing up mission statements, strategic plans, evaluating their programs, determining outcomes, benchmarking and developing performance indicators.

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

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

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

So how do we best learn and inquire about humanity? On the one hand we have the scientific method of experimentation, which follows a rational, positivist theoretical framework – essentially that the truth is out there for us to uncover and delineate and we, as rigorous researchers, must define the best means of objectively discovering it. On the other, my experience would seem to suggest that there may well be more than one truth ‘out
there’, depending on who is being researched and their motivations, position, authority and so on. Similarly, what part does the researcher herself play? Clearly the researcher can influence the outcome simply by her choice of participants and the questions she asks. Since researching human action involves interpretation, there is room for more than one interpretation of events and actions.

**Qualitative methodologies – are they better?**

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

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

Qualitative research textbooks give advice on ways to ensure rigour, reliability and generalisability of findings when researching in the social sphere. They often recommend the use of multiple methods to ensure rigour and suggest triangulation of data for generalisability (see Silverman 2000). The assumption underlying these methods is that human behaviour can be understood by direct interrogation of those studied and that, as
long as the study uses multiple methods and is well planned and rigorous, what it uncovers will be generalisable and therefore true in most similar cases. But is this a realistic endeavour?

**Post-modern inquiry**

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

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

Recently, Lincoln says, there has been a convergence of critical theory, action research and constructivism into one paradigm. This convergence has it that people construct reality as they interact. Truth is not a product of objective observation but a shared understanding of what we believe at a given point in time. In this view, what is true is what we define by language at any time. The emphasis in these postmodern theories on language as defining ‘truth’ is appealing. It is especially appealing because it can help to reflect upon the ways that business language creeps into public services and loses its meaning as it is taken up in so many places in which it would seem not to belong naturally. Gergen and Gergen (1984, 1986) write about how people account for themselves in the form of stories or narratives. Shotter (1993) is interested in the dynamic of interactions that occur between people to create a reality. Kemmis (2001), noting the influence of Jurgen Habermas on his thinking, highlights the impact that the ‘communicative space’ created in a joint research project can have on application to broader systems. Long (2001) similarly emphasises the importance of the ‘in between’ spaces in analysing organisations. French philosopher Michel Foucault reminds us that knowledge is embedded in history and culture. He is particularly interested in the way language is used to construct social realities. Similarly, Wetherell and Potter
(1992) write about ‘text in action’ and analyse everyday talk to discern constructed realities. Yet they do so as if there is nothing outside the text and the text is used to bring meaning to social situations only. They play down the influence of constructing the self in dialogue.

**The notion of the self in research**

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

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

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

Self and other – the object relations school of thought

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

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

1. it encourages researchers to look beneath the surface of day-to-day activities at work;
2. it provides meaning for otherwise unexplained but observed phenomena (such as people screaming at meetings over what may seem trivial matters);
3. it provides a framework for more critical reflections of power structures in the workplace;
4. it allows us to see paradox and depth in interactions that mainstream management research does not;
5. it allows for dialogue between the self and others in group situations;
6. it gives voice to other ways of looking at the world that rational ideology stifles;
7. it lets us include emotions that are usually banned from discussion – fear, anger and guilt do exist and do motivate us;
8. it helps us to understand why change does not work sometimes (why people may sabotage change and fear it); and
9. it provides a language whereby we can see the workplace as a full extension of human relationships, not a neutral value-free zone where ethics do not apply.
Socio-analysis is an approach to studying organisations that derives its methods and theories primarily from psychoanalysis, group relations and social systems thinking. It is an ‘activity of exploration, consultancy and action research’ (Chapman and Bain 2000). It is undertaken in conjunction with the group being researched for the purpose of shedding light on unconscious activity and suggesting a course of action that may improve the way the organisation manages its many challenges. It uses the methods of interview, field observation, participation in the work group and consulting with members of the work group.

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

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

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

Problems with applying psychoanalytic theory

Applying psychoanalytic theory to the functioning of the workplace is, however, not without its problems. Psychoanalysis remains a contentious theory, regularly criticised for
scientific shortcomings, although falsifiable predictions are not a common feature amongst organisational theories generally. More significantly, the development from individual psychoanalysis to small group study (e.g. Foulkesian group analysis – see Foulkes and Anthony 1957) has stretched analytic technique considerably. In an organisational setting, it is probably better to speak of analytically-informed interpretation rather than organisational analysis as a specific methodology. Analytic thinking applied to organisational processes and psychohistory can encompass political and economic factors, or it can be crudely reductionist and formulate its interpretations in terms of personal pathology and infant experience as psychoanalytic therapy routinely, and appropriately, does.

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

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

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

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

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

As a method, socio-analysis also assumes that if the inner life of participants is not examined, any management changes put in place are unlikely to be successful. Further by investigating the inner emotional life of people at work, positive change can result. There is so much scope for projection of inner fantasies of the CEO onto the organisation: since it is a position of power, the potential for damage is always there. Also, the organisation can be more dynamically managed, more cohesive and well regarded if the CEO is aware of the impact of her own internal reality as it is projected onto the organisation and aware, too, of
projections from staff within the organisation. Self-awareness allows for greater containment of projected unconscious material (Lapierre 1991).

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

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

Table 6.1 Socio-analytic methods and advantages

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

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

Adapted from Chapman and Bain (2000).

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

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

In the same way that social constructivism may claim to combine critical theory and action research so, too, the socio-analytical approach combines elements of action research (or more correctly participant action research) and has a critical stance in that it seeks to
understand the relations of power in social groups and seeks to provide insights that may improve the outcomes in a social situation.

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

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

In summary, then, the socio-analytic framework is a paradigm – an interpretative framework – a basic set of beliefs that guide my actions as a researcher (Guba 1990:17). It uses subjectivist epistemology (researcher and researched create meaning together) and employs naturalistic methodologies (observes people in their place of work). I make this clear so that the reader can judge the work accordingly. The framework does posit that an absolute reality exists outside us, but that we can only know it through our own perceptions. This is in keeping with Bion’s concept of ‘O’, which he describes as ‘unknowable, ultimate reality’. In his work, Transformations (Bion 1991) argues there exists a fundamental world out of which our precepts arise. Our precepts are inevitably removed from reality by time and by our own mental capacities for understanding what we are seeing. So while there is a reality,
we may each know it only partially and the moment we attempt to describe it we distance ourselves from it. Bourdieu says that in social research, the researcher takes on both the role of subject and research observer. The researcher forms a bridge between the subjective and objective by reflexive knowledge of the subject researched and her own thought. ‘First, there is the work done in the act of observation and the objectification or distortion of social reality which it is likely to produce. Second, there is an awareness of that distortion and of the observer as a competent social actor in his/her own right.’ (Jenkins 1992:50). The dichotomy of quantitative verses qualitative is also therefore, not a real distinction in my view, since all research is subjectively based on the researcher and her place in time.

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

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

One area where socio-analysis is silent is on the matter of respect for those participating in the research. A basic aspect of my approach to research is respect for those who agree to participate. Participants give their time for the purpose of the research, and I try to listen without judgement of the motives behind their participation or what they say. I have asked
questions of local government CEOs about how they feel about specific issues, situations and dilemmas. I accept that they are being as truthful as they can in that time and place.

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

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

**Methods used in this research**

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

**Research part A – a conversation with 18 local government CEOs**

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

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

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

I decided against using computerised tools for analysis of the content, opting rather to read and re-read the transcripts looking for themes that were apparent across all interviews. I created a large matrix comprising each CEO and each question asked. I hand-wrote a summary of each answer given, using the words, phrases and terms used by CEOs themselves. Doing this helped me to engage closely with the data. Eyeballing the data sheet, allowed me to see patterns across answers and between CEOs. I noticed that the CEOs used similar terms and spoke of similar issues in relation to the role of local government, managing in the public sector, the reform period, what makes a good CEO, values formation and so on. Following this process I did key word searches on all transcripts that were stored on my computer. The selection of words to search for was based on my own interest in emerging themes and also because some words (or synonyms) arose often enough to make them important for the CEOs. Examples of these words are ‘arrogant’ and ‘mediocre’, when
describing qualities not admirable in a CEO, ‘stewardship, advocacy and community well being’, used when describing the role of local government. Themes of interest to me were those regarding the differences between public and private sector management, notions of leadership, values and how they are adopted in the workplace and the impact of the period of reform in local government in the 1990s. While I had pre-conceived views of what topics I wanted to explore, I reviewed the data inductively, that is, I looked for patterns to emerge from the data and later applied hypotheses to the patterns which emerged (Harding 2006). In this way, I uncovered unexpected findings – the view of CEOs that reforms were needed and for the best, that a legislated requirement for measuring performance is not fully adhered to, that public sector CEOs are possibly not as good as their private sector counterparts, that the private sector is regarded as ruthless and that management tools and techniques are used, in general, as and when needed and not in a systematic way – amongst others.

Types of questions asked and their purpose

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

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

**Observations on the process of interviewing CEOs**

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

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

After 18 interviews it was interesting to note the tangents that each chose to take on the same questions, the way they individualised or misunderstood the questions, contradictions and paradoxes that came up, how often they said the same things (especially that management literature was not often useful) and then how oddly different their views were on some topics. This was especially evident when they said the period of reform was a very difficult time and some said that they did not like the way they behaved at work during those times, yet others said that the reform period had no impact on them personally. They
also described it as a time of great excitement. Many of the men relished leaning back and talking about themselves. I noticed that they constructed a picture of themselves as we talked, based on what they believed about themselves, what they thought I wanted to hear and what they thought might be helpful to me. They each expressed the hope at the end of the interview that what they had said had been helpful.

Researching at Glenview

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

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

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

\textsuperscript{13} Barbara Schofield, the Glenview CEO has informed me that as at July 2005, following restructure, there are now 19 third-level managers.
Commencing the research, I attended the June 2003 meeting of third-level managers, which the CEO and second level Directors also attend, to speak to my research proposal, answer any questions and gain support for my work. I gave my e-mail address to all present (more than 35 staff) and invited all to e-mail me if they wished to discuss any aspect of the research and to participate. Of the 30 third-level managers, two managers agreed to participate directly and ask their staff if they would like to be involved. They were from a finance area and a human services area. As it turned out, involving these staff was more difficult than imagined and this is discussed below. In addition to speaking to the staff in these areas, individual staff were approached and interviewed anonymously.

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

**The presenting issue at Glenview**

This thesis documents a research project, rather than a consultancy in which the organisation identifies a problem and seeks assistance from a professional organisational consultant. The aim of the exercise at Glenview was simply to spend time observing and to look beneath the ‘public face’ of the organisation as presented in its annual reports and corporate plans. I anticipated gaining insight into the day-to-day practice of being a CEO by observation of the CEO in action and by interviewing staff to see if perceptions coincided. I did not seek to examine the organisation as a whole, or to prescribe any action that the organisation needed to take to improve any issues or problems. I did not give advice on organisational matters. I did not expect to interview a representative sample of staff or canvas all issues at Glenview. In keeping with the arguments presented earlier in this chapter, I was aware that my presence itself might impact on responses of staff to the research. Moreover the research is not action research in that it does not incorporate cycles of research and implementation for the purpose of improvement. It was observational and interpretive in nature. Nevertheless, it was interactive in that hypotheses were adopted following observation and themes have been developed by further observation and discussion with key players at Glenview. Hypotheses were developed and tested in discussion with a staff member at second level, one at the third level and with the CEO herself.
The CEO was clear that, by allowing me into the organisation, she was helping me with my research rather than expecting specific outcomes that would benefit the organisation. She agreed to be involved on that basis. It is fair to say, however, that she hoped to gain some insight into her own actions as a CEO by reading my work. It should be noted that all themes have been developed by myself as researcher and, as such, are acknowledged to be my own interpretation of what was observed. The CEO has, however, seen the chapters on Glenview and corrected errors of fact. She does not dispute my interpretations (except where noted).

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

**Meetings and interviews at Glenview**

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

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

In spending time at Glenview, I had no specific pre-determined plan as to how to elicit information and which meetings to observe and which staff to interview. I simply outlined my research and its purpose and asked for volunteers. I did wish, however, to observe formal meetings at all levels of the organisation and hoped to speak to staff individually at all levels of the organisation. I wanted to observe in order to participate in the emotional states experienced by staff; I wanted to feel what it is like to be a worker at that
organisation. I also wanted to interview key individuals, as Harding (2006) says to allow ‘for better representation of the whole system dynamics as compared to solely using the researcher’s experience.’ The purpose at Glenview was to gain views of the CEO from those close to her and those more remote from her decisions. In observing at meetings and speaking to staff, I was interested in perceptions of the CEO and the values that are explicit and implicit in the organisation. Table 6.2 details both the meetings and interviews that I undertook at Glenview.

Table 6.2 Interview schedule at Glenview

<table>
<thead>
<tr>
<th>Formal Meetings Attended</th>
<th>Number attended</th>
<th>Level of staff Interviewed</th>
<th>Number of interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Team (CEO and 2nd level Directors)</td>
<td>2</td>
<td>CEO</td>
<td>2</td>
</tr>
<tr>
<td>Managers Meetings (CEO, Executive and third-level managers)</td>
<td>3</td>
<td>Councillor</td>
<td>1</td>
</tr>
<tr>
<td>Team Meetings (third-level manager and her staff)</td>
<td>3</td>
<td>2nd level Directors</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3rd level Managers</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other staff</td>
<td>2</td>
</tr>
</tbody>
</table>

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

1. How long have you worked here?
2. What's the best thing about this organisation?
3. If you could change one thing what would it be?
4. What is valued here at Glenview?
5. How do you describe Glenview? What do you call it? What is the culture here?
6. Can you think of one word or image to describe Glenview?
7. You probably have some interesting experiences in this job, can you tell me one of them?
8. What role does the CEO play here? Does she set a tone for the organisation?
9. What one word sums her up - what is your experience of her/how does she seem to you?

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

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

**General observations of Glenview**

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

I observed the CEO in her weekly meetings with her four Directors. It was a new team with two original members and two newer members. I observed that the CEO chaired the meetings and controlled the agenda. The meetings I attended were primarily administrative in nature, lasting just over an hour, rather than long in depth discussions of future plans or organisational problems. My attendance at each formal meeting was agreed prior to the
meeting and all staff attending were aware that I would be observing. I said nothing at any of these meetings and took notes on occasion.

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

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

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

Reflections on my time at Glenview are taken from my research journal and presented below. While there was no presenting problem as such in this research it seemed that ‘going
through the motions’ summed up the way people at Glenview went about their day-to-day activities and this is how I described the culture in my research journal at the time.

**going through the motions**

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

**it’s not worth your while**

In the community support team\(^\text{14}\) that agreed to participate in the research, it became clear that while the manager agreed and told me her team was happy to participate, this might not have been the true situation.

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

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

\(^{14}\) I did not meet with the finance team that had agreed to participate because their team meetings were held after hours.
worthwhile to come in and make a contribution, make a difference in the workplace and for clients in the broader community? I felt there was a shared sense, amongst the lower level staff, that they are not required to make any difference, that keeping your head down and going through the motions is the accepted and acceptable way to spend the working day. They appear to want everything on an even keel and do not want to buy into any turmoil. I also got the message that I was not required to come in and make a difference either. I was not allowed to disturb the balance. There was a consistent pattern of being subjected to inconvenience by lower level staff that I suggest reflected a covert level of hostility in the organisation. Since I was probably viewed as a lackey of the CEO, then she could be inconvenienced, not directly, but through me. My view is that how they behaved towards me is consistent with an unconscious wish. It confirms my sense that there is a gap between the CEO and her leadership team and other staff at lower levels. While staff agreed to participate in this research, it is difficult to know why they agreed. What impact did my presence have on the way they interacted and what they chose to tell me about the organisation? Hinshelwood and Skogstad (2000) note that the observer is an organisational intruder and suggest that how the organisation negotiates permission for the observation provides valuable information about the functioning of organisation. In the case of Glenview, the appearance of support seemed an important ideal.

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

I had arranged to meet monthly during my time at Glenview with an experienced organisational consultant who works in the psychoanalytic framework. Following the suggested methods of Hinshelwood and Skogstad (2000) and Willshire (1999). I felt it would be important to write notes of the meetings I observed and then bring these notes to a regular discussion with someone experienced in this technique, to assist me in becoming more conscious of intuitive issues I may have picked up during observation. I arranged this also, because I am aware that observation in this framework has been criticised as unreliable. I agree with Hinshelwood and Skogstad (200:24) who argue that such a discussion with others does not negate the inherent subjectivity of the interpretation, but rather accepts it and goes some way towards ‘honing that instrument’. I anticipated that I may be overwhelmed with emotional material and unable to adequately reflect on its meaning. What I found was that I was underwhelmed with material from Glenview. On 14th October 2003, I wrote in my research journal,
everyone is polite and helpful, but not really interested in talking to me. It’s like they are saying, yes we welcome you, but we are not really going to let you in... I am underwhelmed with emotional information, not overwhelmed as I had expected to be. I hardly have a toe in the water, rather than drowning in input.

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

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

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\text{[a]cknowledges that much of the observer’s experience occurs outside conscious awareness; it is influenced, sometimes deeply, by childhood experiences of the observer, and observations arouse intra-psychic conflicts which not only affect the observation but can be important indicators within the observation.}
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I imagined that there may be some very rich meaning underneath this polite veneer, but that I would never be able to see it and my research would yield nothing of use. It was demanding for me to try to work out what this experience meant. It raised my own fears of inadequacy in relation to producing a worthwhile outcome with my research.

I felt that there may be deep secrets to know in this organisation and I was not able to know them. I felt frustrated and isolated. I felt foolish that I had thought six months of visiting an organisation of that size would allow me to gain any insight into the complex patterns of relationship, history and structure. Then I reflected that maybe nothing is actually happening to be worked out; maybe everyone is just plodding along and that they are stalled in terms of really making change. I came to see that I had wanted to find a significant issue within
the organisation, so that my research would be ‘worthwhile’. After months of frustration and reflection, I let go of the desire to find a ‘dark secret’ in the organisation and allowed myself to hear whatever staff said to me. This letting go gave me the opportunity to listen and then later to see patterns in their narratives.

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

**Conclusion**

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

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

This chapter has outlined the methodological framework used in this research. It has also argued the case for its advantages when attempting to shed light on the complexities of leadership and groups working together. The next section investigates the impact of management theories on the day-to-day experience of being a CEO in local government. CEOs are interviewed and discuss their own management and leadership styles, the theories
of management they subscribe to, the impact of business models on the way they go about their work, why they choose to work in the public sector and if they feel it is different from being a CEO in the private sector.