

**There's many a slip 'twixt the cup and the lip':
Leadership capabilities and change management in the Australian Public Service**

ABSTRACT

Drawing on a large-scale survey of Australian Public Service (APS) employees (n=87,214), this article explores the extent to which the leadership capabilities of both immediate supervisors and senior leaders predict positive perceptions of change management. An exploratory sample (n=43,604) was used to determine which combination of senior leader and immediate supervisor leadership capabilities predicted perceptions of the effectiveness of change management. This model was tested on a validation sample (n=43,610) and was supported. The article finds that senior leader capabilities that focus on effective communication and employee involvement are influential in whether employees have a positive perception of change management. It concludes with a discussion of the implications for senior leadership practice in managing change.

Keywords: change management, leading change, implementing change, strategic leadership

INTRODUCTION

In 1978, James MacGregor Burns declared, 'Leadership is one of the most observed and least understood phenomena on earth' (Burns, 1978, p. 2). For both those practicing and those studying leadership, the notion of 'leading' is riddled with contradictions. How can the leadership position be separated from the values, self-interest and predispositions of the individual? How can leaders foster diversity in thinking and relationships while simultaneously striving for unity in vision and action? How can leaders seek to create meaning and coherence from inconsistency, ambiguity and uncertainty?

The abundance and breadth of leadership theory and research in the 35 years since the publication of Burns' (1978, p. 2, 2003) original expression of transformational and transactional leadership demonstrates the complexity of leadership as a field of study. However, a persistent conclusion of this research is that the central task of leadership is to develop and implement plans that seek to bring about change in order to maintain and enhance organisational success (Bass 1995; Yukl 2010).

However, as most leaders of change know, 'there's many a slip 'twixt the cup and the lip' in implementing change.

Evidence that the modern practice of change management is effective is difficult to find. As Pettigrew (2000, p. 249) noted, 'most change processes do not attract universal acclaim'. Others have asserted that the 'brutal fact is that about 70 percent of all change initiatives fail' (Beer & Nohria 2000, p. 133). There has been a body of research to support the view that a large proportion of change interventions fail (McKinsey & Company 2008; Smith 2002, 2003; Hammer & Champny, 1993; Kotter, 1990); however, a recent study has found that there 'is no valid and reliable empirical evidence to support such a narrative' (Hughes, 2011, p. 451).

An aggregated analysis of planned change evaluations found that the majority of change interventions resulted in no change (Porrás & Robertson, 1992). It showed that different types of interventions (e.g., organisational, social or technological) have been shown to have differential effects in generating change outcomes (Robertson et al., 1992; Robertson et al., 1993). Indeed, an aggregated analysis of change intervention in public and private sector organisations showed no difference in the rates of success or failure but also showed that the same intervention type lead to different outcomes in the two sectors (Robertson & Seneviratne, 1995). For example, 'organising arrangements' that include interventions such as changes in formal structure, goals, administrative procedures, and reward systems are more likely to be successful in the private sector than in the public sector (Robertson et al., 1992).

So, if the primary task of leaders is to bring about planned change, the challenges are many and the odds seem to be stacked against delivering a successful outcome.

Despite this, there is persistent evidence that leadership styles and behaviours influence the success or failure of organisational change initiatives (Berson & Avolio, 2004; Bommer, Rich, & Rubin, 2005; Higgs & Rowland, 2000, 2005; Howell & Higgins, 1990; Struckman & Yammarino, 2003; Waldman, Javidan, & Varella, 2004).

In a recent study, it was found that leaders who are more effective at 'task-oriented behaviours' were more likely to focus on the mobilising and evaluating activities associated with the implementation of planned change than other leaders. This contrasted with those leaders who exhibited more 'person-oriented behaviours'—these leaders were more likely to focus on communicating the activities associated with implementing change (Battilana, Gilmartin, Sengul, Pache, and Alexander, 2010). The authors concluded that different leadership competencies play a different role in the various activities associated with implementing organisational change. They suggest that when considering the place of leaders in change implementation, change should be considered as a complex multi-dimensional task composed of different activities. This conclusion raises a second challenge in understanding the role of leaders in change, namely, how does organisational change occur?

Like leadership, 'change', and particularly 'planned change', has been the subject of considerable research effort. Burnes (2004, 2007) draws attention to the work of Kurt Lewin (Lewin, 1947) as providing the most enduring understanding of the theory and practice of change over the past 40 years. Lewin's 3-step model of 'unfreeze, move, refreeze', was the first of the normative process models of change. Normative models dominated professional change management practice through the 1990s. Prime examples of these approaches were, Rosabeth Moss Kanter's 'Ten Commandments' (Kanter et al., 1992) and John Kotter's (1996) 'Eight-Stage Process'. However, more recently, the idea of an 'emergent' approach to change has also gained credibility (Burnes 2009). Emergent change is characterised by leaders that are constantly adapting to the 'unplanned, unforeseen and unexpected', where 'small actions that have surprisingly large consequences' (Weick 2000).

The distinction between planned and emergent change is reminiscent of the distinction Henry Mintzberg (1978) drew between 'deliberate strategy' and 'emergent strategy'. Mintzberg argued that emergent strategy originates through the interaction of the organisation with its environment. He claimed that emergent strategies tend to exhibit a type of convergence in which ideas and actions from multiple sources integrate into a pattern. Strategy formulation was viewed the interplay between a 'dynamic environment and bureaucratic momentum with leadership mediating between these two forces' (Mintzberg, 1978, p. 934).

The idea of 'emergent change' might usefully borrow from Mintzberg's 'pattern' approach in which organisational change is a pattern in a stream of decisions, reflecting consistency of behaviour over time. It is not relevant whether this pattern and the underlying choice is deliberate or not, conscious or not, planned or not.

This use of 'change strategy' differs from the understanding of planned change management that has had the greatest influence on management thinking and practice in recent times (Kanter et al., 1992 Kotter, 1996, Luecke, 2003). In these models of planned change, a 'change strategy' often refers to the tactics of change involving a sequence of deliberate steps taken to ensure tactical success, and most often directed towards overcoming 'resistance to change'. In contrast, a focus on strategy in managing change consists of a connected set of events that binds an organisation's past, present and future. Consequently, 'the art of leadership in the management field would seem to lie in the ability to shape the process [of change] in the long term rather than direct single episodes' (Pettigrew and Whipp 1991, p. 143).

There is an underlying assumption in management practice that senior leaders have a disproportionate effect on the overall performance of organisations. In relation to the impact of senior leadership on the

effectiveness of change management, much of the early literature begins with a normative assumption that change is linear in implementation and driven down through the organisation by active senior leadership (Kotter, 1990). Beyond this, the relationship between the leadership level and the effectiveness of change management has been explored intermittently (Finkelstein & Hambrick, 1996; Waldman, et al., 2004; Berson & Avolio, 2004; Hill, Seo, Kang, & Taylor, 2012). Broadly, the findings have been that different levels of leadership have differential effects on employee commitment to change. In particular, the findings centre on the role of senior leaders ineffectively communicating the goals of the organisation (Berson & Avolio, 2004, Hill, et al., 2012).

Senior leaders in government and public service organisations across the globe would recognise the distinctive features of emergent change; consequently, it is timely to examine leadership and change in the context of public service.

The environmental, demographic, regional, security, economic and social policy challenges facing all governments are all complex and pressing (Albrow, 2001). Similarly, governments are interacting with increasingly diverse communities that are more demanding in terms of the expectations they have of service delivery. For the public sector, the balance has been steadily shifting away from managing process and outputs to a need for sophisticated analysis and policy creativity to identify and resolve the most complex of issues facing communities. In the Australian Public Service (APS), these drivers of change have been central to the implementation of the reform program outlined in: *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (Advisory Group on Reform of Australian Government Administration, 2010). However, as far back as the 1960s, the Australian public service has also recognised that a key prerequisite of successful reform is knowledge of how past practice shapes what we do now (Caiden, 1965, p.7). Today, this view might be seen as an 'emergent' understanding of change management. But, perhaps more accurately, it might be characterised as the ongoing need to balance organisational continuity and change.

Several forces have shaped public sector change over the past four decades. This has been referred to as a period marked by ‘a major reconceptualisation of the role of government’ (Australian Public Service Commission, 2003, p. 12). Consistently, governments are in an environment where the demand to be more agile and more flexible in developing and delivering public policy is growing. It is a period of organisational disruption in which old orders are being challenged, altered and supplanted. It is likely that this demand will persist and how well public service leaders understand and manage emergent change will be central to the sustaining the capability of the public service.

A major challenge for all public sector organisations is to deliver improved services through an engaged workforce in a period of marked financial constraint (Leslie & Canwell, 2010). The United Kingdom’s Civil Service senior leadership has been at the forefront of adapting to these conditions. A study of senior public sector leaders in the United Kingdom identified four key leadership capabilities: ‘developing the insights necessary for successful change within complex systems; building the cognitive skills to manage effectively in demanding environments; demonstrating the emotional intelligence to motivate their people; and actively building leadership at all levels’ (Leslie & Canwell, 2010, p. 304).

In the Australian Public Service, there has always been a strong focus on leadership as an important component of productivity. The Australian Public Service has a well-developed leadership capability framework based on an Integrated Leadership System (ILS) (Australian Public Service Commission, 2013). Podger, Halton, Simic, Shergold, & Maher, (2004), have described the ILS as innovative and it is based originally on five leadership capabilities that were augmented in 2011 as a result of the development of the APS Leadership Development Strategy (Australian Public Service Commission, 2011, p. 361). This set of ten specific capabilities specifies a range of behaviours that are

characteristic of effective leaders and are key to leadership development in the APS (Australian Public Service Commission, 2011).

Drawing on a large-scale survey of APS employees, this article examines which capabilities of both immediate supervisors and senior leaders influence perceptions of change management. It concludes with a discussion of the implications for leadership practice in managing change in public sector organisations.

METHOD

Sample

Data for this paper was drawn from the 2012 APS Employee Census (the Census). The Census was administered electronically in May 2012 to all APS employees (both permanent and non-permanent). After excluding those individuals who, for example, were on long-term leave or had incorrect e-mail addresses, the final Census sample was 155,917 of which 87,214 replied; a response rate of 55%. This was subsequently split into an Exploratory sample ($n = 43,604$) and a Validation sample ($n = 43,610$) for analysis purposes.

A majority of respondents were women (57%), just over 30% worked in a middle or senior leadership role, and just over half (50.5%) had completed tertiary studies. Comparison of the demographic characteristics of Census respondents with the actual APS workforce showed only 'minor differences' between the respondents and non-respondents (Australian Public Service Commission, 2012, p. 267).

Measures

Perceptions of the effectiveness of change management in the APS were measured by respondent responses to the question:

Please rate your level of agreement with the following statements regarding aspects of *your agency's working environment*:

Change is managed well in my agency.

This item was rated on a five point scale: Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree.

This item was then regressed on to two sets of items that measure leadership capability, one focussed on 'immediate supervisors' while the other asked about 'senior leaders', these were both scored on a five point scale and are shown in Table 1 below.

Insert Table 1 here

RESULTS

A regression analysis was conducted using data from the exploratory sample to determine which combination of senior leader and immediate supervisor leadership capabilities predict perceptions of the effectiveness of change management in organisations. The results of this analysis showed that of the 18 leadership capabilities, 13 showed a statistically significant contribution to the regression equation which was able to predict 36.7% of the variance in perceptions of the effectiveness of change management (see Table 2 below).

Insert Table 2 here

Examination of the statistically significant leadership capabilities showed distinct patterns in the regression coefficients. There were six of the senior leadership capabilities that had t-values greater than 10.0, the remaining two senior leadership capabilities were non-significant. Of the immediate supervisor leadership capabilities, three were not significant and none of the remaining seven approached the same level of significance as the senior leadership capabilities. As a result, the six statistically significant senior leadership capabilities were used as a reduced set of predictors in a hierarchical regression analysis using data from the validation sample.

Results from this analysis (Table 3) showed that the six senior leadership capabilities predicted a statistically significant amount of variance in perceptions of the change management effectiveness (34.4%) and that when the remaining 12 variables were added to the model this did not significantly improve the model's predictive ability. Therefore, these six senior leadership capabilities can be said to contribute the model's predictive ability.

Insert Table 3 here

DISCUSSION AND CONCLUSION

This study has found that six senior leader capabilities are more predictive of employee perceptions of the effectiveness of change management in the APS than the leadership capabilities ascribed to immediate supervisors. This suggests that senior leadership capabilities that encourage innovation and creativity, that demonstrate an ability to learn and adapt, that align organisational outcomes, that give time to developing talent, that are personally active in efforts to improve diversity, and that encourage learning and development are likely to create an environment where employee perceptions of the effectiveness of change management are positive.

Collectively, these six capabilities might be seen to have the common theme of effective communication and a focus on employee involvement. In each case, the capabilities are directed toward communicating a desired effect by encouraging change (e.g. innovation and creativity), aligning actions (e.g. aligning outcomes) or demonstrating behaviour (e.g. developing talent or a commitment to diversity). Similarly, for most of the six capabilities there is a focus on employee involvement in bringing about the desired effect—a sense that it is done 'with' employees rather 'to' employees.

A recent study of the role of middle managers in delivering change argued that middle management participation in change is constrained by senior leadership behaviour (Raelin & Cataldo, 2011). A lack of empowerment is a source of change failure because middle managers are not able to effectively fill the gap between senior leadership and employees. This study did not focus on the empowerment of middle managers but a closer examination of the complementary capabilities of senior leaders and immediate supervisors in delivering change may be warranted.

This may be an indication that immediate supervisors and senior leaders play different roles in delivering organisational change. Just as different types of intervention have different effects and the same intervention delivered in a different context (public or private sector) can lead to different outcomes, so to the different layers of leadership may have differential impacts on employees' perceptions of the effectiveness of change management.

Importantly, the benefits of one leadership style or capability over another may not be as relevant as the consistent practice of those capabilities over time. This is consistent with Schneider and Reichers's (1983) definition of work 'climate' as a set of shared perceptions regarding the policies, practices, and procedures that an organisation rewards, supports, and expects. This view of leadership capability is consistent with an emergent understanding of organisational change as a pattern in a stream of decisions, reflecting the consistency of behaviour over time.

Leadership climates that effectively enable change may not emerge in reaction to specific organisational change event but rather are built over time. Leaders serve to model behaviour and interpret relevant organisational processes and practices for all group members, thus they contribute to common climate perceptions (Kuenzi & Schminke, 2009, Isaksen, 2007, Wallace Hunt & Richards, 1999). In this light, senior leaders that have established a pattern of behaviour that emphasises clear communication and person-orientated behaviours are more likely to be leading an organisation in

which employee perceptions of management are positive. Consequently, employees are pre-disposed to viewing change management positively.

This study suggests that senior leader capabilities are more important in determining perceptions of the effectiveness of change management than the leadership capabilities of immediate supervisors. Senior leader capabilities that focus on effective communication and employee involvement, for example encouraging innovation and creativity, are influential in whether employees have a positive perception of change management.

The change management literature shows that ineffective senior leadership communication is a source of failure in implementing change management interventions; this study, reinforces that finding. It shows that senior leaders that communicate effectively on a range of capabilities are seen by employees to be effectively managing change. However, the interaction between senior leaders and immediate supervisor capabilities in delivering change requires closer examination.

Finally, it has been suggested that the collection of senior leadership capabilities identified in this paper might be best interpreted as a leadership climate that represents a pattern of behaviour that is developed over time. The pattern-based approach to leadership would be consistent with the emergent nature of change management and offers the prospect for more detailed research into the relationship between leadership capabilities and the effectiveness of change management.

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Table 1: APS Supervisor and Senior Leader Capabilities

Please indicate your level of satisfaction with your immediate supervisor's actions in the following areas (Very satisfied to Very dissatisfied):	
Achieves results	Sets direction
Cultivates productive working relationships	Motivates people
Exemplifies personal drive and integrity	Encourages innovation
Shapes strategic thinking	Develops people
Communicates with Influence	Is open to continued self-learning
To what extent do you agree that senior leaders (i.e., the SES) in your agency exhibit the following leadership capabilities (Strongly agree to Strongly Disagree)	
Encourages innovation and creativity	Are personally active in efforts to improve diversity in employment
Give their time to identify and develop talented people	Work collaboratively with people from other agencies.
Maintain a focus on the strategic direction of the agency and the APS	Ensure that work effort contributes to the strategic direction of the agency and the APS.
Encourage learning and development (both on and off the job)	Seek to learn from their own work effort and develop their own skills and capabilities

Table 2: Regression analysis of perceptions of change management effectiveness on supervisor and senior leader leadership capabilities

ANOVA table

Source	SS	df	MS	Number of obs	=	35795
Model	15333.853	18	849.270	F(18,35776)	=	1154.81
Residual	26310.357	35776	0.735	Probability > F	=	0
				R-squared	=	0.368
				Adjusted R-squared	=	0.367
				Root MSE	=	0.858
Total	41597.209	35794	1.162			

Coefficients

Level	Leadership Capability	Coefficient	S.E.	t-value
Immediate Supervisor	Achieves results	0.062	0.010	6.37
	Cultivates productive working relationships	0.011	0.009	1.19
	Exemplifies personal drive and integrity	-0.044	0.009	-4.84
	Shapes strategic thinking	0.006	0.010	0.66
	Communicates with influence	0.050	0.009	5.55
	Sets direction	0.067	0.009	7.12
	Motivates people	0.045	0.010	4.59
	Encourages innovation	-0.026	0.009	-3.03
	Develops people	0.027	0.009	3.02
	Is open to continued self-learning	-0.020	0.008	-2.36
Senior Leader	Encourage innovation and creativity	0.181	0.008	23.05
	Are personally active in efforts to improve diversity in employment	0.086	0.008	10.48
	Give their time to identify and develop talented people	0.109	0.008	14.14
	Work collaboratively with	-0.007	0.008	-0.83

people from other agencies			
Maintain a focus on the strategic direction of the agency and the APS	0.019	0.010	1.88
Ensure that work effort contributes to the strategic direction of the agency and the APS	0.109	0.010	10.82
Encourage learning and development (both on and off the job)	0.094	0.008	12.15
Seek to learn from their own work effort and develop their own skills and capabilities	0.157	0.008	19.57

Table 3: Hierarchical regression analysis of perceptions of change management effectiveness on supervisor and senior leader leadership capabilities

Model Comparison Summary

Model	R2	F (df)	p	R square change	F (df) change	P
Reduced	0.344	3349.564(6,38300)	0			
Full	0.362	1144.750(18,36328)	0	0.018	-5.075(12, 36328)	1

Reduced Model – ANOVA table

Source	SS	df	MS	Number of obs	=	38307
				F(6, 38300)	=	3349.56
Model	15257.495	6	2542.916	Probability > F	=	0
Residual	29076.522	38300	0.759	R-squared	=	0.344
				Adjusted R-squared	=	0.344
				Root MSE	=	0.871
Total	44334.017	38306	1.157			

Reduced Model - Coefficients

Level	Leadership Capability	Coefficient	S.E.	t-value
Senior Leader	Encourage innovation and creativity	0.1937	0.0076	25.4800
	Seek to learn from their own work effort and develop their own skills and capabilities	0.1603	0.0079	20.3500
	Ensure that work effort contributes to the strategic direction of the agency and the APS	0.1477	0.0074	20.1000
	Give their time to identify and develop talented people	0.1346	0.0075	17.9500
	Are personally active in efforts to improve diversity in employment	0.0979	0.0080	12.2600
	Encourage learning and development (both on and off the job)	0.0957	0.0075	12.8400

Full Model – ANOVA table

Source	SS	df	MS	Number of obs	=	36347
				F(18,36328)	=	1144.75
Model	15212.553	18	845.141	Probability > F	=	0
Residual	26820.073	36328	0.738	R-squared	=	0.362
				Adjusted R-squared	=	0.362
				Root MSE	=	0.859
Total	42032.606	36346	1.156			

Full Model - Coefficients

Level	Leadership Capability	Coefficient	S.E.	t-value
	Achieves results	0.053	0.010	5.350
	Cultivates productive working relationships	0.027	0.009	2.960
	Exemplifies personal drive and integrity	-0.046	0.009	-5.100
	Shapes strategic thinking	-0.001	0.009	-0.070
	Communicates with influence	0.041	0.009	4.600
	Sets direction	0.063	0.009	6.760
	Motivates people	0.062	0.010	6.290
	Encourages innovation	-0.018	0.009	-2.090
	Develops people	0.004	0.009	0.500
	Is open to continued self-learning	-0.022	0.008	-2.690
	Encourage innovation and creativity	0.182	0.008	23.470
	Are personally active in efforts to improve diversity in employment	0.088	0.008	10.870
	Give their time to identify and develop talented people	0.114	0.008	14.860
	Work collaboratively with people from other agencies	-0.006	0.008	-0.750
	Maintain a focus on the strategic direction of the	0.016	0.010	1.630

agency and the APS			
Ensure that work effort contributes to the strategic direction of the agency and the APS	0.121	0.010	12.160
Encourage learning and development (both on and off the job)	0.085	0.008	11.090
Seek to learn from their own work effort and develop their own skills and capabilities	0.154	0.008	19.060