STRATEGY AND LEADERSHIP: AN ELITE STUDY OF THE STRATEGY PROCESS IN A LOCAL AUTHORITY

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ABSTRACT

Over the last 20 years or so, local government in Britain has been experiencing a relentless, rapidly changing environment. With successive Conservative governments introducing policies to encourage a new and improved managerialist approach during the 1980s and 1990s, there has been a shift away from the bureaucratic and professionally dominated type of administration to a more customer-focused, private sector style of management and service delivery. The impact of these changes has provoked many local authorities to adopt a more strategic approach. This thesis examines the strategy process in one such authority, a London Borough, during the mid-nineties following the appointment of its new chief executive. The process is seen as one essentially driven by the need for the authority to respond more effectively to the internal and external exigencies facing local government. As a case study, it explores the way the leadership, both executive and the political, moved the authority away from the former professional bureaucracy towards a more corporate way of working and management style. The thesis traces the perceptions, speculations and behaviour of the senior elected members of the political administration as well as those of the new chief executive and describes how these influenced the strategy process.

ACKNOWLEDGEMENTS

CONTENTS

FIGURES

TABLES

CHAPTER 1 | INTRODUCTION

In local government, strategic management and strategic planning continue to receive increasing attention as a method of helping councils cope with a dramatically changing environment characterised by demographic shifts, changing values, new legislation, new public managerialism, constraints on public expenditure, and so on. These changes, to a varying extent, have placed new demands and pressures on local government in its ongoing efforts to provide quality services without increasing the resources devoted to those services. In such a climate of change and uncertainty, there has been the development (and speculation) about the importance of strategic thought and action in the public sector context. Indeed, the widespread use of strategic planning in the private sector may have added impetus to this. A number of academics (Joubert 1988; Stewart 1994; Leach 1996; Leach and Collinge 1998) and practitioners (Caulfield and Schultz 1989; McAndrew 1993,) have suggested that by adopting a strategic approach, councils will benefit by enhancing their capacity to understand and respond to the changing environment and the changing aspirations and needs of local people. Driven into rethinking both the range of services offered and the way in which they are provided and managed, a number of local authorities have felt the need to establish effective strategies for taking a broader view to shape the nature and direction of their authorities.

Inextricably linked to this, is the growing desire among many local authorities to play a role in community governance. With the emergence of a wide range of challenging issues and new situations, it is perhaps not surprising that public sector organisations have been showing a heightened interest in strategic management as a useful tool for helping them deal with a complex and changing world (Joubert, 1988).

In this context, a number of local authorities in Britain have seen the potential value of formulating an authority-wide strategy. A notable feature of this in the 1990s has been the proliferation in corporate strategy documents, mission statements and policy plans. This trend may be encouraging to some as evidence that local authorities are becoming

more committed to community governance and civic leadership (Leach, 1996). A cynical view, however, is still evident in some quarters, where the publication of such documents is seen primarily as little more than a public relations' exercise.

This thesis asserts that for a strategy to be effective, it needs to be a process that provides a unified theme or cohesiveness to a local authority. Both strategic planning and strategic management can be seen as dimensions of the strategy process for setting the purpose and direction for the authority. While strategic planning may be helpful in providing 'a disciplined effort to produce fundamental decisions and actions that shape the nature and direction of an organisation's activities within legal bounds' (Bryson 1988: 112), it is the wider technique of strategic management that should better serve a local authority to 'enhance its understanding of the changing environment…' (Stewart 1995: 19). At best, strategic management is perceived by Stewart (p.65) as an 'expression of organisational learning.' In a local authority, of course, there must be the recognition that both strategic planning and strategic management should properly embrace political purpose and direction. This is all very well in theory but how the introduction of a strategic approach occurs in practice is another matter. This thesis, then, explores the micro-politics of this process through a blend of theory and practice.

Given the fairly widespread advice about strategic planning and management in the private sector for most of the 20th century, the value and suitability in applying these concepts to the public sector might appear to be self-evident. Models drawn from the private sector, however, may not be particularly helpful in the public sector context. Although recent experience from contemporary local government indicates that a growing number of authorities are taking a strategic initiative there is a notable absence of research in this sector. As Wortman (1979) pointed more than 20 years ago, the theory and research on what in the U.S. is usually designated as not-for-profit public organisations, is virtually unexplored for the student of strategic management. Even today, and despite its general prominence as an important feature of local government management in much of the literature, it is difficult to understand why a closer examination of the strategy process in this sector has been so neglected. Moreover, given the prevalence of these types of organisations, their level of public spending in relation to gross domestic product, and their role in a modern democratic society, there

appears to be little reason why this situation should prevail. The theoretical and empirical void in this particular area, noted by Montanari and Bracker back in 1986, is more marked when one considers that according to an LGMB survey in 1994, there were still some forty per cent of local authorities in the UK that had no strategy at all.

The imperative for strategic thought and action was highlighted by Bryson (1988), who cautions that it has become increasingly important to the continued viability and effectiveness of non-profit organisations of all sorts. John Stewart (1994) has been more prescriptive in this connection by advocating that an authority 'needs a capacity to understand the impact of change, assess likely trends, grasp the changing aspirations of the public and reflect political priorities' (p.37). Indeed, it could be argued that the extent of this perceived absence of strategic activity may account for the frequent claims by central government that local authorities are ineffective, extravagant and mismanaged. Furthermore, they have also been accused of pursuing political dogma to the excess, and even of corruption!

Perhaps unsurprisingly, business organisations have experienced a plethora of theoretical and empirical study. In contrast to the private sector, theory and research on the unique aspects of strategic processes in local authorities is still virtually unexplored. Given their prevalence in modern society, it is difficult to understand why there has been this dearth in the examination of the strategic management process of local government.

Throughout the past decade both the popular local government press and scholarly journals have been filled with numerous articles, commentaries and expositions about change. Frequently highlighted are issues associated with demographic transformations, value shifts, privatisation, compulsory competitive tendering, adjustments to funding priorities, educational reform, a volatile economy, all against a backdrop of the perennial problems of financial constraint. The immediate cause of this situation was ascribed by the Audit Commission (1988) as stemming from a wave of legislation that changed the method by which local authorities were able to raise finance and affected the way they function. Perhaps more precisely, it stemmed from central government's philosophical thrust towards local government, which arguably was designed to

inculcate increased accountability, devolution and cost-consciousness through competition and market forces.

Driven by the need to anticipate and cope with a changing environment, there has been a growing prevalence among local government authorities in the U.K. that there may be some advantage in adopting a strategic approach. Attention is now focused on using resources more efficiently, and on identifying sources of savings. Coupled with this, people are no longer seen as clients - they are now customers or service users who have become much better at articulating their demands. In the early 1990's there was evidence that the need for strategic behaviour among local authorities was becoming more apparent. In 1991, for example, the Local Government Management Board published its *Strategies for Success*; a handbook aimed at encouraging local government officers and members to 'find new ways of managing their affairs'. In their introduction, its authors[1] outline the need to take a 'different perspective... to determine how they [local authorities] can both respond to local issues more appropriately and give direction to their local communities' (p.1). They emphasise the need for 'taking stock through strategic review'(p.24). Acknowledgements to the contributors of the case study material included 'a representative sample of the many authorities, which are working hard to apply the principles of strategic management'. The handbook provides several examples of frameworks being created to reflect organisational objectives prior to identifying and selecting ways to deal with strategic issues.

In the academic literature, strategy has been articulated in a number of ways; most, if not all, drawn from private sector practices. Ansoff (1979) pointed out that the combination of competitive (marketing) and entrepreneurial decisions direct an organisation toward the accomplishment of its objectives. Christensen, *et al.* (1987), characterises strategy as 'a pattern of purposes and policies defining a company and its business'(p.122). While Mintzberg (1987) focuses on the 5 P's, seeing strategy as a plan, ploy, pattern, position and perspective. Many of the activities associated with 'business' strategies, in the profit-motivated sense of the word, are virtually non-

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[1] *Strategies for Success* was written by Michael Clarke and Professor John Stewart

existent in the local authority context with the Audit Commission (1983) reasoning that a strategy is somewhere between 'vision and management structures and processes.'

Although Rumelt (1980), a policy professor at UCLA, may not have had a London borough in mind when he described the strategy of an organisation as '.... the particular policies, plans and objectives... [for] coping with a complex competitive environment', there is an interesting similarity to this and the task that faced the new chief executive and his Executive Management Team at the Town Hall in Northam. Indeed, for the chief executive at Northam, the development of a strategic approach to running the authority was paramount. For as he perspicuously observed shortly after taking up office, the organisation needed to be clear about direction and purpose, and needed to be diligent in managing performance. (The name of the authority has been changed to protect its identity. For similar reasons, all the names of the individuals associated with the authority mentioned in subsequent chapters have been changed)

An overview of the methodology

Readers should be aware that this thesis was undertaken entirely on a part-time basis. As such, some of the material covered might appear to be slightly more historical than would have been the case had the thesis been completed as a full-time research project. Nevertheless, the issues covered in my thesis are still recurrent. The need for local authorities to respond effectively in a climate of environmental unpredictability, to review the issues and determine priorities within the political context remain a constant challenge for senior management.

In designing the research to observe the strategy process, I became increasing aware that whilst retrospective case histories may be valuable in understanding the context and events leading up to the strategy phase, it was only through a real-time case study that I could attempt to identify how the formation of strategy took place.

In broad terms, the fieldwork took the form of an ethnographic case study. A key element of the research methodology has meant undertaking successive interviews over a period of twenty-nine months (from May 1993 to September 1995). During this time

I taped interviews with the new chief executive, departmental directors and two leading politicians. I also requested, and was given access to a selection of the local authority's self-reports and other relevant information.

The strategy being researched is one that is concerned with the local authority as a whole - going beyond the production of separate strategies for individual services. Quinn (1980), referring to the essence of strategy, encapsulates this aspect in the following way: 'effective strategies concentrate resources and management attention on a few critical thrusts which cohesively integrate the entity's major goals'. For my part, I see utility in extending this view by adding: '...and develop its activities over time'.

In common with most local authorities in the United Kingdom, councillors, managers and staff working at Northam, were facing, and continued to face difficult challenges. Turbulence and upheaval were typical depictions of the circumstances seen to surround them. Indeed, as far back as 1988, the Audit Commission in a paper on *The Competitive Council* portrayed a striking picture in which local authorities were plunged 'in the throes of a revolution.'

It can be argued that the underlying aim of the government's agenda for local government is to bring about change through intervention, legislation and financial controls, each designed to facilitate various aspects of governmental policy. At the London Borough of Northam there was an abundance of anecdotal evidence that the authority had, in the past, tended to address the separate strands of central government's agenda in an *ad hoc* manner. That changes were taking place in local government was fairly apparent to both the Leader and Deputy Leader, although how to deal with them was less clear. Up until now, they had been very happy with how things had been running but with the retirement of the incumbent chief executive, the political leadership reluctantly acknowledged that the time had come to find a replacement with a slightly different style of management. With the appointment of a new chief executive, there was further change for Northam on the horizon. It would be strongly influenced by the new chief executive's extant beliefs about the need for a strategy and how it should be formed. Although tempered by variety of local factors, a dominant force for change was the new chief executive himself, clearly motivated by his

experience and leadership skills honed during his period with Kent County Council and Wrekin.

Using a single case study within a theoretically guided analysis, I undertake an exploration of four phases of strategic activity at Northam:

- Changes in top management: the early context for strategy
- The role of leadership, power and culture
- Strategy formation
- Strategy implementation

The above phases are covered in depth in chapters 7 to 11 of this thesis. I commence with the appointment of the new chief executive and describe the early context at Northam. I then focus on the new chief executive's role and relationships with his top management team and the political leadership. In this way, I begin the task of describing the process by which strategy developed or was formed at the London Borough of Northam and later finally implemented.

The essence of this thesis is to get below the level of superficial analysis in order to document and explain the detailed story of how a strategy was developed (or emerged) in this local authority and was finally implemented.

In Chapter 2, I begin by considering the concept of strategy. Drawing mainly from the management literature, I look at ways of defining strategy and present some primary approaches to strategy formation that have typically been developed from studies in the business environment. Several conceptual typologies are discussed and the opportunity is taken to give some indication of the relevance of the concepts to the local government setting. This exploration leads me to the notion of organisational cohesion in that it offers a useful underlying theme for strategy makers and highlights the importance of learning in the strategy development process. Whilst the prescriptive school to strategy formulation has an intuitive appeal for many local authorities, I suggest that the strategy theories of Mintzberg (1973) or Quinn (1980) may provide a better understanding of their strategic processes.

Chapter 3 sets the scene by providing an outline of the local government context. My main purpose is to focus on the premise that public sector organisations operate in a different mode from their private sector counterparts and will tend to be driven by different criteria. By drawing attention to some important differences between the private and public management curricula discussed in the literature, I conclude that management in the public sector is distinctive. Along with other authors, I caution that it is inappropriate to apply private sector practices to public sector management uncritically.

Chapter 4 looks at both the manner and extent to which local authorities have adopted a strategic approach. Building on my earlier incursion into its relevance in Chapter 2, I begin this chapter by developing the concept of strategy in the local government context more fully. I examine the trend towards strategic management in the late 1980s and 1990s and discuss its role in this connection in greater depth. Having noted that an increasing number of elected members and senior management acknowledge the need to adopt a strategic approach in the management of their authorities, I turn the discussions in this chapter to good account by refining them into my key research objectives.

In Chapter 5, I have set myself the task of presenting a chronology of organisational and economic changes that have influenced the politics of local authorities and which in turn have had implications for the development of a strategic approach. The message in this chapter is clear. If we are to understand the strategy process in the local government context, it is essential to recognise the political dimension.

The purpose of chapter 6 is to develop a conceptual framework for understanding the strategy process in a local authority. My analysis of the various factors and contexts that impact on a corporate strategy illustrates the complexity and diversity of the many constructs and the inter-relationships (either real or notional) between them. The development of this framework provides an essential starting point for thinking about the strategy process. Given the range of factors and the inherent problems of unravelling the potential linkages, I conclude that it is both sensible and reasonable to be selective in my case study exploration.

In Chapter 7, I expound my methodology and my rationale for employing a single case study. Drawing on the ideas and suggestions of Van de Ven (1992) on strategy process research design, I argue that although retrospective case histories may be valuable in understanding the context and events leading up to the strategy phase, it was only through a real-time case study that I could begin to identify <u>how</u> the formation of strategy took place. Clarifying the theory of process is seen as an important precursor for underpinning my research design. Both dialectical and evolutionary theories of process offer useful conditions to explain how change and development occur in organisations. Building on these ideas, the chapter provides a valuable account of the qualitative aspects of my research methodology and details the specifics on how data was collected. I acknowledge the worth of opportunism in research and recognise the importance of gaining the approval and co-operation of the new chief executive and the political leadership to undertake this study.

Employing a selection of factors drawn from the conceptual framework developed in chapter 6 and the research methodology detailed in chapter 7, the next four chapters explore the strategic activity at Northam in detail during the period from May 1993 to September 1995 as it emerged.

Chapter 8 begins by recounting the early context at Northam leading up to appointment of a new chief executive. It depicts the culture under the Conservative administration of the day, provides insight into the political perspective and explores how the foundations for strategic activity began to take shape. Using data derived from taped interviews with the new chief executive, members of his top management team and the political leadership supplemented by personal letters, local authority documents and reports, I present a rich account of how the embryonic stages of the strategy at Northam began to unfold over time. My portrayal of MF and his personal, first year's action plan provides credible evidence of his strong leadership style.

In Chapter 9, I discuss leadership, power and culture at Northam. In this chapter, I have found it effective to link theory with the case study findings in respect of each of these three concepts. Leadership and power are shown to be distinctive concepts for an organisation striving to achieve strategic competence. As a significant feature of the

case study, I examine the nature of leadership and power from the theoretical perspective before relating it to the political elite at Northam. Extending this approach (first the theory, then the facts on the ground), I next consider the role of the chief executive before moving on to deal with culture. I conclude this chapter by describing in some vivid detail how the new chief executive began gaining commitment for the strategic changes he was about put in train.

In Chapter 10, I show how the authority began identifying issues that were seen to be precipitating change and how this brought about a need to devise mechanisms for dealing with them. The identification of strategic issues was seen as an essential task by the chief executive even before he formally took up post. The impact of legislation was of particular concern to the council. Utilising some of the propositions expounded by McKevitt (1992) and others on how strategies are formulated, this chapter links the theoretical aspect to the Northam context in practice. Drawing on the theories of Hart (1992), in this connection, I show that although the strategic activities initiated by the chief executive in collaboration with his top management team closely resemble the 'command' mode, his strong urge to create a vision statement for the council more closely resembles that of the 'symbolic' leader.

Chapter 11 begins by identifying the corporate strategy that began to emerge under the new Labour administration in July 1994. Much of the preliminary strategic activity that had taken place from the moment the new chief executive took up his post in May 1993 under the Conservative leadership provided a useful framework, although for political expediency in the run up to local council elections progress in this area was put on hold. This chapter uncovers in some depth how the corporate strategy and re-structuring under the new administration became more apparent. Where appropriate, useful comparisons are drawn with the study by Keen and Scase (1998) of strategic change in an English county council. The outcome is a proposed organisational structure designed to improve working practices in the case study authority.

In my final chapter, I set out the contributions of my thesis. I demonstrate the utility of a real-time case study approach and distinguish several valuable insights into the strategy process in a local authority organisation in an edifying way. By studying the

roles of both political and managerial elites, I reveal several important dynamics in this process. A distillation of the empirical data and conceptual findings enables me to comment informatively on the extent to which parallels can be drawn from the theoretical models of strategy analysis expounded by Mintzberg and Quinn. Although my conclusions suggest there were incremental patterns of strategic change during my 29 months fieldwork at Northam, I submit that this could offer a useful explanatory model of the strategy process in other local authorities.

CHAPTER 2 | STRATEGY – A CONCEPTUAL CLASSIFICATION IN AN ORGANISATIONAL CONTEXT

Introduction

The purpose of this chapter is to introduce the concept of strategy. In so doing, I first consider a number of conventional definitions drawn from the modern management literature. Whilst I show there are several ways of defining strategy, I suggest that it is useful to consider strategy as providing a unified theme or cohesiveness to an organisation. In the second section, I acknowledge that it is possible to see the various concepts as components or dimensions of a broader strategy making process in which such notions of strategy formulation and strategy implementation are given expression. A number of conceptual taxonomies are presented and where appropriate, I provide a preliminary indication of their application to the U.K. local government context. Although the concept of strategy has typically focused on the private sector business organisation, my conclusion is consistent with the generally accepted premise that adopting a strategic approach in the public sector setting can help local government become more effective. As this theme is central to my thesis, the rationale is developed more fully in a chapter 4.

Ways of defining Strategy

It is perhaps worthwhile at the outset to concede that the literature is abounding with definitions and typologies of 'strategy' in an organisational setting. Moreover, one regularly encounters such terms such as corporate strategy, business strategy, action plan and policy in relation to the strategy phenomenon. The concept is also used adjectivally with two idioms frequently appearing in this context: strategic planning and strategic management. Whilst this variety of approaches to strategy does not bode well for those seeking precision, this section reviews some of the ways of looking at strategy from my research of the literature.

The standard textbooks on strategy usually begin by reminding us that the word 'strategy', in its literal and limited sense, comes from the Greek 'strategos'. The word is a combination *stratos*, or army and *ego*, or leader (O'Toole, 1985). Roger Evered's description, colourfully describes the concept in its classical, military role:

'Initially *strategos* referred to a role (a general in command of an army). Later it came to mean 'the art of the general,' which is to say the psychological and behavioral skills with which he occupied the role. By the time of Pericles (450 BC) it came to mean managerial skill (administration, leadership oration, power). And by Alexander's time (330 BC) it referred to the skill of employing forces to overcome opposition and to create a unified system of global governance.' (Evered, 1980:3)

What is noteworthy here, I would suggest, is that such notions of leadership, power and organisational cohesion, apparent as conditions of the historical concept of strategy, have endured and continue to influence modern business management. The elusive concept of leadership is a theme to which I shall develop later. As I will show in my case study analysis, the conventional wisdom that leaders and leadership can play a central role in the strategy process is strongly supported.

One of the earliest, traditional interpretations on the concept strategy in relation to business is discussed in H. Igor Ansoff's well-known book on corporate strategy (1965). He broadly defines strategy as 'the decision rules and guidelines that provide a firm with a well-defined scope and growth direction.' Ansoff, in considering the 'concept of a firm's business' (a phrase he uses analogously for strategy), identifies four components of strategy. Three describe, in the business sense, the firm's product-market path in the external environment, while the fourth introduces the notion of synergy which the management literature has legendary come to describe as the '2 + 2 = 5 effect'.

By the 1970s and 1980s, most commentators were agreeing that strategy implies an all-embracing view of the business. Quinn (1980), for example, with his passion for consistency and clarity of terminology usage, defines a strategy as: 'the pattern or plan that integrates and organisation's major goals, policies, and action sequences into a cohesive whole.' A well-formulated strategy, he contends:

'helps to marshal and allocate an organisation's resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents.'

Richard Rumelt (1980) policy professor at UCLA, again, adopting an overall concept of strategy chooses to define it in much the same way as 'a set of objectives, policies, and plans that taken together, define the scope of the enterprise and its approach to survival and success.' Interestingly, he also sees utility in rendering the definition conversely – namely: '...the particular policies, plans and objectives of a business express its strategy for coping with a complex competitive environment.' In this latter respect, Rumelt is suggesting that one can recognise strategy from the individual elements of its content.

Possibly as a result of Ansoff's work, several management writers have come to distinguish corporate strategy from business strategy. Christensen *et al*, (1980: 115) for example, in asking the rhetorical question 'what strategy is?' conceptualises 'corporate strategy' as:

> '... the pattern of decisions in a company that (1) determines, shapes, and reveals its objectives, purposes, or goals; (2) produces the principal policies and plans for achieving those goals; and (3) defines the business the company intends to be in, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.'

Furthermore, these authors are mindful to point out the notion of organisational unity, common goals and working together, which they express as 'interdependence of purposes, policies, and organised action'(p.116) stressing that the essence of a strategy is 'that pattern among goals being more important than any array of separate purposes'(p.117) Business strategy, they contrast as being less comprehensive and, as they put it, 'defines the choice of product or service and market or individual businesses within the firm' (pp.115-116).

Henry Mintzberg, (1987) another highly regarded proponent of strategy behavioural theory, has championed the concept of strategy to a view very different from many earlier writers of the 1960s, 1970s and early 1980s. His compelling claim is that the concept of strategy cannot be reduced to a single definition. He powerfully argues that

since the word is used in different ways, we implicitly accept various definitions though we tend to formally quote only one. Accordingly, he characterises strategy more creatively as comprising five elements: *plan, ploy, pattern, position,* and *perspective* commonly referred to as the '5 P's for strategy'. Since they afford a useful, descriptive insight into the strategy concept, they are worthy of some further clarification:

1. Strategy as a **plan** provides guidance or a set of guidelines for a course of action to deal with a situation and to achieve a desirable end state.

2. Strategy as a **ploy** is seen as a specific manoeuvre designed to outwit an opponent or competitor commonly to gain market share.

3. Strategy as a **pattern** is stream of actions or decisions that infer a consistency in behaviour over time whether or not intended.

4. Strategy as a **position** means locating an organisation and its products to achieve a successful niche in the market place by avoiding competition.

5. Strategy as a **perspective** is a shared philosophy of the organisational members exemplified through their intentions and/or actions.

The common premise that many writers (*ibid.*) share about the concept of strategy is the broad notion of it being a 'pattern' or 'plan' to achieve an organisation's objectives within the context of the business and the complexity of a dynamic environment. Although Vancil, as far back as 1976, equally conveyed this notion of a 'plan' when exemplifying his view of an organisation's strategy, his view supports a key finding in my case study when he asserts that its manifestation should be 'the conceptualisation, expressed or implied by the organization's leader…'(pp.1-18).

In connection to 'pattern', Mintzberg goes further, seeing strategies *per se* as sitting on a continuum. At one end, there are the deliberate strategies where intentions existed and were then realised while at the other end of the continuum, there are emergent strategies, where patterns developed in the absence of intentions, or despite them, went unrealised. Even though some strategies come close to either form, the two extremes are seen as being theoretical cases. No strategy, Mintzberg holds, can be entirely deliberate or truly emergent. But an important implication, suggested by Mintzberg, is in connection to his view of strategy as a 'perspective'. Mintzberg reasons that strategy is quintessentially a concept. That is to say abstractions, which exist only in the minds of

those people who have an interest in it. Of key significance, he suggests, is that members of the organisation should share that perspective.

McLaughlin (1986) holds a similar view in an early work on strategic decision making for non-profit and service organisations. His contention is:

'a common strategy is a primary source of cohesiveness in an organization, if it is more than pious platitudes, because that strategy can help develop in the management team (board, staff, volunteers) a shared belief in the desirability of the organisation's primary programs and a commitment to making them work effectively…(p.165)'

In a more recent paper, Eisenhardt (1999) recasts the notion of Mintzberg's shared perspective and emergent strategy. She sees the 'emergence of a successful strategy' arising from a decision making process where people develop 'collective intuition' (pp. 65-94).

Although it should now be clear that strategy cannot be encompassed by a single definition, for my purpose, I find utility in the notion that it should be viewed as a concept that provides an organisation with a unifying plan and common purpose for all its activities. As one commentator stylishly suggests 'it [strategy] is an ongoing and living process that engages every member of the organization' (NASA, 2001).

Approaches to strategy making

Strategic management is another term frequently used today. It is sometimes referred to as corporate strategy, business policy, all of which deal with the strategy area of study. Essentially, 'strategic management is the process of making and implementing strategic decision[s] ... [it] is about the process of strategic change' (Bowman and Asch 1987: 4). This general definition of strategic management conforms to most texts in the field (e.g. Jauch and Glueck 1988: 5 and Johnson and Scholes 1988: 10). The task of strategic management involves both top management and managers at all levels in the organisation. For local government (see chapter 4), strategic management has been seen as a means for providing a 'protected organisational pause' (Stewart and Clarke 1995) to allow the local authority to respond to 'unanticipated issues' or the issue of 'organisational change' (Leach, 1997).

Much of the literature on strategic behaviour broadens out to offer prescriptive concepts for strategy formulation and implementation. Two waves are generally distinguished. In the first wave that emanated in the 1960s, proponents of the prescriptive methodology have come to be associated with the Harvard Business School Model. In the conventional literature on strategy their basic premise (Andrews, 1980, Christensen et al, 1987) is that strategies are formulated before they are implemented, that planning is a central process by which they are formulated and that structures should be designed to implement given strategies.

Christensen et al, (*ibid.*) assert that deciding what a strategy should be may be approached as a '<u>rational</u> undertaking [my underlining]'. They essentially perceives strategy formulation as a logical activity consisting of four elements:

(a) what the company might do in terms of its environmental opportunity;

(b) what the company can do in terms of its ability and power;

(c) what the executives of the company want to do in terms of their personal values, aspirations, and ideals;

(d) what the company should do in terms of the public good or service to society (p.121)

This rational view of decision-making when applied to strategy formulation suggests a systematic environmental appraisal coupled with an internal organisational assessment popularly referred to as a 'SWOT analysis' (strengths, weaknesses, opportunities and threats). Typically, it is accompanied by goal setting, evaluation of alternative courses of action, and the development of a comprehensive plan to achieve goals.

In the 1980s, a second wave of the prescriptive view on how strategy should be formulated appeared in the academic literature. Although not conceptually very different from the first wave, it structured the formal analyses that should be undertaken by firms seeking to gain competitive advantage in the market place. Possibly allured by this approach, the best known is Michael Porter (1985). In addition to describing detailed, analytical procedures for both the competitors and industry structures in

general, he advances what have become known as a triad of generic strategies in which he believes all competitive strategies can be reduced, namely:

(1) a cost leadership strategy

(2) a differentiation, and

(3) a focus strategy

His underlying premise is that there are only 'two basic types of competitive advantage a firm can possess: low cost or differentiation' (1985:11, in Mintzberg and Quinn, 1992).

Characteristic of the prescriptive works of Ansoff, Andrews and others is the clear distinction between strategy formulation and strategy implementation - what Mintzberg criticises as 'thought independent of action', (1990). In reality, Mintzberg asserts:

'formulation and implementation are intertwined as complex interactive processes in which politics, values, organizational culture, and management styles determine or constrain particular strategic decisions' (Mintzberg and Quinn, 1992).

Building on the notion that strategy can be seen as 'a pattern in a stream of decisions', Mintzberg and Waters, (1985) contend that streams of behaviour can be isolated thereby enabling strategies to be identified 'as patterns or consistencies in such streams.' They argue that treating strategy formation as a systematic process for determining long-term objectives and establishing action plans has limited utility. By comparing deliberate strategies from emergent ones (see Mintzberg, *supra)*, Mintzberg and Waters have developed a typology of strategies that fall along this continuum. Such strategies, they contend, combine a range of conditions or relationships in which:

'Leadership intentions would be more or less precise, concrete and explicit, and more or less shared, as would intentions existing elsewhere in the organization; central control over organizational actions would be more or less firm and more or less pervasive; and the environment would be more or less benign, more or less controllable and more or less predictable.' (Readings in Strategic Management, 1989: 4 - Asch and Bowman eds.)

Closest to the theoretical, deliberate state is the 'planned strategy', in which organisational leaders formulate their intentions in precise detail through a rigorous step-by-step analysis in an environment that is 'benign', 'controllable' or somewhat

'predictable'. At the other end of the continuum are emergent strategies that imply 'strategic learning'. In this paradigm, strategy formation can be regarded as an emergent process requiring 'consistency in action without any hint of intention' (Mintzberg and Quinn, 1992: 14). By 1998, Mintzberg, Ahlstrad and Lampel in their overview of the various approaches to strategy, identify a distinct 'Learning School' of strategic thought, which regards strategy formation as an emergent process resulting from the trial and error learning within an organisation. In this case, the organisation will include the 'lessons learned' into their action plans. Indeed, Keen and Scase (1998) drawing on the assertions of Stewart, 1986; Clarke and Stewart, 1988, and Clarke, 1996 make reference to the fact that 'local authorities are increasingly being urged to develop into 'learning organisations', with their staff involved in continuous improvement, change and adaptation' (p.12).

Table 2.1 Summary Descriptions of Mintzberg and Water's Strategy Types

Strategy	*Major features*
Planned	Strategies originate in formal plans: precise intentions exist, formulated and articulated by central leadership, backed up by formal controls to ensure surprise-free implementation in benign controllable or predictable environment: strategies most deliberate.
Entrepreneurial	Strategies originate in central vision: intentions exist as personal, unarticulated vision of single leader, and so adaptable to new opportunities; organization under personal control of leader and located in protected niche in environment; strategies relatively deliberate but can emerge.
Ideological	Strategies originate in shared beliefs: intentions exist as collective vision of all actors, in inspirational form and relatively immutable, controlled normatively through indoctrination and/or socialization; organization often proactive vis-à-vis environment; strategies rather deliberate.
Umbrella	Strategies originate in constraints: leadership, in partial control of organizational actions, defines strategic boundaries or targets within which other actors respond to own forces or to complex, perhaps also unpredictable environment; strategies partly deliberate, partly emergent and deliberately emergent.
Process	Strategies originate in process: leadership controls process aspects of strategy (hiring, structure, etc.), leaving content aspects to other actors; partly deliberate, partly emergent (and again, deliberately emergent.
Unconnected	Strategies originate in enclaves: actor(s) loosely coupled to rest of organization produce(s) patterns in own actions in absence of, or in direct contradiction to, central or common intentions; strategies organizationally emergent whether or not deliberate for actor(s).
Consensus	Strategies originate in consensus: through mutual adjustment, actors converge on patterns that become pervasive in absence of central or common intentions; strategies rather emergent.
Imposed	Strategies originate in environment: environment dictates patterns in actions either through direct imposition or through implicitly pre-empting or bounding organizational choice; strategies most emergent, although may be internalised by organization and made deliberate.

Source: (Readings in Strategic Management, 1989, Chapter: 'Of Strategies, Deliberate and Emergent)

As this view of an 'emergentness' of strategy equips me with useful theoretical

guidance that could be applied to the local government context, the complete set of strategy type examples sitting along this continuum are worth restating here. See table 2.1 on previous page.

An attractive, alternative view of strategy formation in a professional context focuses not on *a priori* articulation of intention but on the existence of consistency in the actions and/or decisions emerging from an organisation (Hardy, Langley, Mintzberg and Rose, 1984). An essential question raised by Mintzberg was about how organisations make important decisions and link them together to form strategies. From the abundance of literature on strategy making in business and policy-making in government, Mintzberg (1973) identified three distinctive groupings or modes:

- entrepreneurial mode
- planning mode
- adaptive mode

These have been briefly but usefully summarised in Hart (1992). In the entrepreneurial mode, a strong, charismatic leader takes bold, risky actions on behalf of the organisation; in the planning mode more formal analysis is used to structure explicit, integrated strategies for the future; in the adaptive mode, the organisation responds to a difficult environment in small disjointed steps. As the last two modes would appear to be of particular relevance to the local authority context, these are now discussed more fully.

As an outcome of his analysis, Mintzberg has distinguished four major characteristics of the adaptive mode of strategy-making which seem to have a strong affinity to the organisational and environmental pressures faced by many local authorities:

(1) Clear goals do not exist in the adaptive organisation; strategy-making reflects a division of power among members of a complex coalition.

(2) In the adaptive mode, the strategy-making process is characterised by the 'reactive' solution to existing problems rather than the 'proactive' search for new opportunities.

(3) The adaptive organisation makes its decisions in incremental, serial steps.

(4) Disjointed decisions are characteristic of adaptive organisations.

When writing about the adaptive mode, Mintzberg, (1973) drew attention to Lindblom and Braybrooke's notable and enduring contributions which sought to demonstrate that policy making in the public sector is an adaptive process. Initially, Lindblom first called his approach 'the science of muddling through' (1959), though later with Braybrooke, (1963) it became known as 'disjointed incrementalism.' The term incrementalism as described originally by Lindblom (1959) referred to:

> 'Policy makers who typically confine themselves to considerations of those variables, values and possible consequences that are of immediate concern to themselves and which differ only marginally from the status quo, thus greatly simplifying their analysis of possible options' (from Gregory, 1989: 140).

Or as Mintzberg (1973) perceptively describes the scenario:

> 'The adaptive policy-maker accepts as given a powerful status quo and lack of clear objectives. His decisions are basically remedial in nature, and he proceeds in small steps, never moving too far from the given status quo. In this way the policy-maker comes to terms with his complex environment.'

In the business context, Mintzberg refers to Cyert and March (1963) who see the strategy-maker as operating in much the same fashion: 'He consciously seeks to avoid uncertainty, sometimes solving pressing problems instead of developing long-run strategies, other times 'negotiating' with the environment.... because the organisation is controlled by a coalition of disparate interests, the strategy-maker must make his decisions so as to reduce conflicts...'. To some extent, the adaptive mode can be seen as a sub-set of the 'Learning School' of strategic thought categorised by Mintzberg, Ahlstrad and Lampel, (1998). Both, it would appear, should provide a mechanism for better understanding the strategy making process in local government.

As a comparison, the planning mode relates to an organisation large enough to dedicate resources to formal analysis, operating in a reasonably predictable and stable environment. Several authors see planning as all those managerial activities related to preparing for the future. Specific tasks include forecasting, establishing objectives, devising strategies, developing policies, and setting goals. As Mintzberg again explains: 'formal planning demands rationality in the economist's sense... the systematic

attainment of goals stated in precise, quantitative terms.' From the wealth of literature on planning, Mintzberg has chosen to delineate what he describes as three essential features of the planning mode. In summary they are:

(1) In the planning mode, the analyst plays a major role in strategy-making.
(2) The planning mode focuses on systematic analysis, particularly in the assessment of the costs and benefits of competing proposals.
(3) The planning mode is characterised above all by the integration of decisions and strategies.

Despite the criticisms of formal planning, Brian Loasby's assessment (1967) of the capabilities and weaknesses of the planning mode is still tenable. Above all, he sees great value in formal planning in:

(1) Raising and broadening of issues which may be inadequately considered.
(2) Illuminating rather than obscuring the existence and implications of uncertainty.

What formal planning procedures should not concentrate on, he cautions are:
- management action at the expense of the management system,
- reconciling organisational structure with the real situation.

According to Quinn (1980), however, neither Mintzberg's adaptive mode nor planning mode capture the true nature of strategy formation. In studying the strategic change processes in ten major companies, it was Quinn, in fact, who depicted strategy formation as a learning process in which one proceeds flexibly and experimentally from broad concepts towards making specific commitments. By making decisions as late as possible, it is possible to reduce the risk of uncertainty and to take advantage of the best available information. Quinn calls this process one of 'logical incrementalism' [not muddling] and sees it as a conscious, purposeful, proactive, and good management in which a strategy emerges.

Typology of public sector strategies

From the above discussion, I have shown that strategies in the business sector can be defined in a number of ways. What is noteworthy, however, is when discussing the concept of strategic planning in the public and non-profit organisations, Bryson (1988) is similarly inclined to draw from the Harvard Policy Model developed by Christensen,

Andrews and others, (1983). For Bryson, strategies in the public sector are depicted in the same way as a pattern of purposes, policies, programmes, actions, decisions, and/or resource allocations that define what the organisation is, what it does, and why it does it....'(p.115), Such strategies, of course are always complex and involve difficult choices and, if they are to be effective, must have broad consensus and political support. So Bryson's definition of a strategy in the public sector setting mirrors Andrew's view of corporate strategy in the business sector. According to this definition, Bryson argues, every organisation has a strategy. For every organisation there will already be 'a pattern of purposes, policies, etc, ...'; the problem is that it may not be suitable or particularly good and may need to be changed or refined in some way to provide an effective response between the organisation and its environment. Strategies, Bryson goes on to point out, may also vary by level and time frame. The four basic levels generally identified are:

1. Functional strategies (e.g. financial, staffing,)
2. Operational strategies (dealing with specific services and programmes)
3. Business unit strategies (for departments or units)
4. Corporate strategies (for the organization as a whole)

And the time frames for strategies can be long-term, medium-term or fairly short-term. The notion of a 'fairly' short time frame distinguishes it from tactics which are considered to be more simply short-term actions or reactions.

Several authors have developed typologies of public sector strategies (Boschken, 1988; Rubin, 1988; Barry, 1986; Wechsler and Backoff, 1987; Nutt, 1984, Montanari and Bracker, 1986) many of which have varying degrees of relevance in this research. Wechsler and Backoff, for example, identified four strategy types in their study of a number of Ohio state agencies. They were classified as developmental, transformational, protective and political. With support from external funding sources a development strategy attempts to improve or enhance the organisation's capabilities, capacity, resources, and performance. As an extension to this a transformational strategy will shape the organisation through its influence and design to achieve a new and better future for itself. The political strategies were of two types. One, in response to changing environmental conditions is designed to accommodate the balance of power

among external stakeholders. The other involves the organisation in partisan political contests. Organisational positions, structure, policy, and program changes are seen as rewards for individual supporters and important constituencies. A protective strategy will be formulated by organisations facing a hostile criticism or a threatening environment. The organisation responds by keeping a low public profile, maintaining the status quo and strengthening its internal control.

Montanari and Bracker (1986) have developed a portfolio analysis approach designed to identify the current context of a strategic public planning unit (SPPU) in terms of its ability to provide services after a comparison of its strengths, weaknesses, advocates and adversaries. Using a four-cell matrix adapted from a private sector model, a service differential assessment is made to inform the kind of strategy formation required. Fig. 2.1. represents the four options and the corresponding master strategies identified by Montanari and Backer.

Figure 2.1 – Service Differentiation Assessment

High ↑	*Public Sector Star*	*Political Hot Box*
	Continue to provide cost-effective service, while scanning for potential threats	Focus on obtaining resources and creating systems to increase ability to provide the service. Aim to become a public sector star.
	Golden Fleece	*Back Draw Issue*
Low ↓	Seek to renew perceived public need. The environment is dangerous can become hostile. Planning and action are paramount.	Either phase out of service, or search for a variation on its mission to attract public support so as to increase funding attractiveness.

High ◄───────────► Low

Source: Montanari and Bracker (1986: 257)

The horizontal axis indicates the SPPU's assessment of its ability to effectively provide the service after an assessment of its strengths versus its weakness. The vertical axis is

an assessment of both funding attractiveness of the service and the public's need for the service.

Drawing from Bryson's *A Potpourri of Strategies* in Resource D section of his book (1988), reference is also made to Rubin's (1988) typology of public sector strategies (pp.260-2). These are based on whether the time horizon is short or long and whether the context of change involves reaction to a disruptive present or the fashioning of a future quite different from the past. Again this throws yet another perspective on what may be seen as a bewildering array of strategy typologies.

It is not my intention to describe these in detail. The special contribution of Rubin's typology according to Bryson is that it offers the opportunity for strategists to consider both time and situations in their deliberations. Although making a distinction between long- and short-term strategies is quite common, Bryson points out, 'Rubin's is the only typology that links temporal horizons with kinds of contextual change' (p.262).

Figure 2.2 - Rubin's Typology of Public Sector Strategies

Temporal Horizon

Short ⟵⟶ Long

Anticipated ↑	*Venturelike Strategy* 1. Targets 2. Trials 3. Compacts/portfolios	*Questlike Strategy* 4. New agenda 5. Grand vision 6. Alternative course
Contextual Change	*Parlays* 10. Hedging 11. Leveraging 12. Advancing	*Sagalike Strategy* 7. Restorative 8. Reformative 9. Conservatory
Disruptive ↓		
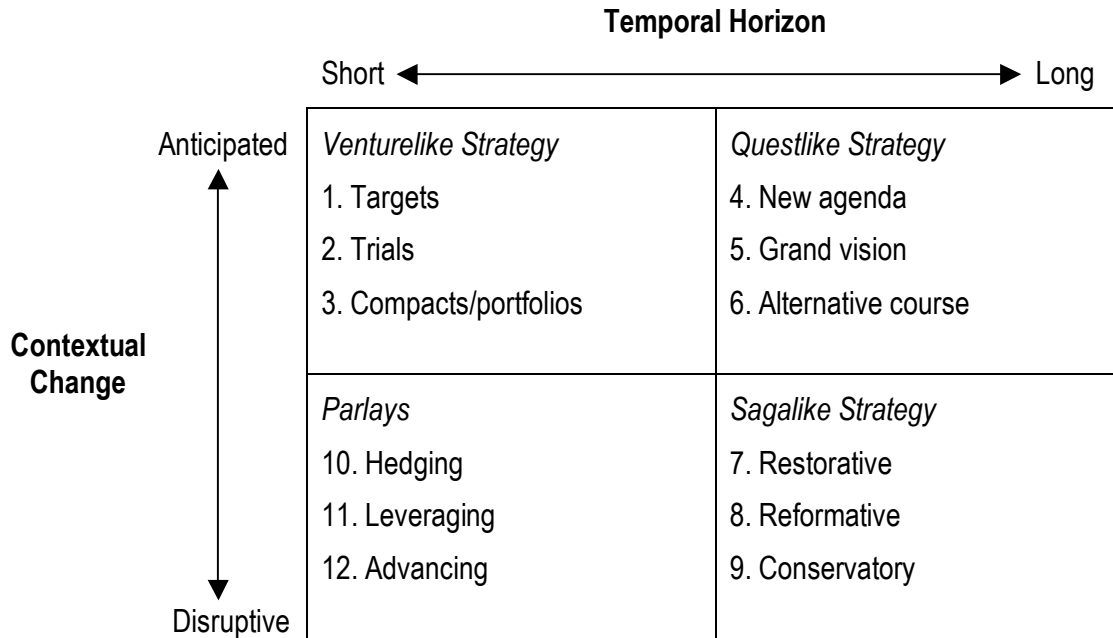
Source Rubin, 1988 (in Bryson 1988: 261)

For example, **Sagas** are a pattern of actions taken over the long term to re-establish a set of core values, goals, or institutions that have been lost, or are in danger of being lost, due to environmental changes or to inadequacies of institutional or managerial capacities. The idea is not to re-establish the past, but to regain the lost qualities of the past through strategic responses to new or changed circumstances.

Quests are like sagas, in that the time frame is long term. They differ from sagas in that the pattern of action is not aimed at restoration, appreciation, or preservation of a respected past, but the creation of a new and different future. **Ventures** are similar to quests except that the time frame is short term.

Last, **parlays** are deliberate efforts to manoeuvre toward a preferred position while overcoming or mitigating unacceptable levels of risk. The actions are typically taken in the face of immediate difficulties that prevent the formulation of a longer term strategy. The effort is to parlay what one has into a winning hand.

In a similar vein, the LGTB commissioned a survey reported in 'Squaring up to better management (1990). It distinguished three main types of strategy with specific reference to local authorities in England and Wales,

i) politically-driven strategy - in support of, in opposition to, or independent of central government.

ii) 'unique authority' strategy - largely determined by senior officers in response to local circumstances, and

iii) no strategy - resulting in the organisation reacting daily to political decisions, environmental events and legislative changes.

Clearly, the kind of strategy that a particular authority has adopted (deliberately or otherwise) needs to be effective or at least perceived to be effective. In this connection, the criteria enumerated by Bryson (1988) are helpful. He points out, for example, that for strategy to be effective, 'it must be technically workable, politically acceptable to key stakeholders and must accord with the organization's philosophy and core values'. Moreover, Bryson takes the view that strategies should also be ethical, moral and legal

and deal with the strategic issues they are supposed to address. A strategy that does not deal with these issues, Bryson concludes, will be virtually useless (p.60).

<u>Conclusion</u>

This exploratory discussion illustrates that there are different configurations of the concept of strategy. The roles and activities leaders and leadership are likely to have a strong influence on the strategy process. Although the concepts of strategy described are largely drawn from the studies within the U.S. business environment, the notion of providing a sense of organisational cohesion must be taken as a useful underlying theme. This chapter also highlights the importance of learning in the process of strategy formation and compares it to the suggestions from several commentators that local authorities should become 'learning organisations'

If strategy is to have any relevance in the world of local government, it will be a salient feature of my research to track the development of strategic behaviour in the case study authority and to investigate the way the concept is applied in this case study. The objective of this aspect of the research will be to gain as much insight as possible into the effectiveness and suitability of the underlying strategic processes apparent in the authority. Although prescriptive approaches to strategy formulation and implementation are generally ascribed to many local authorities, it may be the work of Mintzberg (1973) or Quinn (1980) that may be usefully applied to explain their strategic processes.

CHAPTER 3 | THE LOCAL GOVERNMENT CONTEXT: COMPARING PUBLIC AND PRIVATE SECTOR ORGANISATIONS

Introduction

There is considerable debate and focus on public service organisations in contemporary scholarship. Many writers see the public sector as operating in a different mode from the private sector and guided by different criteria. The purpose of this chapter, therefore, is to set the scene for my research into the strategy process in local government by drawing attention to the generally perceived uncritical application of management practices from the private sector, which along with many authors, I argue are misleading and of questionable validity. In the first section I identify some of the key features of local authorities in the U.K. and review a compilation of contributions about the distinctive organisational activities of management in the public sector and the environmental contexts and pressures in which they operate. The issue here, however, is not one of absolute difference but the extent of this difference. In so doing, I point to the inadequacy of the private sector model and discuss the distinction between the private and public curricula by considering some key distinguishing aspects of management in the public domain.

The context of local authorities in the U.K.

All present-day local authorities in the U.K. share a common legacy that can be traced back to the 1835 Municipal Corporations Act. County councils date from the Local Government Act, 1888 and elected district councils from the Local Government Act, 1894. During the nineteenth century, the role of local government was established through the setting up of multi-purpose authorities in towns and cities. The present structure of local government, however, was created by Local Government Acts of 1964 (London), 1972 (England and Wales) and 1973 (Scotland). Although their 'institutional framework' is 'enshrined' in the original statute that established them 'and in the various pieces of government legislation that 'empower them to carry out their

functions' (Keen and Scase, 1998: 2), substantial modification and reorganisation of this structure continues to the present day.

The internal organisation of local authorities reflects their traditional role as a provider of services to the local community. Typically, a local authority comprises a series of departments, each with a dominant professional, responsibility for a particular service including education, social services, the local environment services. As well as service departments there are 'central' finance and legal departments. The personnel function will also tend to be centralised and most local authorities will have a corporate 'core'.

Although it is common practice to use the terms 'local authorities' and 'local government' interchangeably, Barrett & Downs (1988:2) draw attention to the increasing pressure on the work of local authorities from a central government constantly trying alternative ways of local government. A number of functions, formerly the remit of local authorities, are now carried out by a range of public funded agencies operating at the local level of governance (Payne, 1999: 41). A defining feature of these agencies is that they are governed by appointees rather than locally elected representatives (Davis and Skelcher, 1995). According to Hall and Weir's (1996) audit, there were 4,653 local appointed bodies in 1996 thereby bearing out Barrett & Downs' much earlier observation 'that Parliament …has constantly amended the terms on which local authorities have been authorised to operate…' (1988:2).

Several studies (Murray, 1975, Rainey et al, 1976, Smith Ring and Perry, 1985, Greenwood and Stewart, 1986, Ranson and Stewart, 1989, Chandler, 1991) suggest a number of propositions about the differences and similarities between the public and private sector administration and management. Greenwood and Stewart (1986) identify five important features of local authorities in the U.K that distinguishes them not only from the private sector but other public agencies and voluntary organisations. The first essential feature relates to the geographical area for which each authority has some degree of control and responsibility for providing services. Second, relates to the scope of their public service provision within the statutory framework set by central government from time to time. Third, their legitimate right to determine and collect local taxes. The fourth, and undoubtedly their most significant feature, is their political

mandate through local elections, intended to afford legitimacy and accountability for decision making to local residents. Fifth, as they are not 'all-purpose public authorities' – not providing a full range of pubic services – they need to 'collaborate and co-operate' with other local agencies such as the health authorities and the police to ensure the effective well-being of the local community as a whole (Keen and Scase, 1998 : 4).

In examining the Redcliffe-Maud Report (1969), that 'Local Government is more than the sum of the particular services provided. It is an essential part of English democratic government', the Widdecombe Report (1986) described three attributes of local authorities as flowing from the local electoral process:

– 'pluralism, through which it contributes to the national political system;

– participation, through which it contributes to local democracy;

– responsiveness, through which it contributes to the provision of local needs through the delivery of services'.

As a consequence, Barrett & Downs poignantly conclude that,

'The principal distinguishing feature… of a local authority as an instrument of local government is its political role as a result of the member of the council being directly elected by the local electorate' (1988:3).

In Keen and Scase's (1998) analysis of the new public sector model for local government we see how Widdecombe's attribute of 'responsiveness' has evolved. Drawing from a range of contributors, Keen and Scase recognise that:

'key differences between local government and private sector organisations include the former's concern with matching provision to publicly defined needs, and with ensuring equity of provision to all those entitled to particular services, compared with private sector concerns with product demands at a price in the market' (p.9).

There is an ongoing debate, however, about the extent to which public sector organisations are distinctive from private sector firms. In the previous chapter, I showed that the concept of strategy has typically focused on the private sector business organisation. If the public sector is guided by different criteria and operating in a different mode from the private sector, one would expect these to have implications for their strategic management. In the next section I present an overview of propositions

about the distinguishing characteristics of the public and private sectors compiled by Rainey *et al.* (1976), which are still relevant.

<u>Distinguishing characteristics of the public and private sectors</u>

A compilation of the similarities and differences between public sector and private sector organisations has been carefully assembled by Rainey *et al.* (1976) from their comparative analysis of the literature. In so doing, however, they are mindful to draw attention to the difficulties inherent in a simple classification of 'public' and 'private' in 'an increasingly complex society'. Indeed, they are cautiously critical of the so-called 'common sense approaches' adopted by some authors when comparing the two sectors. Although their research was conducted more than 25 years ago, the implications are still remarkably apposite to the context in which U.K. local authorities find themselves in the 1990s.

The issue of definition (i.e. what is public, what is private?) is particularly relevant when studying the management of local authorities in the U.K. where many of their activities, as a result of having been exposed to compulsory, external competition, are delivered by private contractors[2]. These frequently include waste collection, highways maintenance, building repairs, leisure services, etc. and more recently, there are several examples of traditional support services such as finance, legal and ICT being provided by private professional firms. Even with the latest change of government to Labour, the Private Finance Initiative has become one of the main mechanisms through which the public sector is being encouraged to improve value for money in partnership with the private sector. The underlying pressure that has brought about this evolution towards a hybrid public sector appears to be based on an economic reasoning that assumes that private sector organisations to be more cost-effective and efficient.

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[2] The Conservative government in Britain in 1988 first introduced compulsory Competitive Tendering legislation. Local authorities were initially required to tender highways maintenance work and this was rapidly extended to other areas such as grounds maintenance, refuse collection, building maintenance and other traditional 'blue-collar' areas. By 1996, the legislation was extended to include the professional 'white-collar' services provided by local authorities such as legal support, architecture, financial services, etc.

Although it may have been this hybrid state that Weidenbaum (in Rainey *et al.*) had in mind when he suggested that 'government-by-contract' will lead some corporations to lose their 'essential privateness', Rainey et al. suggest that this probably refers to Weidenbaum's concerns over a stifling of 'innovativeness' or willingness to take risks.

To further complicate the picture, Harrow and Willcocks (1991) referring to the work of Tomkins (1987), see it crucial to concede that not all organisational forms fall easily into a two-fold classification of 'fully private' or 'public: without competition'. The full 'continuum' of organisational forms, Tomkins suggests might look like Table 3.1:

Table 3.1 Private or public? A classification of organisation forms

A -	FULLY PRIVATE
B -	PRIVATE WITH PART STATE OWNERSHIP
C -	JOINT PRIVATE/PUBLIC VENTURES
D -	PRIVATE REGULATED
E -	PUBLIC INFRASTRUCTURE/PRIVATE OPERATING
F -	CONTRACTED OUT
G -	PUBLIC WITH 'MANAGED COMPETITION'
H -	PUBLIC WITHOUT COMPETITION

Source : Tomkins (1987: 21)

While recognising that the vast majority of public services organisations are located at the far 'public' end of Tomkin's continuum, in the context of compulsory competitive tendering (see previous paragraph), the operational management functions and behaviour between local authorities and some private firms may have some close parallels. It is not unreasonable to assume, therefore, that modern local authorities have begun to shake off their essential publicness in having moved some of its services provision out of the bottom classification, H to class G.

Even though this 'blurring' of organisational types, as Rainey *et al.* (*ibid.*) describe it, will complicate the task of delineation, the real question they pose is 'how much to make of it?' Reasonably, they argue, there nonetheless, will be a distinct number of basic characteristics that will enable one to identify 'typical' government or business

organizations because they do share a significant proportion of their respective attributes (p.234-5).

Having dispensed with the problems of classification, Rainey *et al.* (*ibid.*) have found several common points of consensus in the literature across a number of important distinctions. For the purpose of their analysis, they see the possible distinctions between public and private organisations falling into three main areas. They classify these as: environmental factors, organisational and environmental transactions, and internal structures and procedures. Within each group they identify a number of assertions by different authors. The main points of consensus compiled by Rainey *et al*. are summarised below. They were primarily drawn from their comparative studies by authors in the United States and refer to private and public organisations in that country. Nevertheless, they do have comparable application and relevance to local authorities providing services in the U.K. and are cited for the contribution they make in providing a better understanding of the context and environment in which such organisations are managed.

I. Environmental Factors

These involve factors that are external to the organisation. Rainey *et al*. construe three sets to be 'largely out of their [the organisation's] control'.

a) Degree of market exposure - In the sense of the organisation's involvement with the economic market as a source of revenues, resources, information, and constraints. For private sector organisations, market forces are seen to provide the incentives for cost reduction, operating efficiency, and effective performance. Public sector organisations, by contrast, in a political context, and receiving funding through budget allocations, are less affected by such influences and will tend to place less emphasis on operating efficiency.

b) Legal and formal constraints – The purpose, method of operation and scope of the public sector is 'defined and constrained' by legislation. The regular democratic process which results in political appointments and leader selection will bring about a 'disruptive influence on internal operations'. The private sector, on the other hand, is

only required 'to obey the law' and respond to and within the government's regulatory framework.

c) Political influences – These are broader than the formal 'political' influences referred to in the previous category set and are extended to include the 'less formalised processes of influence' such a interest groups, lobbying, concern about 'public opinion' and interventions by individual public sector political appointees.   In the public sector context, such influences will lead to a 'greater diversity and intensity' of decisions and stronger support from their constituencies (pp235 – 238).

II. Organisation – Environment Transactions

These refer to the relationship of the organisation to the 'entities in its environment'. Drawing on Rainey *et al.* summaries and analysis, a further four topics within this group are considered.

a) Coerciveness – This is sometimes seen as a 'basic distinction' between the private and public sector. Reference is made to the 'unavoidable nature of many government activities' and an individuals participation, either directly or indirectly, in the financing of such activities.

b) Nature of policy impacts – For the most part, this relates to the broad impact and greater symbolic significance and importance of public body decisions and government actions in contrast to those of business organisations.

c) Public scrutiny – By and large, this relates to the fact that public officials are subject to greater scrutiny and accountability than the private sector, although it must be recognised that large private corporations are increasingly the targets of debates concerning the public interest.

d) Public expectations – Whilst closely related to the issue of 'public scrutiny', citizens expect more of public officials in the way of integrity, fairness, responsiveness and openness (236 – 239).

III. Internal Structures and Processes

Under this category, Rainy *et al.* note a number of references in the literature related, for example, to differences in the decision making process, organisational performance and incentive structures.

a) Objectives and evaluation criteria – According to Rainey *et al*. the most frequently cited difference between the public and the private sector relates to goal setting and performance measurement, which they contrast along three dimensions. Firstly, in the public sector the 'mix of objectives and criteria' are seen to be 'more complex'. Secondly, relates to the unique difficulties perceived by the public sector in 'specifying and quantifying its performance, and the third dimension suggests that in the public there is 'greater multiplicity, vagueness and conflict of objectives'.

b) Hierarchical authority and the role of the administrator – Some key distinctions here are that public sector managers have: 'less decision-making autonomy and flexibility', have limited flexibility in 'hiring and firing, and controlling the incentives of their subordinates'. In addition, the difficulty in specifying objectives and measuring performance, leads to a greater reluctance on the part of public sector managers to delegate, a greater number of review and approval levels and a proliferation of regulations. Furthermore, there will be a greater exposure by senior public sector managers (chief executive and directors) in dealing with politically sensitive issues.

c) Organisational performance - The distinctions here relate the need for 'greater cautiousness and rigidity' and less innovation on the part of the public sector. The cyclical democratic process may also lead to frequent changes in political leadership and control resulting in the disruption and implementation of plans.

d) Incentives – Rainey *et al*. cite evidence that not only is the public sector less able to devise incentives for effective staff performance but officials working in the public sector attach 'less importance to pay'.

e) Personal characteristics of employees - In the public sector, government managers show 'lower work satisfaction and lower organizational commitment'. Rainey et al. also cite one empirical study (Rawls *et al*.) that suggests 'a higher dominance and flexibility and need for achievement, on the part of government managers' (Rainey *et al*. 1976, p 237 and pp 239 – 241).

In another useful insight, Harrow and Willcocks (1991) consider the organisational settings and managerial behaviour in which public and private sector managers operate primarily in the U.K. For the purpose of their analysis, Harrow and Willcocks consider the differences also in terms of three categories: environment, dominant coalition and technical core (*cf*. Rainey *et al*). In a similar manner, they have identified a number of

dissimilarities of contexts and environmental pressures. In a later article, Stewart and Ranson (1998) identify a number of aspects in the public domain for which they can find 'no ready parallel in the private sector'. A number of these factors, as would be expected, correspond closely to those distinguishing, contextual characteristics described by Rainey *et al.* (*ibid.*). These again show that there are important dissimilarities between the organisational types that predictably, may well place pressures and on their management styles:

1. **Strategic management** - Strategic management in the private sector is concerned with the competitive stance of an organisation with the purpose of achieving the product/market mix which optimises profit. By contrast, strategic management in the public domain is seen as being influenced by value systems determined through the political process in response to a changing environment.

2. **Marketing** - In comparing the marketing role, the private sector is seen as being concerned with demand for products and the price in the market place. In the public sector need, not the market is the management criterion for provision of services to the public. This extends beyond the limits of market demand and implies political judgement or value choice.

3. **Budgeting** - Management approaches for budgeting in the private sector are considered to have little value in the public domain. In the private sector, the budget is based on a forecast of sales and related expenditure. If sales expand, production and expenditure are adjusted accordingly. By comparison, management approaches in the public domain see budgeting as political choice. Scarce resources have to be fitted to unmet need. The budget will not be changed merely because demand for a service is greater than is provided for.

4. **Public accountability** - Action within the public domain is subject to public accountability. Those with power have a duty to give an account, to explain and to justify actions taken. Citizens have the right to hold them to account. Management in the public domain therefore, is a process subject to challenge and debate through the political process. In the private sector, accountability is more restricted and has the single purpose of giving account to the market.

5. **Public demands, pressure and protest** - In so far as the private sector is concerned protests are seen as problems to be overcome, not as a means by which decisions are made. 'Exit' from the market is the signal to which the private sector responds. In contrast, management in the public domain has to be based on the acceptance of the legitimacy of public demand pressure and protest.

6. **Political process** – This should be seen a basic condition of management in the public domain.   A public organisation provides services determined by collective choice through the political process rather than by market conditions. The services can be, and often are, provided free of charge or at a price below the cost of production. In the private sector the choices are essentially driven by profit goals (pp. 13 – 14).

Despite having put forward a number of arguments that give emphasis to the distinctive nature of management in the public domain, Stewart and Ranson (*ibid.*) did conclude their discussion by identifying a number of key features that call for 'new approaches' to management in the public sector (p.17).

So far, this section has outlined a case that maintains there is a range of distinguishing features between public and private sector organisations covering their organisational and environmental contexts that have implications for local authorities. In the next section, I present a cluster of doctrinal components of 'new public management' as exemplified by Christopher Hood (1991). These show the trend towards a 'managerialism' in the public sector which Pollitt (1987) describes as 'the 'acceptable face' of new-right thinking concerning the state' (p. 49).   Despite a certain amount of ambiguity over the term 'new public management' as a paradigm, it does provide a useful starting point for gaining an insight into the new public sector management prescriptions that have been drawn from the private sector. As a consequence of these changes 'a growing numbers of local authorities are changing their internal operating processes, [and] moving away from the traditional bureaucratic form' towards Hood's (1991) 'new public management model' (Keen and Scase 1998: 7).

New Public Management

According to Hood (1991:5), new public management can be perceived as a marriage of two different streams of ideas. The first stream can be traced to the new institutional economics whose rationale is based on new administrative principles such as contestability, user choice, transparency and a close concentration on incentive structures. The second stream emerges from the application of private sector business management principles to the public sector.

A similar view is taken by Pollitt (1990) who recognises that although the major developments in management theories, concepts and techniques have their origins in the private sector, many have made a significant impact in the public domain. Furthermore, 'managerialism has become… a more prominent component in the policies adopted by right-wing governments towards their public sectors' (p. 48). For the 'new right believers', Pollitt observes:

> 'better management provides a label under which private-sector disciplines can be introduced to the public services, political control can be strengthened, budgets trimmed, professional autonomy reduced, public service unions weakened and a quasi-competitive framework erected to flush out 'natural' inefficiencies of bureaucracy' (Pollitt 1990: 49).

In their study of change in local government management, Keene and Scase (1998) trace this 'new managerialist' approach back to the 'unprecedented rate of change' during the 1980s and 1990s which they recognise as having mainly been brought about by the policies of successive Conservative Governments (p.1)

Drawing from a selection of discussions in the literature, Hood (*ibid.*) has identified seven overlapping precepts that he usefully analyses across two dimensions: meaning and justification. These are set out in table 3.2. Although they depict a global wave of a certain type of a public management reform, they provide an important illustration of the 'transformational' pressures for change by which local government managers have become expected to perform their tasks.

Table 3.2 - Doctrinal components of new pubic management

	Doctrine	Meaning	Typical justification
1.	Hands on – professional management in the public sector	Active, visible, discretionary control of organisations from named persons at the top, 'free to manage'	Accountability requires clear assignment of responsibility for action, not diffusion of power
2.	Explicit standards and measures of performance	Definition of goals, targets, indicators of success, preferably expressed in quantitative terms, especially for professional services	Accountability requires clear statement of goals; efficiency requires 'hard look' at objectives
3.	Greater emphasis on output controls	Resource allocation and rewards linked to measured performance; break up of centralised bureaucracy – wide personnel management	Need to stress results rather than procedures
4.	Shift to disaggregation of units in the public sector	Break up of formally 'monolithic' units. Unbundling of U-form management systems into corporatized units around products operating on decentralised 'one-time' budgets and dealing with one another on an 'arms-length' basis	Need to create 'manageable units', separate provision and production interests, gain efficiency advantages of use of contract or franchise arrangements inside as well as outside the public sector
5.	Shift to greater competition in the public sector	Move to term contracts and public tendering procedures	Rivalry as the key to lower costs and better standards
6.	Stress on private sector styles of management	Move away from military-style 'public service ethic'; greater flexibility in hiring and rewards; greater use of public relations techniques	Need to use 'proven' private sector management tools in the public sector
7.	Stress on greater discipline and parsimony in resource use	Cutting direct costs, raising labour discipline, resisting union demands, limiting 'compliance costs' to business	Need to check resource demands of public sector and 'do more with less'

Source Hood (1991)

Many of its advocates claim that new public management practices should lead to 'cheaper and better public services for all' Hood, (1991). Gray and Jenkins (1993), for example, argue that it 'increases accountability, fosters efficiency and improves organisational performance …by stressing the management of resources, providing better information on which decisions can be taken, and hence leads to greater control' (p. 22). Critics, on the other hand, claim that is 'all hype' with the result that nothing really has changed; that it is a device 'to promote the interests of an elite group of new managerialists' rather than customers or lower level staff There are also doubts about the claim of 'universality'. whereby 'critics argue that different administrative values have different implications for fundamental aspects of administrative design' (Hood 1991: 9). Furthermore, there is a body of opinion that supports the distinctiveness of local authority government from the private sector and doubts the validity of unqualified

transfer of management practices from the latter implicit in the NPM model (Greenwood and Stewart, 1986; Stewart and Ranson, 1988).

Comparing Public and Private Sector Management

Although, several of the propositions can be seen to apply to a generic 'public sector' perspective, for the purposes of this thesis I have taken account of literature references that focus on local government in the U.K. In so doing, I have drawn attention to ideas developed by Stewart and Ranson (1988), Harrow and Willcocks (1991) and others which consider the trend towards a generic model of 'new' public management that attempts to minimise the differences between the running of a private business and the management of public services and the extent to which management style practices in the private sector are transferable to the public sector. Although the sections that follow explore these issues from the broader public sector management perspective, I leave the main discussion about the development and relevance of strategic management in local government to a later chapter.

A key assertion of Stewart and Ranson (1988) lies in the importance of recognising that the fundamental rationale of public sector management is shaped by the distinctive purposes, conditions and tasks of the public domain and the notion of what they describe as the 'duality of publicness'. Managing in the public domain, they argue, is a 'uniquely' complex task in which managers need to support both citizenship and government in the public interest. The role of the public sector manager is seen as 'the role of counterpoise'. A critical aspect of this duality of management task is that managers in the public sector have to cope with more ambiguity, more uncertainty, greater diversity and thus possible change. Far from managing, the manager in the public service settings, Harrow and Willcocks (*ibid.*) claim, is never the principal actor. The tasks of the private sector manager by contrast, these authors argue, can be seen as unilinear 'serving individual wants'. Although they see private sector managers as being able to choose the domain (or market) in which they work and taking decisions without recourse about the efficient means of producing goods to meet consumer preferences, I would argue this is not an entirely unfettered discretion. Moreover, the movement towards corporate social responsibility has gathered momentum, which sees one of the purposes of business as being to serve the wider public. For example, the

decision of Barclays Bank plc in May 2000 to close unprofitable branches in some towns and villages in the U.K. was met with public outcry and a hostile, critical press.

In their paper, Stewart and Ranson (*ibid.*) emphasise that the distinctive nature of management in the public domain lies in the inherent dilemmas of this 'duality'. They offer a number of examples of the antagonistic pulls which public service managers face in their tasks to achieve a balance between the values of the many (citizens) and the few (elected representatives). These are summarised in table 3.3. A private sector organisation, Stewart and Ranson confidently point out, can resolve these dilemmas by demarcating them out of its area of organisational concern. In reality, the special feature of management in the public domain, they contend, lies in the dilemmas faced. By assuming the dilemmas do not exist, is one reason, Stewart and Ranson perhaps controversially argue, why models drawn from other [private] sectors distort the nature of management.

Table 3.3 - The dilemmas to be faced by public service managers

a) Collective and individual - in which the public domain is seen as the domain of collective action and the individual citizen.
b) Representative and participative - in which the reality of representative government is challenged by the ideal of a participating community.
c) Bureaucracy and responsiveness – in which bureaucratic order can ensure impartiality of service but cannot encompass a responsive service.
d) Order and service - in which an activity undertaken can be both a means of securing order and the provision of a service.
e) Controlling and enabling - in which the public domain has to control yet also has to facilitate and enable.
f) Political conflict and institutional continuity - in which the public domain supports the political process and organisations for debate, argument, pressure and protest.
g) Stability and flexibility - in which there exists a tension between the stability necessary for performance of tasks and the flexibility required to adapt to change.
h) Customer and citizen - In which the public as customer for services and the public as citizen can share needs and wants, but can also differ in their purposes.
i) A choice of values - In which there can be a conflict between need and growth, equity and reward, competition and co-operation, liberty and equality, etc.
j) A balance of interests - In which management in the public domain has to achieve a balance between the many interests seeking to achieve their aims.

(Source Stewart and Ransom, 1988: 16 -17)

Even in this relatively straightforward summary, one can see how these dilemmas correspond closely to the several 'distinctive' propositions compiled by Rainey et al. (*ibid.*) and the different pressures faced by public and private sector organisations identified by Harrow and Willcocks (*ibid.*).

In reality, when comparing public and private sector management, one cannot but be struck by the questionable utility of weighing up how concepts drawn from the private sector have been modelled to ensure a more effective delivery of public services. This important debate, however, must also be seen within the context of range of important changes that have taken place in local government. Since each has a varying degree of relevance for the management of a local authority, some are worthy of further consideration.

Consumerism, for example, sees the public as customer modelled on the customer in the market (Stewart, 1994: 29). Harrow and Willcocks raise doubts on the importation of concepts of consumerism, into public services management. They question how far the customer awareness approach modelled on private sector practice, can assist in ensuring a more effective as well as a more efficient delivery of public services and customer satisfaction (p. 294). When the Audit Commission (1988) characterised a well managed council as one, which among several success factors, 'understands its customers' they may well have been prompted by the success of the excellent American companies in getting closer to their customers (Peters & Waterman, 1982). But whom did they have in mind? As Norman Flynn, (1988) acknowledges, the importing of ideas from the private sector can make public sector organisations more consumer-orientated. He does suggest, however, that they need to be properly translated within the context of 'Who is the customer?' and 'What is equivalent to a sale when a service is provided by the public sector?' As mentioned above, Stewart and Ransom, (1988) see the public as both customer and citizen. Needs, not the market, they maintain, is the management criterion for the allocation of services in the public sector. Or to put it another way as they have persuasively observed:

'The public are not merely clients or customer of the public sector organisation. They are themselves part of that organisation as citizens. Citizenship can be a basic value in the public domain. In building citizenship management has to encompass a

set of relationships for which the private sector model allows no place'. (Stewart and Ranson, 1988 p .15)

Pollitt (1988) adds weight to this essential condition of management in the public domain. He submits, as Harrow and Willcocks helpfully point out, that although efficiency as the dominant value in private sector consumerism may be important it is by itself inadequate in the public sector model. Of more importance, is the concept of 'citizen-consumer' where 'equity, equal opportunities, representation and participation' it is suggested, 'must be integral to public services' management practice' (p.295). Moreover, as Isaac-Henry *et al*. (1993: 174) conclude, 'with elements of coercion, dependency and stigma often present, the interactions between public service providers and users can assume different characteristics when compared to conventional commercial transactions'.

Stewart (1994) suggests that the word customer as used by the private sector is inadequate in capturing the true relationship between a local authority and its provision of services or its other activities. There is a need, he concludes for 'a much fuller analysis of the relationship between a local authority and its public than is suggested by the word customer' (pp. 29 and 30). The inference is clear, however, according to Keen and Scase that the concept can have a role in local government albeit in different ways (1991: 9).

In their article 'Public Sector Services and their Management', Ackroyd, Hughes and Soothill, (1989) examined the relations of provision of services in the public sector as the basis of a model of public sector management. Briefly, they argue, it is the relationships between public sector workers and their clients that distinguish them from the relationships involved in the provision of services in a market as found in the private sector. They suggest that the characteristic stance towards public services is what they term as 'custodial management' in which management primarily sees itself as the custodian of standards of service provision. In their argument, the structure of public services organisations are seen as consisting of and depicting the reconciliation of two forms of relationship:

a) the relationship between the client or recipient of the service and the person

supplying it, and

b) the relationship between what they term as the 'paymasters' and political controllers of the organisation and those formally responsible for the delivery of the service.

It is this task of public service managers in mediating the sometimes diametrically opposed demands of external controllers and internal carers that is advanced by these writers as the special feature of public sector management today. Without the necessity of agreeing with this stance, one can see a resemblance between these relationships of public services and the counterpoise role of public service managers posited by Ranson and Stewart (1989) and discussed earlier. Interestingly, Ackroyd, Hughes and Soothill (*ibid.*), also see 'dilemmas' commonly associated with the exercising of discretion by public service workers in connection with the provision of services. As they acknowledge, 'the interests of the individual and those of the 'commonwealth' do not always neatly correspond'.

Some marked contrasts are seen in their description of custodial management and the management of private sector organisations. The objective to make profits in the private sector is seen as being constantly translated by managers into 'expedients for action'. In the public sector, the emphasis, they argue, is on conformity, reliability and a basic standard of service. They add, that while there may be a general policy assumption - to serve the public good - there is not an active translation by public sector managements of this objective into new expedients for action.

An important question, however, still remains. Is public and private management comparable? The acceptance of at least three domains in the same public sector organisation identified by Kouzes and Mico (1979), is helpful in providing a basis for assessing the degree and importance of the 'plurality of managerial activity' within the public sector. Moreover, it may offer a way of assessing the legitimacy of substituting private sector management prescriptions. While the organisational and environmental contexts and pressures reveal important distinctions between the private and public sectors (*ibid.*), the work of Kouzes and Mico is also considered to be relevant since it focuses on the importance of the internal characteristics of public sector organisations and the 'worlds' they constitute.

Each of the three domains identified by Kouzes and Mico has its own set of governing principles: success measure, structural arrangements and work modes that are incongruent with the others. In summary, they are:

- the **policy domain**, where governing policies are formulated by appointed or elected members;
- the **management domain**, where cost effectiveness and efficiency issues dominate and attempts are made to mirror industrial management approaches; and
- the **service domain**, comprising of professionals seeing themselves as self-governing, with the necessary expertise.

Kouzes and Mico's work on domain theory, Harrow and Willcocks observe, raises the fundamental question of the appropriateness of referring to 'a unified public sector'. Nevertheless, the presence of at least three domains in the same public service organisation, Harrow and Willcocks caution, 'will create discordance, disjunction and conflicts as lasting features at their boundaries' (p. 290).

In a later co-authored paper, Clarke and Stewart (1990) in discussing the future role of local government, distinguish a notable range of emerging pressures that challenge the traditional role and past patterns of working of the local authority approach to management.   The role of the authority, they contend, is no longer based as an agency for direct provision of a series of services. The development of radically *different approach* [my italics] is needed. (cf. Stewart 1998). I would argue that the concept of strategic management fits well in meeting the several management challenges described by both Stewart, 1998 and Clarke and Stewart (1990). They include:

- looking beyond the requirements of services to the needs and problems of the community
- focusing on the public as customer and citizen
- the management of influence across the boundaries of the authority
- clarity of policy as a basis both for contracting out and for devolving management responsibility
- devolution of management responsibility to increased responsiveness and initiative
- the encouragement of an entrepreneurial approach in realising opportunities

- new staffing policies and practices aimed at realising potential

- recognising that market forces can have an impact on the workings of local authorities. (Adapted from Clarke and Stewart (1990) pp.255 and 246)

In a similar manner, the term 'turbulence' has been used by Bryson (1988) to describe the context in which public sector organisations have found themselves in the late eighties. Bryson perceives this condition as having been intensified by an increased 'interconnectiveness' in which the boundaries between public, private and non-profit sectors have become eroded. This interconnectiveness and interdependency, particularly, with both the private sector and voluntary sector have in turn generated a degree of uncertainty about the role for local government. Furthermore, Stewart (1995) characterises the 'government of local communities' as having become the 'government of uncertainty' in which a whole range of multi-faceted issues 'defying simple solutions' have emerged. Slightly earlier, Stewart (1994) coined these issues as 'wicked' issues - so-called because they cannot be handled by traditional ways of organisation and management. Drawing again from Bryson (1988) and others (e.g. Ansoff, 1979; Ohmae, 1983; Joubert, 1988), we see a context of environmental change and uncertainty, of complex interactions and conflicts of interest as requiring local authorities (and other non-profit organisations) to think and act strategically.

Conclusion

It is important to recognise that local authorities do have distinctive activities, purposes and structures. At the same time, a series of major forces for change are taking place in local government, the full impact of which has yet to work through.   The rationale behind efforts to import private sector practices to the public sector without regard to particular character and modes in which they each operate must be seriously questioned. Whatever constitutes the view of management in the private sector, it is critical to understand the characteristic environmental and organisational contexts and constraints of the public sector and the dilemmas facing managers in their complex range of activities. Without such an understanding, the unqualified adoption of private sector practices into public sector management will continue to be treated with scepticism and subject to challenge.

CHAPTER 4 | THE DEVELOPMENT OF A STRATEGIC APPROACH IN LOCAL GOVERNMENT

Introduction

As indicated in chapter 2, the generic viewpoint of strategy is heavily biased towards business models in the U.S. The academic literature provides no clear consensus on how the term strategy should be defined with various authors and managers using the word in different ways. Neither do the advocates of strategy for the public sector concern themselves to any great extent with concepts. They prefer to prescribe how strategy should be accomplished. It should come as no great surprise that senior officers attending a local authority strategy seminar not more than 10 years ago adopted the view ' ...that the terminology [is] confusing and the essence of the concept [strategy] elusive.' (Leach c.1990). The purpose of this chapter, then, is to examine both the manner and extent to which local authorities have adopted a strategic management approach typically against a background of change and uncertainty in local government in Britain. Before embarking on that task, however, I extend the broad conceptual ideas of 'strategy' discussed in chapter 2 and the public management aspects considered in chapter 3 by introducing two further important concepts: 'strategic planning' and 'strategic management' in the local government context. Having focused on the field of study in this way, it will be a suitable opportunity at the end of this chapter to define my research goal and objectives.

The concept of strategy in the local government context

If we are to understand the concept of strategy in the local government context, it will be helpful to trace the development of strategic behavioural theory by some of its leading exponents and to look at some of the ways the concept is applied. Although it has been traditionally accepted that there are no markets in the public sector where goods and services are traded, the impact of compulsory competition will have encouraged many local authorities to adopt business-like strategies.

In discussing strategy in the local government context, Steve Leach has assembled a number of conceptual distinctions, which coincide in many respects with the strategy components attributed to the prescriptive literature. They are:

1. Strategy is an explicit product not a process.
2. Strategy is more than a 'vision' or 'mission' statement but less than a plan
3. Strategy should be concerned with the authority as a whole
4. Strategy should be arrived at as a process of strategic planning, existing in conjunction with the strategic management process, strategic leadership and strategic organisational development.

Source: Adapted from an unpublished paper by Leach c.1990)

In summarising what they see as the 'essence' of strategy in the local government setting, Caulfield and Schultz (1989) look to Quinn's Strategies for Change and concur: 'effective strategies concentrate resources and management attention on a few critical thrusts which cohesively integrate the entity's major goals'.

Again, writing principally for local government managers, Leach and Collinge (1998), have similarly attempted to capture this 'essence of strategy'.

Table 4.1 – Key characteristics of strategy

▪ Strategic issues are the 'big choices' which are fundamental to the future well-being of the individual or organisation.
▪ They usually involve a considerable commitment of resources
▪ They can only be reversed with difficulty and through an equivalent expenditure of resources
▪ They involve difficult choices where there are one or more plausible alternatives, the advantages or disadvantages of which have to be carefully weighed up.
▪ They open up a range of possibilities but foreclose a number of others
▪ They provide a framework and direction for a host of detailed decisions
▪ Strategies are applied in a context which is dynamic and often unpredictable, and will require modification.
▪ Strategy is about choosing not to continue with existing activities as well as initiating new ones.
▪ Although all individuals and organisations face a changing agenda of strategic choices, such choices are not necessarily responded to in a strategic manner! It is possible to make a non-strategic response to a strategic choice!

Source: Leach and Collinge (1998: 8)

They have sought to derive it somewhat more imaginatively, however, on personal life, games and warfare, as well as private business. Their underlying theme is based on the notion that strategy typically involves 'difficult choices' in relation to 'big issues' Using on a 'common sense' approach, they have devised an appealing list of the key characteristics of strategy (see table 4.1).

Tomkins, (1987) in his chapter on Planning and Control in the Public Sector identifies a 'strategic' level in the local authority organisational structure. This level, he contends, would be a combination of objective setting, vision and strategy formulation. Detailed strategies, he argues, only make practical sense if they specify precisely changes from 'what we are doing now'. Strategies, he adds, are about moving resources and preparing for different actions. Although Tomkins argues for the need for rational analysis and negotiation over strategic issues, and the careful assessment of the power of the different interest groups, these ideas do offer some affinity with Quinn's 'logical incrementalism', again, predisposed towards the private sector. Nevertheless, as Tomkins observes: '...logical planning in this sense facilitates not hinders the practice of incrementalism and gives it vigour'.

Bryson (1988) presents a pragmatic approach to **strategic planning** for use by the public sector. He asserts that strategic thinking and acting, not strategic planning *per se* is most important. Pollitt, (1990) however, commenting on strategic planning in the US public sector, in his critique of public management, observes that it [strategic planning] appears to concern process more than content and output. His reference to the work of Bryson and Einsweiler implies that he finds it difficult to reconcile the fact that strategic planning can include 'bundles of concepts' and his dismissive conclusion that it 'does not inspire much confidence' are not likely to encourage the sceptics in the public sector.

Nevertheless, some comfort may be taken from the Audit Commission, who recognising the difficulty in capturing in a few words the concept of strategy, help us by defining 'strategic' to mean:

- taking a broader view, tackling broader issues rather than getting bogged down in fine detail

- examining issues that are seen as important for the authority as a whole and the community it serves. Of course, that does not rule out major issues affecting only one service or department if the scale is such as to have a substantial impact on the organisation as whole

- being concerned with inter-connected issues, and those that have an impact beyond their own immediate effect.

They put strategy somewhere between a vision and management structures and processes, defining it as: 'those major initiatives that a council proposes to take in response to, or in anticipation of changes in external environment... to achieve its vision of what it is trying to become'.

In his examination of the extent to which vision and mission statements may actually be changing the ways local authorities operate, Leach (1997) draws attention to the confusion and found it necessary to provide some conceptual clarification. He makes a valid distinction by pointing out that there is a real difference between strategic planning and strategic management. The practice of strategic planning, Leach envisages, is:

> 'a process whereby a local authority consciously sets out to identify priorities for future activities, through a process of clarification of its objectives or the key problems facing it and an analysis of both the opportunities for achieving those objectives (or resolving the problems) and the barriers to objective achievement (or problem resolution)'

By contrast, he distinguishes **strategic management** as having three but related meanings: 'First, the term can be used in a pro-active sense to refer to the way in which corporate strategy - once established - is managed'. In this connection, he adds: 'Because of the political significance of a corporate strategy, strategic management, in this sense, is inherently a political management process'. (Leach, 1997:10)

Secondly, Leach goes further by introducing the notion of the 'reactive sense of strategic management' whereby local authorities may have to face 'a series of big choices'. For example in responding to pressures for some schools to opt out of local authority control, or what to do [if anything] when a health authority decides to close a

local hospital. Moreover, Leach maintains that the 'turbulence and unpredictability of the operating environment over the past 20 years makes the reactive element in strategic management inevitable'. He extends this notion of a 'reactive' component in strategic management in two ways:

a)   in the need to respond to 'the <u>unanticipated</u> issues which impinge upon the authority on a regular basis', and

b)   in addressing 'the issue of organisational change.'

The third meaning, Leach argues, refers to the process of changing the organisational culture to reflect strategic priorities - particularly in relation to 'core values', i.e. the way in which the authority 'behaves in relation to its own staff, the public [and] outside organisations.'. It is these kinds of values that are most often incorporated into a mission statement. In a later joint publication, Leach and Collinge (1998) introduce the term 'strategic choice' to emphasise their view that '*informed choice* is the essence of an effective strategic approach' (p. ix).

Although Berry's (1994) view of strategic planning accords well with Leach, she offers a more specific definition. In her study of the factors that lead US state agencies to adopt strategic planning, she identifies four basic features:

1. a clear statement of the organisation's mission;
2. the identification of the agency's external constituencies or stakeholders, and the determination of their assessment of the agency's purposes and operations;
3. the delineation of the agency's strategic goals and objectives, typically in a 3- to 5-year plan;
4. the development of strategies to achieve them.

The combination of these features, she maintains, is the process of strategic management. In essence, strategic management is often seen as a three stage process: strategy formulation, strategy implementation, and strategy evaluation. It should provide an organisation with a framework for developing a capability for detecting and coping with changing environments.

For local government, Stewart (1995) views strategic management as the first stage in a process that leads through service planning to performance targets. In the LGMB publication *Strategies for Success,* (1991) both John Stewart and Michael Clarke present strategic management 'as a means of organisational learning, breaking out of the routines of on-going process, to bring a perspective that looks beyond existing structure'. More explicitly, they see the practice of strategic management as a means for providing a 'protected organisational pause' that allows strategic review, strategic organisational development and strategic choice to flourish. Whatever the technique might be called, it is more important, John Stewart (1995) advocates, for the authority to have a capacity for 'learning in a way that challenges existing structures and exposes organisational choice'. Although the concept of organisational learning can be found in theories of evolution (Nelson & Winter, 1982) and incrementalism (Mintzberg & Waters, 1985), it is the need to make the connection to strategic choices which is appears to be an essential component of the strategic management process in local government.

The following are the possible forms that strategic management that local authorities might wish to consider if it is to build the capacity to respond effectively to the inevitable changing environment:

- based on the authority and its activities or on the local communities and their needs and problems
- comprehensive or selective in its coverage
- follow present organisational patterns or be concerned with organisational change
- focus on the direction of change or on the outcomes to be achieved (Stewart 1994: 38).

One of the most important attributes of strategic management, Leach and Collinge (1998) argue, relates to 'the ability to understand both the opportunities and limitations of an authority's political and organisational culture and climate' (p.122).

The trend towards strategic management in the late 1980s and 1990s

Historically, the adoption a strategic management approach among organisations can be identified as stemming from the move from relatively stable environments towards more rapidly changing and competitive environments and characterised by resource

scarcity. Hinings and Greenwood (1988) in writing about the dynamics of strategic change distinguish the continuously turbulent years from 1970 onwards for local government organisations in Britain. They refer to a fiscal crisis which they identify as having begun in 1972, a situation in which political leaders and local government managers to a great extent, still find themselves. Caulfield and Schultz (1989), in their helpful and pragmatic guide to strategic planning for local authority practitioners, catalogue a series of changes and various pressures which were facing local government and which they fervently express as being 'more deep-seated and far-reaching than anything else that has happened since the Second World War'. Three key areas are generally acknowledged to have had a considerable influence in bringing about this change:

- the impact of legislation - compulsory competitive tendering, the educational reform programme, local authority housing provision and the 'capping' of local authority budgets

- social change - demographic change which has led to many more vulnerable elderly people and single parent families and the emergence of a multi-cultural society; growing social problems associated with crime and disorder; a general increase in wealth and education, making people more discerning and quality conscious

- changing roles - whereby the services of other organisations are secured or procured to carry out the activities previously performed by the local authority; an 'enabling' role which is based on community leadership. Here the role is seen as one in which the local authority assists or facilitates its community to face issues, deal with problems and realise aspirations in the most effective way (Stewart, 1995)

Several authors refer to the impact of these changes leading many councils to adopt various aspects of strategic management in relation to their service planning and delivery (Isaac-Henry, 1999; Keen and Scase 1998; Stewart, 1994; Leach *et al*. 1994). In the second half of the 1980s, Leach (c. 1990) pointed out that business strategy with its emphasis on competition, markets, products and geographic areas, was seen to have much relevance for operational managers in local government than it has had traditionally. And Collinge (1996) similarly attributes the renewed emphasis for

corporate style management strategies in local government to this period, as a way of dealing with the reduction in local authority resources and powers.

Drawing on the survey of Leach *et al.* (1992), there is again reference to the 'turbulent and rapidly-changing world of local government' requiring a radical change in management approach. This created a situation in which an increasing number of authorities saw the need to take stock of their activities in a changing environment. To review the direction of those activities and to set new directions or to state a vision of where the authority will be and what it can achieve. In a later survey carried out by the LGMB in 1994, 60% of local authorities were identified as preparing strategic or corporate plans with a further 18% considering it or were in the process of preparing such plans. Young and Mills (1993) reported that half the county council chief executives claimed that their teams spent at least half their time on strategic issues. In his extensive survey of local authority chief executives between 1989-90, Norton (1991) found a fairly consistent pattern of the role emerging. There were four key areas which closely embrace of the strategic management task in local government. They were:

- leadership

- securing sound internal and constructive relationships and effective decision making processes between members and officers

- policy advice, policy making, strategy and the planning of policy implementation

- co-ordination, effectiveness, efficiency and restructuring, including organisational development.

In 1989, the Local Government Training Board (LGMB) saw strategic planning lying at the heart of bringing about the changes needed in local government if it was to successfully address the unique challenges it faces. In a later survey (1995), it concluded that:

'they [local authorities] have adopted a more strategic approach in the period since 1992, with increasing numbers framing their mission statements and composing their strategic plans, although this concern may not be fully reflected in the everyday business of corporate management' (LGMB 1995: 43).

In this section, I establish that local authorities have, and are still facing increasing environmental change and uncertainty. Continuing fiscal constraints, legislative pressures and political/service dilemmas together with shifts in public attitudes have contributed to the urgency for local authorities to plan ahead and to respond more effectively in new and innovative ways. In the 1990s, the perceived need for 'strategic management to guide local authorities through a changing environment' began to emerge as an important instrument for effective management (Stewart, 1994: 37 - 38). This, no doubt led Isaac-Henry (1999) to observe rather eloquently that 'there is now hardly a self-respecting public service organisation which has not succumbed to the blandishments of developing strategic management and planning…' (p.68-69).

The role of strategic management in local government

With the emergence of a wide range of challenging issues and new situations, it is perhaps not surprising that public sector organisations have shown a heightened interest in strategic management as a useful tool for helping them deal with a complex and changing world (Joubert 1988). With the experience as a local government chief executive, McAndrew (1993) sees the concept of strategic management fitting comfortably alongside the notion of managing change. For Isaac-Henry (1999) the practice of strategic management affords organisations 'the reward of greater effectiveness' by aligning it with its environment and by enabling it to 'manage change… more easily'(p.62).

My thesis will show that for strategy to be effective it requires a process that combines both strategic planning and strategic management and must include other distinct elements such as strategic leadership and organisational development. This view is strongly supported by Asquith (1997) from his research project into achieving effective organisational change in English local government. Asquith's position is that 'strategic management' and 'leadership' are of 'crucial importance to the successful implementation of the major legislative and attitudinal changes' and sees them as being placed 'firmly on the local government agenda' (p. 86). In their survey of the characteristics of good management in local government, Leach et al. (1992) see the presence of a chief executive as the essential 'change agent' for achieving change. Both strategic planning and strategic management imply a process for setting the purpose and

direction for the authority. Moreover, while strategic planning, as defined by Bryson (1988), may be helpful in providing 'a disciplined effort to produce fundamental decisions and actions that shape the nature and direction of an organisation's activities within legal bounds', it is the wider technique of strategic management that John Stewart (1995) asserts that should better serve local authority organisations by building a capacity to enhance their understanding of the changing environment. In a public authority, of course, there must, in addition, be the recognition that both strategic planning and strategic management should properly embrace political purpose and direction.

The imperative for strategic thought and action has been highlighted by Bryson (1988) who cautions that it has become increasingly important to the continued viability and effectiveness of non-profit organisations of all sorts. John Stewart (1994), has been more prescriptive in this connection by advocating that an authority 'needs a capacity to understand the impact of change, assess likely trends, grasp the changing aspirations of the public and reflect political priorities'. Indeed, it could be argued that the extent of this perceived absence of strategic activity may account for the frequent claims by central government that local authorities are ineffective, extravagant and mismanaged.

In setting the context in their management booklet entitled Strategic Management in Focus, the Local Government Management Board (1991) reminds local councillors rather graphically that local government 'has taken a battering over the last decade...'. The basis for this criticism, they suggest, has arisen from a situation where councillors and senior mangers have too often felt obliged to focus on immediate problems and crises with longer term issues being shelved and strategic options seldom explored. Managing local authorities in 'traditional' ways, the LGMB cautions, is no longer identified as being adequate on their own. Moreover, operating in a traditional way, it stresses, can even contribute to problems within the authority itself. The Board goes on to describe a situation in which many local authorities seem to be in a permanent state of crisis because they can only react to changes instead of working towards anticipating them systematically. The whole authority, the Board advocates, needs to be clear about its overall objectives otherwise managers will find it even more difficult to deliver what is expected of them. Using a helpful analogy, they present the role of strategic

management, as putting councillors back in the driving seat thereby firmly placing them in control of setting the strategic direction of their authorities. The LGMB, drawing from the experience of a number of authorities, have identified four core elements that they see as complementing each other in this strategic management approach. They are:

- Strategic review

- Making choices

- Making changes

- Monitoring performance

Each of these involves a series of further assessments such as environmental assessment, key issue identification, understanding the organisation's strengths and weaknesses, developing statements of principal values all with the view of performance improvement.

Bryson (1988), in his prescriptive work on strategic planning for 'public and non-profit' organisations although primarily for the U.S public sector, also provides some further similar guidelines. Again, it is a series of stages that are more concerned with process than content or output, although Bryson, as pointed out earlier, does emphasise that strategic thinking and acting is important.

Even though the generic term 'strategic planning' is used by Bryson, it has many characteristics that extend into the role of strategic management. Bryson, for example, sees the process of strategic planning as having a distinct role in improving performance and, in a similar view to Leach (*ibid.*), stresses the role of identifying and resolving strategic issues. Bryson also contends that assessing the environment both inside and outside the organisation should be a key element of the process and supports the desirability of developing an organisational vision.

A notable feature of this during the late 1980s and 1990s in the UK has been the proliferation in corporate strategy documents, mission statements and policy plans. Whilst this trend may be encouraging to some as evidence that local authorities are becoming more committed to community governance and civic leadership (Leach, 1997), many, Leach observes take the more cynical view and see the publication of such

documents primarily as a little more than a public relations' exercise. Despite this apparent distrust even more recently, is the growing aspiration among many local authorities to play a role in community governance.[3] In this context, several local authorities in Britain have seen the potential value of formulating an authority-wide strategy.

Although there have been several commentators who have explored the factors that seem necessary for the successful implementation of strategic planning in public agencies, particularly in the U.S., Frances Berry (1994) argues that none have explored to any great extent why. In referring to the recent research of authors such as Rainey, 1991, Bozeman and Straussman, 1990 and Denhardt, 1993, she suggests that the best public sector managers have been creating strategic management processes to address the unique features of public sector organisations. Berry's findings were based on a National (U.S.) Survey[4] carried out by her at Florida State University in January 1992 where she was/is a professor in the School of Public Administration.

She observes that managers have been moving away from the traditional hierarchically style of management, towards one that highlights responsiveness to citizens, excellent quality services, employee empowerment in the workplace, and an ongoing strategic management emphasising the organisation's missions and value. These, perhaps unsurprisingly, are virtually equivalent with the management challenges identified by Clarke and Stewart (1990) listed in chapter 3. In Berry's empirical study, she attempts to address the information gap by bringing together three literatures - strategic planning/management, organisational innovation and state policy innovation - to develop explanations about the conditions under which state agencies adopt the management innovation of strategic planning. Her research finds that agencies are most likely to adopt strategic planning:

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[3] Under the Local Government Act 2000, local authorities will have a statutory duty to develop a community strategy for their area.

[4] The 16-item U.S. National Survey on Strategic Planning in State Government was conducted by Frances Stoke Berry and B.Wechsler. The survey was sent to 987 state agency directors in January 1992 and 548 responses were received.

1) early in gubernatorial administrations

2) under conditions of strong fiscal health

3) when agencies work closely with private sector businesses

4) as the number of neighbouring state agencies that have already adopted strategic
   planning increases

The first finding is developed from the management literature, which focuses on the importance of an organisation's leader in fostering organisational change. A new leader, Berry perhaps self-evidently reminds the reader, may bring changes to an organisation as a symbol of his or her leadership or as a vehicle to help implement his or her priorities in the organisation. She also concludes that the probability of adopting strategic planning is at its lowest in a gubernatorial election year. Although primarily referring to the North American experience, these findings do appear intuitively to have strong parallels to the appointment of a new local authority chief executive or the election of a new local council administration through the local democratic process in Britain. This situation is well-documented in my case study of the London Borough of Northam.

The second explanation offered by Berry (*ibid.*) is based on theoretical perspectives that initially seem to present contradictory findings. The strategic management literature includes extensive references to 'cutback management'. Berry refers to the works of Levine, 1978 and Rubin 1985 but there is also some research on this topic in Britain in which local authorities attempt to deal with the exigencies of fiscal constraints (Clapham, 1983). Berry initially argued that during periods of fiscal austerity, agency directors might adopt strategic planning to assist in achieving agreement from their managers on how to reduce the budget and maintain funding for the agency's highest priority areas. However, her conclusions are drawn from the broader management literature on innovation in which a number of researchers have found that agencies with abundant or slack resources are more likely than agencies in cash-strapped situations to be innovators. She cites Irene Rubin (1990: 566) who finds that 'when an organisation is shrinking, lack of flexibility can be a major managerial problem. At precisely the time when innovation may be most important, there are no resources for innovation.'

Berry's results, however, support the slack resources hypothesis whereby fiscally healthy agencies are more likely to be innovators in adopting strategic planning than fiscally weak ones and that state leaders tend not to use strategic planning as a cutback management tool. As such, the fiscal crisis which Hinings and Greenwood (1988) and others refer to (see Chapter 3) may not be the dominant factor they see as contributing to the trend towards strategic management in Britain.

Berry's third hypothesis that agencies who work regularly with private sector businesses are more likely to adopt strategic planning may have a strong affinity with compulsory competitive tendering regime that local authorities in Britain found themselves since 1988 (see Chapter 3). Drawing from the results of the National Survey, Berry found that 77 per cent of respondents said that 'emulating good business practice' was an important objective. Indeed, one can draw comparisons from the three English 'business culture authorities' researched by Asquith (1997) who were also following good business practices in their aim 'to deliver essentially low-costs statutory services to their respective populations who were regarded more as customers than citizens' (p.92). Such findings, of course, shed further light on the arguments about the importation of private sector management techniques discussed in chapter 3.

For the fourth explanation for strategic planning, Berry found strong empirical support. As the number of sister agencies in neighbouring states using strategic planning increased, the probability that the state agency would itself adopt strategic planning increased. Berry points to a characteristic, again common among local authorities in Britain, in which 'agencies are attuned to their sister agencies because agency directors participate in functionally orientated policy networks and associations, and discuss common problems. Here in Britain, local authority associations are prevalent, providing much professional support, policy advice and opportunities for networking. As Steve Leach *et al.* (1992) poignantly concluded in their pragmatic examination of organisational development systems of sixteen 'well-managed' authorities, the emphasis on strategic management, and, to a lesser extent, strategic planning would not have been so pronounced ten years ago.

By the 1990s, an increasing number of senior local government managers and elected members had become aware that for their local authorities to be effective they must adopt a clear sense of purpose and direction. Indeed, as this chapter shows, the need for a strategic emphasis in local government management is now generally accepted as quite obvious. The process, however, is less so. It is opportune at this stage, therefore, to set out my research objectives. My prime task was to gain familiarity with the approach to strategy making and insights into its complexity within a local authority organisational setting in England.

Research objectives

My review of the literature has not revealed any specific detailed case studies that focus on the micro-politics surrounding the introduction of the strategic processes into British local authorities. To redress this deficit, I have set myself the following challenges. In overview, I want to identify the process by which a strategy for the London Borough of Northam was constructed from the moment that a new chief executive was appointed. In so doing, I want to consider the factors that influenced the ruling elite at Northam to recognise that it was 'time to have a different operation'[5] and the early dynamics that took place when they were introduced to a new management style. As key decision makers, I recognise the importance of understanding the management styles of the Leader and Deputy Leader and the need to identify their involvement in the strategy process. I also want to uncover the dynamics within the organisation in some detail with particular reference to the relationships between councillors and the new chief executive in the latter's efforts to achieve his objectives. As such, a significant feature of this case study will require an exploration into the role of leadership in the strategy process and the relevance of power and culture. Although the primary aim of the case study is to explore how strategy was formed at Northam, I want to understand the viability of the process and to offer insights into its general relevance to the local government context.

The four key objectives that will assist me in meeting the above challenges are shown in figure 4.1

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[5] This comment was made by the Leader of the council during a fieldwork interview, 28th July 1993.

Figure 4.1 The Key Objectives

> 1. To undertake a detailed ethnographic case study of a London borough with the aim of distinguishing the sequence of incidents, activities and stages that led to the development of a corporate strategy.

> 2. To develop at a theoretical level, a framework for understanding the local government strategy process.

> 3. To comment, in the light of my case study findings, if the acquisition of strategy process capability can enhance a local authority's competence to respond to the complex and rapidly changing environment by drawing on the propositions of Hart and Banbury (1994).

> 4. To evaluate the phenomena of the strategy process in the case study authority with particular reference to Quinn's notion of 'incrementalism' as a strategy mode.

To support these objectives, I undertake the following tasks:

1. Justify my research interest (Chapters 1, 4 and 7)

2. Provide a conceptual understanding of strategy by drawing on the academic literature (Chapter 2)

3. Compare the context of public and private sector organisations and indicate the implications for the strategic management of local government. (Chapter 3)

4. Present a synopsis of the changes in the political arena and indicate its bearing for strategy formation. (Chapter 5)

5. Establish at a theoretical level the distinctive influences on the strategy process in a local government thereby developing a conceptual framework (Chapter 6)

6. Develop a research methodology and rationale for the case study approach (Chapter 7)

7. Undertake a detailed ethnographic case study of organisational 'elites' at the London Borough of Northam from the moment the authority's new chief executive took up office. (Chapters 8, 9, 10 and 11).

8. Consider the usefulness of the conceptual framework and the research methodology (Chapter 12).

9. Evaluate the theoretical strategy modes in my case study authority with particular reference to Quinn, (1980) (Chapter 12).

10. In the light of my case study findings, to draw some conclusions as to whether strategic capability really can make a difference to a local authority's competence. (Chapter 12).

In analytical terms, my case study describes the formation of a strategy at Northam. The presence of strategic activity is confirmed from a range of behavioural outcomes - policies, plans, objectives and vision. In other words, the authority's commitments for coping with its environment. These outcomes result, it may be hypothesised, from the strategic (and administrative) processes within the authority and the interplay of various factors. The influence of strong leadership is seen as a key factor but there are others, including the power relationships between the chief executive, leading councillors and chief officers in their efforts to achieve their objectives. A further element will be the culture of the authority and its associated sets of values, sometimes shared, sometimes different.

Conclusion

In this chapter, I began by setting the local government scene, so to speak, in relation to the concepts of strategy, strategic planning and strategic management as key elements of the strategic process. Leaving the task of presenting a chronology of events to the next chapter, I believe I have drawn sufficient attention to the relentless climate of change during the 1980s and 1990s facing local government in Britain. As several authors have observed, I show how this situation encouraged a trend towards strategic management among local authorities. By comparing the findings of Berry, in the USA, with the UK local government context, I highlight a number of common factors that would seem necessary to propel a local authority into a strategy mode. When this situation ensues, strategic planning and strategic management become processes for setting both the purpose and direction of the authority.

By adopting a case study approach, I believe this research has the potential to provide valuable insights about the process of strategic development within the local authority context as well as considering the role of the strategist, power, politics and culture as

other important components of the strategy process. The purpose of later chapters will be to provide closer elucidation of these elements in a real-time setting thus offering not only a striking illustration of the concepts in practice but also as part of the wider local government setting. It is appropriate, therefore, to draw these discussions together at this point by refining them into my key research objectives.

CHAPTER 5 | THE CHANGING POLITICS OF LOCAL AUTHORITIES: IMPLICATIONS FOR STRATEGY

Introduction

During recent years local government has experienced successive waves of political, organisational and economic changes, (Laffin and Young, 1986). Since the 1974 reorganisation the politics of local government have changed, becoming more active and more assertive. (Stewart, 1983). Stoker and Wilson (1986) see the 'intensification of party politics' as an important change not only dominating local elections but also ensuring that programmes and policies are carried through.

The main purpose of this chapter is to present a synopsis of the changes in the political arena which have been held to have affected the environmental and present-day workings of local authorities. Based on this premise, it is argued that if a satisfactory understanding of the strategic process in local authorities is to be accomplished, there is a need to incorporate into the analysis the political dimension. There are three chief reasons for this.

Firstly, the significance of politics and political events has been identified as an important, distinguishing aspect of management in public organisations in my earlier consideration over the distinctiveness of the public sector, (in contrast to the private sector) in the previous chapter. Secondly, the focus on the political and professional dichotomy in much of the public management literature indicates a competitive attempt to influence local authority policy processes. John Stewart, (1983), has emphasised this duality in recognising that local government has developed the characteristic that it is both a strongly political and a highly professionalised institution. The dynamics of politics are seen as either supporting or confronting the dynamics of professionalism.

The third reason concerns a key feature in the 'new approach' to management in the public sector advocated by Stewart and Ranson, (1988). It includes the concept of strategy in the public domain; wherein it is held that strategy should not refer to the organisation's competitive stance (as in the private sector model) but 'should express political purpose', (p. 17). Ranson and Stewart (1989) go further in prescribing that the management task for strategic planning is to support members in reconciling 'purposive direction through collective choice with apolitical process which expresses diverse values and interests'.

The initial theme of this chapter will be to briefly trace the changing conditions of local government that have resulted in a trend towards more partisan politics and politicians more determined to assert political control in pursuit of distinctive policies. A brief review ensues describing those contributory factors that are generally recognised to have resulted in a more assertive political structure and style.

With the intensification of party politics aggravated by severe restrictions on expenditure, a breakdown in the officer/councillor relationship was seen to have been precipitated. The implications of this traditional form of politics in local government are discussed together with a general comment on the tensions between the political choice and the authority's routine functions.

Following an increase in the number of authorities not having a clear party majority, decisions are seen to have become more dependent on committee and council vote in contrast to the days when a stronger political leader often decided policy on behalf of his/her group. When I commenced my field work for this case study in 1993, the Conservative Group had an overwhelming political control, holding 43 of the 63 Council seats. As a result of the 1994, local council elections in London, however, the Council became officially 'hung' for the first time in its history. I shall return to the political situation at Northam in Chapter 8 when I further consider how this change from a clear political majority added complexity to the strategy process.

In a later section, I look at the changing styles of political leadership. A new breed of strategists are seen to be emerging in some of our local authorities who have ascribed

themselves the task of altering the organisation's methods and style, the way services are managed as well as the way they are perceived.

<u>The Changing Environment</u>

The conditions of local government have changed within the context of the national environment. Three important developments are identified by Stewart (1983) as having influenced the 'economy and polity of local government' and accordingly, its present-day workings.

- The end of continuing growth in expenditure, (1945 to1974)
- The decline in public aspiration and the breakdown of the political/professional consensus on the nature of local choices
- The new politics of local government

These developments and now explored further in this section.

For much of the post-war period, (Byrne, 1990) has observed that relations between central and local government were stable and devoid of conflict (p.21). Up to 1974 the period was characterised by continuing economic growth, a continuing increase in the scale of central government support, shared aspirations, belief in the need for local government services, confidence in the capacity to achieve major improvement in quality of life (based on professional solutions). Furthermore, it was generally accepted that increased educational expenditure would bring about not only educational achievement but also economic and social advance.

There was little difference between political parties with widespread acceptance of the aspiration to growing local government services. Growth in expenditure was matched by population growth (48 million in 1941 to 56 million in 1971) with a corresponding increase in the number of school children and the number of households. This created a demand for growth in local services and large-scale capital programmes to provide homes and schools.

Back in 1983, Stewart commented all these 'were important formative influences on the working of *present-day* local government. They are written into the working experience of most officers, and many councillors.'(Stewart, 1983, p. 42) [my italics]

The end of growth in local government has been traced by Stewart, (1983) and is equated with a number of changes in the fiscal, economic, social and ideological climate surrounding local government from the mid 1970s onwards (Stoker, 1988). In particular, Marinetto (1997) has highlighted the difficulties arising from the Conservative government's housing White paper entitled *Fair Deal for Housing*, which brought about 'repercussions for the politicisation' of many local councils (p.30). The paper formed the basis of the Housing (Finance) Act, 1972 and legislated that local authorities would need to charge higher rentals for their social housing.

The following is a useful summary of Stewart's political/economic landmarks around this period:

a. The economic problems of the Labour government of 1974-79 led to a call for cutback and standstill in local government current expenditure and a cutback in capital expenditure.

b. The Conservative government then intensified these policies.

c. The climate of opinion outside local government was changing - disillusionment due to:

- economic change, and
- the perceived failure of what had been accepted solutions brought about 'a decline in shared aspirations'.

d. The forecast of population growth was not fulfilled ('By the turn of the century, the total population.... seems likely to increase by 30%' [Royal Commission on Local Government in England 1966-9 (The Redcliffe-Maud Commission) p.130)].

Stewart went on to observe:

'The end of growth and the end of shared aspirations had their impact on the working of local government and above all on the politics of local government. ...The dynamics of political change began to move in different ways from the dynamics of professionalism and local choice was redefined'. (Stewart, 1983, p.43)

Stoker similarly sees the end of consensus as affecting the internal politics of local authorities in a number of ways, creating greater complexity and a 'larger number of points at which tension, competition and conflict can occur.' (Stoker, 1988).

Before the 1974 reorganisation, local authorities could be divided into two broadly political types, Stewart (1983):

a) The mainly urban authorities including virtually all the county boroughs and London Boroughs (controlled by the majority party, operating with a party group and party discipline, normally taking all the committee chairmanships).

b) The mainly rural or small urban authorities, including most counties and rural districts (party politics played a less significant role because of the preponderance of Independents, or because party politics was more relaxed without party discipline and without clear majority rule, chairmanships given to councillors of all parties).

Stewart now sees the general picture as one of authorities organised on party lines with group discipline (party assertiveness) and clear majority rule. He adds: 'Party politics influences deeply the working of local authorities, ...since party control, legitimated by election, provides the machinery by which policies are agreed and implemented.' (Stewart (1983:15) .

In his case study of the political dynamics of the London Borough of Camden between 1964 and 1994, Marinetto (1997) traces the 'growing encroachment of central government in local matters' as contribut[ing] to and reinforc[ing] the ideologically assertive politics of the eighties' (p.33). In particular, he draws attention to the financial restrictions and penalties introduced by central government throughout the 1980s to reduce local authority spending.

Changing politics of local government

During recent years, many authors have commented that the politics of local government are seen to be changing, becoming more active. The old regimes of the sixties have been replaced in many areas by the liberal middle-class who have, since the mid-1970s, been superseded by a new generation of increasingly assertive, and generally younger councillors (Laffin and Young, 1985).

Structural and organisational changes in local government were regarded to have contributed to a growing member assertiveness (Stewart, (1983); Laffin and Young

(1985). These authors along with several others have drawn attention to the fact that local government reorganisation created larger councils and strengthened 'partisan politics'. This came about through the establishment of more formal leadership with the position of party leader now widely recognised.

Other specific changes associated with reorganisation were the abolition of the aldermen thus removing from councils a group of members who had probably lost touch with their local party and whose presence had previously dampened the electoral swings and more importantly, perhaps, their impact on council policy. The major factor that speed up the change was seen by Stewart, (1983) to be the merging of the Labour strongholds at county level with the Conservative shires and the concomitant bearing on political control.

It is also noteworthy that Cousins (1979) found the trend in London, in 1979, appeared to be more centralised resulting in a more dominant, form of leadership. Stewart, (1983) has provided some helpful illustrations of how the collective leadership of the majority group has been given formal recognition. These include:

a)   In a minority of authorities - through the policy and resources committee being restricted to councillors from the majority party.

b)   In other authorities - through a one-party sub-committee of the policy and resources committee.

c)   In yet others - a meeting of chairmen of committees takes place with the management team of chief officers.

[Greenwood, *et al* (n.d.) pp. 205-6]

These provisions, Stewart claims have developed to provide an official and recognised means of communication between the officer structure and the party leadership apart from the normal committee structure that will contain members of all political parties.

Stewart, (1983), whilst describing how the change in local government structure was a contributory factor to the precipitation of assertive and active politics distinguished what he described as a more assertive political style. Laffin and Young (1985) who have also remarked about a new generation of 'younger' elected members confirm this.

Moreover, these authors see them as better educated than earlier generations and 'less deferential and more sceptical of professional advice' (p.43). Stewart (1983) has wittily observed, however, that younger council leadership implies fewer years of council experience!

Other causal factors bringing this change about include:

a) The volatility of local elections (since 1962) resulting in reduction in number of safe seats increasing turnover in chairman and leaders.

b) Changes in relationship between the political group and the party outside the council making reselection a problem.

c) The local authority may have become a clearer focus for political ambition (partly because of formal recognition of the leadership, partly because councillors receive payment in the form of an attendance allowance and partly because some see this as a pathway to parliament) (Stewart, 1983, p.46)

The harmonious and collaborative relationship between officers and members up to 1974 was seen to coincide with the period of growth in government expenditure. The consensus between councillors and officers as to goals and accepted professional solutions was termed by Laffin and Young (1985) as the 'principle of mutuality'. With local authority expenditure changing from growth to pressure for cutback and standstill coupled with intensified member assertiveness, this principle has become unsettled and the partnership relationship between officer and councillor is held to have all but disappeared.

A number of repercussions have been identified by Stewart, (1983, pp. 47-8) resulting from the breakdown of a partnership based on 'mutual toleration and acceptance' (Laffin and Young, 1985) and aggravated by severe financial constraints:

a) The consensus is no longer taken for granted.

b) Local political parties have begun to differ sharply in their attitude toward cutback in general and to priorities.

c) Choices have become clearer but more difficult to make.

d) Growth in one service is only achieved by cutback in another.

e) Less agreement on the value or contribution of local government expenditures.

Yet another issue affecting the pattern of local party politics is pointed out by Stewart, (1983). This is the challenge to the dominance of the two-party system brought about by the re-emergence of the Liberal Party and Liberal Democratic Party activity in urban authorities. In the London Borough of Richmond, for example, the Liberals have established themselves by taking over control from the Conservatives. The most striking examples appear to have occurred in mainly Labour areas. The advent of the Liberals to campaign on local issues is seen as gaining them support and maybe leading to an increasing number of local authorities without a clear majority and a challenge to two-party system dominance (Stewart, 1983). In this 'hung' situation authorities' decisions will depend heavily on committee and council votes.

Nevertheless, whatever the party group, it will be set outside the formal structure of the council and yet be of critical importance to the its workings. The political group is seen as the realm in which the party's values and interests dominate openly. Additionally, they will draw much of their business from the working of the authority. Stewart, (1983) observes that whilst groups vary in formal structure and behaviour, the extent of domination of the leadership is perhaps the most significant dimension of that variation.

Stoker and Wilson, (1986), however, dispute the view that politics in the ruling party groups are always 'both effectively dominated and manipulated by leading councillors' (p. 89). They have suggested that the ruling party group as a whole sometimes have important inputs into council decision-making and not just leading councillors. They also contend that it is important to consider the influence on policy processes that can be exercised by ruling group backbenchers in private caucuses. Backbenchers, they argue are able to adopt a regulative stance, vetoing proposals that do not match their policy preferences. As such, they observe, senior councillors and officers must be careful not to offend the core political values and commitments of backbenchers.

Party groups were also recognised by Stoker and Wilson (1986) to carry out a scrutiny role to test the policy issues that are proposed. In a more general sense, 'leadership policies need to be designed in order to conform with the core political values of the ruling party group', (Stoker, 1988: 91).

Centralisation and decentralisation of the political process is another component that needs to be considered. A number of factors can be regarded as having contributed to the increased centralisation of the political process. These include the requirement within the local authority for a policy and resources committee, the development of certain forms of corporate management, and the working link in many authorities between leader and chief executive (Stewart 1983). Furthermore, the impact of financial constraint in local government will similarly have brought into play a new corporate (i.e. centralised) budgetary processes (Skelcher 1980).

Whilst the forces of centralisation are considered to be still dominant in most authorities, Stewart holds that there are powerful counter forces creating greater political pressure on political leadership. Much of this pressure is seen to come from:

a)   Pressure from outside the party (e.g. Labour demands that council leadership should accept greater control by the local party.

b)   Backbenchers who are less willing to play a passive role.

c)   More councillors who see their role in party political terms sustained by their relationship with the party outside the council.

d)   The political group in some authorities being less relied onto automatically endorse the views of the group leadership.

e)   More decisions remaining uncertain until decided by the group.

f)   The politics of pressure and protest outside the local authority becoming more active. (Stewart, 1983, pp.49-50)

With the constitutional convention that councillors make policy and officers merely carry it out being grossly overstated, it is, nevertheless, a centrally important influence on how local authority officers are expected to behave (Taylor & Popham, Eds.1989). The notable changes in the intensification of party politics in local government also have important implications for the officer-member relationship and their policy making influence. Thus 'tension and conflict' has been the subject of much research with many authors acknowledging the presence of a 'joint elite' consisting of a small group of leading councillors and senior officers sharing power with the local authority (Blowers 1980; Green 1981; Alexander 1982). Whilst acknowledging 'joint elite' alliances, Stoker and Wilson (1986) challenge the assumption that it is a 'unified, cohesive

group'. They have suggested that relationships within the elite are sometimes characterised by cross-cutting tensions and conflicts between leading councillors and senior officers, which has significance in influencing local policy processes. They cautiously conclude, that there is no automatic agreement on policy issues within the elite.

Although Stewart (1983) sees local government constituted for local choice, there are also the tensions between choice and routines. He asserts that a local authority is both a political institution constituted for local choice with the potential of change as well as a provider of services whose dominant function may well be maintenance and ordering. This creates a tension between the political institution and the functions of maintenance and ordering, since it is argued, for maintenance and ordering, the local authority as a political institution for local choice is hardly a requirement. Professionalism and politics each has its own dynamics of change, with councillors and officers each subject to powerful but different processes of socialisation.

With departments subject to political control through the committee structure, Stewart (1983) identifies an inherent tension between political control and the claims of professionalism. A more assertive politics is seen to have lead challenges to officers' professional judgement over a wide range of issues. Laffin and Young (1985) have remarked that although professionalism remains an important source of values for chief officers, the nature of their professionalism has changed. They conclude that the more assertive professionalism associated with the period of economic growth has now been superseded by a more restrained professionalism. 'Officers...are more concerned with preserving earlier achievements, than with promoting and advocating new policies', (Laffin and Young, 1985: 46).

Local authorities are also seen as having a dual role - one of maintaining and ordering, the other, a more responsive role that is designed to bring about directed change. The traditional local authority organisational and committee structure are seen to fit well with the routines of maintenance and ordering. However the local authority will have a choice as to the extent to which it carries out directed change. As Stewart (1983) aptly

puts it, 'Responsive change is about maintaining existing patterns -directed change is about changing that pattern.'

Earlier, it was noted that one aspect of the changing environment faced by local government was the decline in public aspiration. Loss of public confidence in the capacity of local authorities to deliver basic public services was seen by Walker (1991) to have prompted many local authorities to address this change in public attitude by establishing some strategy for change in organisation, method and style.

Walker (1991) argues that there is an emergence now of a new breed of elected leader who assumes a politico-managerial role in taking on the responsibility for the fate of the local authority as an organisation. This job is seen as a task encroaching on the role of the appointed executives. It is suggested that a dividing line needs to be drawn between 'agents of change' and 'system maintainers'. Walker has typified three system-maintaining roles as a result of his interviews with various local authorities. These are summarised in the Appendix A and provide a helpful sketch of their characteristics. In his discussion on 'ethos management' in the local authority context, Walker has perceived changing roles of chief officer and political leadership. He argues that political leaders should have a 'managerial role' in 'the setting of frameworks and norms within which paid and labelled managers operate', (p.10). He maintains that elected leaders should be managers of change albeit that they 'are an unrecognised asset in the public sector', (p.10).

He describes the noteworthy characteristics of what he has come to term as 'metamanagers'. These are depicted as 'political leader[s] whose self-ascribed task [is] ethos management... self-consciously... reforming the operations of the local authority, altering the way services are managed in the hope of changing the way they are externally perceived.' (p.11) Perhaps of some consolation to the chief paid officer of the authority was the fact that Walker also identified 'another self-confident candidate'... the chief executive[s] who see themselves as a strategist'. (p.12). A picturesque, yet perceptive typology of the characteristics of these 'agents of change' can again be found in the Appendix A.

In short, Walker concludes that there are leaders who have combined in themselves a package of new managerial and political skills which has given them the competence to operate a complex service delivery organisation while at the same time remaining in power through internal support and the ballot box.

Even in the context of increasing government restrictions over the level of autonomy granted to local authorities, there will be key local political actors or chief officers (along the lines identified by Walker) who will wish to make choices about the strategic direction to be taken by their authority (Keen and Scase 1998: 6).

<u>Conclusion</u>

The argument of this chapter is straightforward. If we are to understand the strategic management processes of local government it is essential to recognise the political influence. We have already observed how the political base is a prime organisational characteristic distinguishing local authorities from private sector organisations. This implies that the legitimacy of local authorities is grounded in elections and the operations of local government are set in a political arena. One important set of conventions in the key processes of policy-making concerns the role of party politics. This has been strengthened by the reorganisation of local government in 1974, which created larger councils and established more formal leadership positions. The resulting trend has been an increased impetus towards a new assertive style of local politics with a new generation of generally younger councillors becoming increasingly determined to assert political control. Coinciding with this more assertive style, we see councillors not only concerned with policy issues but also much more noticeably becoming involved with management issues. With the dynamics of political change moving in different ways to the dynamics of professionalism conflicts have arisen between choice and routines. Our discussion on responsive change and directed change advanced by Stewart (1983) have led to the discernment that Walker has described as 'system maintainers' and 'agents of change'. Responsive strategies designed for maintaining continuity and routines may well be less challenging to the professional officer while strategies for directed change should merge out of political choice.

CHAPTER 6 | LOCAL AUTHORITY STRATEGY MAKING: DEVELOPING A CONCEPTUAL FRAMEWORK

Introduction

Drawing selectively from my review of the literature, I use this chapter to present an overview of the range of factors and variables influencing the strategy process in the local government context. In so doing, I show how I developed a conceptual framework that provided me with a useful, theoretical toolkit for guiding my empirical exploration into the strategy process and how it might be influenced. This phase of my research demonstrates the complexity and diversity of the many constructs in the strategy process and the notional (or real) inter-relationships between them. From my early fieldwork, it was not too long before I became aware of the enormity of the task of establishing and interpreting how and why these several factors might operate at an organisational level. As this study evolved, however, certain factors and issues became more apparent in the field. This led me to distinguish a sub-set of internal factors for closer analysis. In particular, I focus on the authority's structures and systems including its leadership, values and officer-member relationships in the formation of strategy.

Developing a conceptual framework for understanding the strategy process

In order for me to better understand the effectiveness and quality of the various approaches to strategy formulation in a local authority, it became apparent at an early stage of the research that I needed to develop a conceptual framework. I reasoned that the purpose for strategy formation in a local authority would be to improve its **desired** (behavioural) **outcomes**. In principle, this should result in a bundle of **key success indicators** such as understanding customers, being clearer about the sense of overall direction, becoming action orientated, etc. These outcomes, it has been argued, would be grounded in **strategic choices** (Leach and Collinge, 1998) and shaped by a good strategic plan. Against a backdrop of budget constraints and the organisational dynamics to secure resources, there will be the relationships between councillors and chief officers in their efforts to achieve their objectives (**internal environment**). Associated with these objectives are a set of **values** sometimes shared but sometimes

different. These values, in turn, are strongly influenced by a range of **external and internal factors.** A class of external factors will be the common concern of all local authorities. The dominant one is seen to emanate from central government intervention primarily from the impact of **policy**. In contrast, there will be a variety of **local factors** (yet still external to the authority) which may be expected to induce a more individual response. In appraising any strategy, some kind of judgement is usually made about the relative effectiveness of different resource allocations, organisational designs and the consequences of key decision makers. A common approach is often by means of **performance measurement.** Depending on the criteria used, the behavioural outcomes may be regarded as successful (or otherwise) by organisational members called 'stakeholders'. A tidy, straightforward view of the factors and influences determining strategy are illustrated in figure 6.1 below:

Figure 6.1 – Factors influencing the strategy process

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┌─────────────────────────────────────┐
│         External environment         │
│       (including local factors)      │
└─────────────────────────────────────┘
                   │
                   ▼
┌─────────────────────────────────────┐
│             Stakeholders             │
└─────────────────────────────────────┘
                   │
                   ▼
┌─────────────────────────────────────┐
│           Strategic choices          │
└─────────────────────────────────────┘
                   │
                   ▼
┌─────────────────────────────────────┐
│         Internal environment         │
│ [e.g. Organisation, values, officer member relations] │
└─────────────────────────────────────┘
                   │
                   ▼
┌─────────────────────────────────────┐
│          Strategic processes         │
└─────────────────────────────────────┘
                   │
                   ▼
┌─────────────────────────────────────┐
│           Desired outcomes           │
│        [key success indicators]      │
└─────────────────────────────────────┘
```
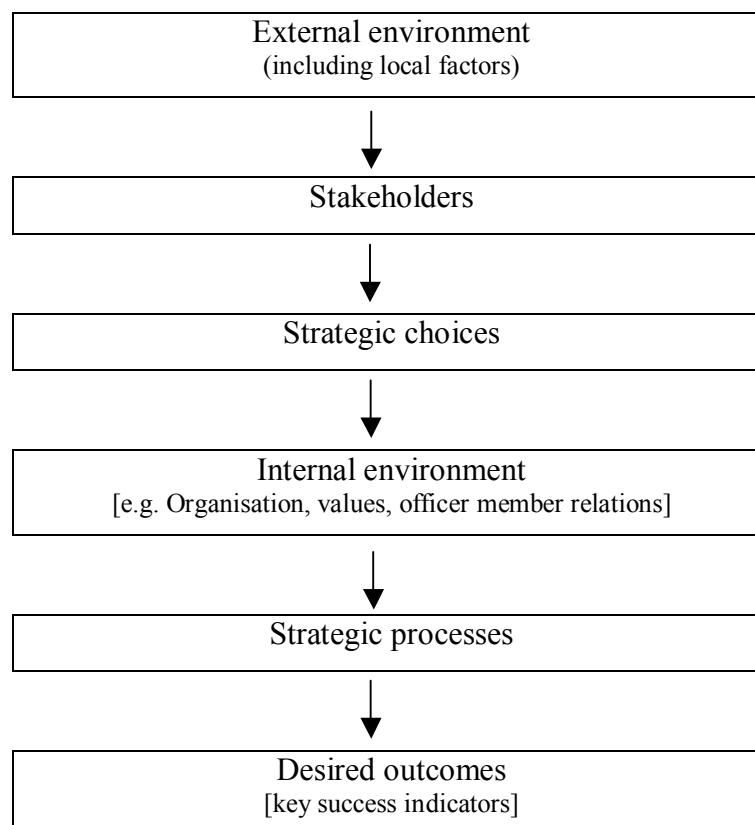
This simplistic framework was taken as a starting point. It should not be assumed, however, that these factors follow a kind of linear sequence in their impact on the

strategy process. Their purpose is to provide a multi-dimensional approach for conceptualising and thinking about how these various sets of factors might impact on a local authority organisation.   As will be seen   at the close of this chapter, the construction of the framework is more complex.

In the following sections I describe the various dimensions of the framework more fully. I begin by looking at the external environment, which I review from two aspects: those forces that exert their influence on local authorities in a more general way and those that influence them in a distinctive way.   I then refer to, and discuss the relevance of stakeholders as a common feature of strategic management in the public sector and develop a typical stakeholder map.   Moving inside the local authority, I employ the interrelationships offered by the McKinsey 7-S model and draw attention to the all important political context. Finally, I examine how the success of the strategy process might be evaluated in terms of organisational effectiveness.

External environment

Accepting Pfeffer and Salancik's (1978) somewhat clear-cut definition, the external environment is taken as those 'outside' factors external to the organisation which it cannot control. Some key 'outside' factors and issues affecting local authorities during the time of my research include central governments' tight fiscal control over local authority expenditure, the extension of compulsory competitive tendering legislation, change of Government, growing crime and disorder, changes in health care provision, growth in the voluntary sector and other external agencies ready to respond to local issues, the raft of new legislation, etc.

McLaughlin (1986) see responding to the environment for public sector organisations as a three-phase process. He recognises that there may be some opportunity to respond freely although it is the second phase of monitoring the environment's impact that one can improve the programme responses through anticipation of environmental impositions and shifts, even when one is without controls. The third and parallel approach is to influence, selectively, the nature of the environmental impact. What is environmentally controlled in the short run can be modified in the long run, if one works to change it through education, lobbying, developing new sources of support, etc.

A crucial point of this analysis however is that if a proper understanding of the strategic processes of any local authority is to be had, then it is essential to recognise the external environment comprising of two distinct, yet not necessarily exclusive sets of factors.

The first set stems from those forces that exert their influence on local authorities in a more general way. Through parliament, ministerial influence, policy and legislation, local authorities have certain powers, duties and funding for the provision of public services. These factors may affect local authorities in similar ways and trigger common approaches to a wide variety of local government issues. Whilst legislation and central government policy set a common context for all local authorities, there is significant local variation depending on politics, geography, local economy, etc. which may or may not result in an authority responding in a similar way.

The second set, therefore, arises from the contention that local authorities are political institutions constituted for local choice, (Stewart, 1983). In response to economic, social and environmental influences in different localities, different choices will be made favouring different political interests. Through their elected representatives, local authorities will be made aware of the conditions and concerns of their local communities. Stewart (*ibid.*) suggests that it is the very nature and diversity of these local conditions and concerns in the context of political struggle that will induce a local authority to respond in its own characteristic way.

Factors which influence local authorities in a common way: Here I refer to those forces and trends which an authority cannot control and which generally affect all authorities. For example, public expenditure controls, environmental lobbying, customer expectations, the impact of population/demographic change, etc. Such forces and trends are seldom perceived positively, and when 'forced' and may lead the authority perceive the outside world as either working for or against it! In addition to government policy, four other determinants or trends are usually distinguished – political, economic, social, and technological – that are often referred to by the PEST acronym. Each of these are now will be expanded upon separately but as Isaac-Henry (1993) poignantly reminds us in his discussions on the context of change in the public

sector: 'although each factor is important in its own right they often do not act in isolation but react to and interact with each other' (p.2)

(i) Government policy - This particular influence is chiefly associated with central government intervention. Its impact reaches deep down into the workings of local government. This intervention can take the form of rules, regulations, circulars, guidelines, ministerial exhortations and policy statements as well as enacted legislation. The statutory context will strongly influence a local authority's general conduct, and the manner in which local revenues are raised. A range of assorted legislation also lays down certain powers and duties under which a Council is required to provide/ enable/ empower services to the community. The legislative base is contained in the Local Government Act 1972, the Local Government Acts 1980 - 1992 and more recently the Local Government Act 1999 and 2000, as well as legislation affecting individual services which may have a strategic dimension, for example, and require the preparation of various types of service plans or service strategies.

Types of governmental policy and their 'implementability' at local level will be of special concern in the strategic formulation process of any local authority. This means that local authorities should identify the kind of policy involved in order to understand its likely influence on their strategic choices and the extent to which it may impede or facilitate the implementation of solutions.

Because central government policy towards local government constitutes the foundation for all the activities of a local authority, I have decided that this should be a useful area that my case study needs cover. In the empirical chapters I attempt to show how the impact of central government policy influences the strategy process and consider the extent to which central government intervention engenders the need for a local authority to behave strategically.

(ii) Political - The general picture today is one of local authorities organised on party lines with group discipline (party assertiveness), and clear majority rule. The expansion of party politics within local government deeply influences the workings of authorities. As Stewart argues, 'party control, legitimated by election, provides the machinery by

which policies are agreed and implemented.' (1983 p. 15). It is common practice for Labour, Liberal and Conservative councillors to organise themselves into party Groups. Gyford (1984) sees the key purpose as a means of formulating policies, discussing tactics and exchanging information. Perhaps more importantly, he asserts, is the function of securing the adoption of policies by the council, of co-ordinating individual policies and of scrutinising existing policies and practices. Clearly, the ability to secure the adoption of policies requires a command of the majority of votes in council and committee. This is an important aspect that I intend to investigate more fully. In particular, my case study explores such issues as:

- the extent and way in which party politics affects the strategy process, and
- the extent to which it is dominated by the different political actors - leader, chairs, backbenchers,
- the influence of party differences on the strategy process
- the extent of party influence on the strategy process
- the contribution and influence of party Groups in the strategy process.

(iii) Economic - Government policy, not surprisingly, has an impact on the finances of local authorities. With the Conservative Party's election victory in 1979, there were increasingly tough controls over both the level and patterns of local authority expenditure (Cook, 1993). The abolition of domestic rates and its replacement with the notorious community charge and from 1993, council tax, has meant that central government has become progressively more responsible for determining the bulk of local authority income via the non-domestic rate and the revenue support grant. Added to this was the introduction of the 'capping' regime which limits the amount of money local authorities can raise from locally. In a similar vein, central government control over capital expenditure has also restricted the proportion of cash receipts that can be used from the sale of council assets such as council houses. As Keen and Scase (1998) aptly confirm less that 20 per cent of local authority expenditure is now raised from local taxes, leading to an erosion of local accountability. Clearly, their growing reliance upon central public funds will be a common factor influencing all authorities. The problems related to finance resources are likely to result in existing strategies being altered and implementation plans being changed. Although identifying a strategic objective does not always necessitate the allocation of financial resources, there are

likely to be expenditure implications (Leach and Collinge, 1998). Predictably, the financial strengths or weaknesses of an authority are likely to have some impact on the strategy process. In this connection, local authorities will need to consider:

- their financial situation;
- the professional and political choices which lead to a budgetary decision, and
- the linkage(s) and impact on the strategy formation.

Major factors in the economy are also included under this heading and will cover such matters as the rate of inflation, levels of employment, interest rates and the growth of GDP. Local authorities, heavily reliant on the exigencies of central government economic policy, may find themselves burdened by inadequate revenue support grant settlements, lack of investment, leading them to search for new ways to improve efficiency and effectiveness of their service delivery arrangements. So the economic situation is another factor that local authorities should consider carefully.

(iv) Social - The general increase in wealth and education has made society more sophisticated and discriminating. People in the community now draw comparisons between the services offered by the local authorities with those offered in the private sector. Local authorities are increasingly adopting a (market or) customer orientation.

Demographic shifts will also play a significant influence. Rapidly increasing numbers of elderly people have placed local authority services under a strain. At the same time, the baby boom of the 1960s has now worked its way through the secondary school system causing competition for pupils between secondary schools; competition between secondary schools and colleges of further education; problems of large-scale surplus capacity, (Caulfield and Schultz, 1989). Again, local authorities developing a strategy will seek to understand:

- their social context,
- how they might or should respond, and
- the linkage(s) and impact on their strategic agendas

(v)Technological - The technological environment is also becoming more complex. For example, there has been rapid change in computation, communication and information

system trends. A proliferation of the personal computers and software packages and the rapid evolution of the Internet. Other examples include new, improved methods for dealing with waste and recycling, the use of energy leading to its conservation and more efficient use and radical developments in controlling air, water and noise pollution. Many techniques now exist for economic forecasting, with further advances for detailed demographic projections collecting and monitoring national statistics. New or alternative materials, technical solutions to health and safety and the progress towards automation and mechanisation have led to alterations in working methods. Many, if not all, are seen to have an impact on established strategies and will require new modes of organising and operating within authorities. The extent and implication of the technological environment and the growth of the Internet have become key components for local authorities to appreciate in their strategic initiatives. As the rate of change of these factors - government policy, economic, social, technological and political - continues to increase, there is likely to be greater instability of the environment in which the local authority operates.

Factors which influence local authorities in a distinctive way: Whilst central government policy, legislation, mode of financial funding, and other factors described above, set a common context for all local authorities, this research will recognise that there is significant local variation depending on local politics, geography, local economy, social character of an area, etc. The impact of these factors on local authorities which may or may not result in them responding in similar ways, will be a further element of this research in my objective to interpret the strategic processes and its outcomes.

Stewart, (1983) contends that it is these sets of local conditions which influence local authorities to conduct their affairs in a variety of ways. Geographical boundaries and functional boundaries will affect the character of local authorities. As Stewart explains, it is the combination of geographical and functional boundaries which define a policy space limiting the choices which face an authority and the interests affecting that choice. In relation to the strategic processes and outcomes for a local authority, this research will therefore investigate the following factors:

(i) Location - Local authorities are defined by the geographical area they cover and derive their identity from that locality. This research, therefore, looks at the character and culture of the area governed by the local authority and the way in which it influences the workings of the authority.

(ii) Other agencies - Local authorities are increasingly operating in an environment populated by other local agencies and institutions (see chapter 3). In London, for example, a number of joint boards and committees were established after the abolition of the GLC. Allied to this is the idea of community governance recently promoted by the Labour government. Local authorities are being encouraged to take a lead in bringing together other organisations, suppliers, individuals and groups in running services. The role of other agencies, coupled with an assessment of their capabilities and community involvement are now significant features that local authorities must take into account when in setting their strategic agendas.

(iii) Local issues - Other factors will relate to local issues. Barratt & Downs, (1988) see these as encouraging council members to draw up political agenda where they feel most concerned. Local pressure groups and constituency experiences will again influence the workings of a local authority. The areas of concern may relate to particular pressure or community groups such as the unemployed or the homeless; social concerns like community safety or racial equality; environmental concerns like pollution or public transport issues; economic concerns like raising awareness among local, small businesses about the impact of the European Union. The impact of local issues such as these will inevitably have a bearing on the strategy process for a local authority.

A related point to which this research will direct itself is the importance of any party political strategy on the authority's strategy. The political group, set outside the formal structure of the council, may determine policy compatible with their dominant values and interests which councillors may then carry into the organisation. (See also Ch 5).

(iv) Political agendas - Cobb and Elder (1972) have identified two types of agendas: 'systematic' and 'institutional'. The systematic agenda 'consists of all issues that are commonly perceived by members of the political community as meriting public

attention and as involving matters within the legitimate jurisdiction of existing governmental authority' (p.85). The institutional agenda is 'that set of items explicitly up for active and serious consideration of authoritative decision makers' (p. 85). The items on either agenda will become potentially strategic for the local authority only when they require fundamental policy choices to be made. An important point for any authority and which will be of interest to this research is:

a) the extent of an authority's knowledge about the systematic agenda,

b) the extent of any public consultation,

c) the extent of public opinion,

d) to what extent issues are kept off the institutional or systematic agenda, and the linkage(s) with the strategy processes and outcomes.

<u>Stakeholders</u>

A stakeholder is defined as 'any person, group, or organization that can place a claim on an organization's attention, resources, or output, or is affected by that output,' (Bryson, 1988 p.52). It will be an important aspect of this research to identify an authority's key stakeholders and to evaluate their impact of their views and perceptions on the authority's strategy process.

Freeman (1984) points out that a corporate strategy will be effective only if it satisfies the needs of multiple groups. Freeman's contention about the need to integrate economic, political and social concerns in any strategy, makes the stakeholder approach a common feature of strategic management in both the public and private sectors. Argenti (1993) in describing the application of stakeholder theory as 'a curse that lies heavily upon all our organisations' argues that by identifying a wide range of stakeholders organisations it could circumvent the attention that should be given to prime interest groups.

Nutt and Backoff, (1987) drawing on the work of Freeman hold that different strategies will be needed for different organisational stakeholders depending on the importance of the stakeholders and their position with respect to a course of action. They have developed a two-by-two matrix. One dimension represents the level of stakeholder's importance to the organisation, especially in connection with any proposed course of

action, the other indicates the degree of support or opposition to that course of action. For any given course of action, stakeholders will range from antagonistic or problematic to supportive or merely low priority, being relatively unimportant to the organisation.

Bryson (1988) has developed a broader concept. He maintains that there is an inter-relationship with a wide range of groups or individuals who have an interest in the effectiveness of a public organisation. These stakeholders, will make judgements about how well an organisation performs against their own criteria. This may not be particularly sophisticated or completely honest, he adds, but if an organisation cannot demonstrate its effectiveness against the criteria, the stakeholders are likely to withdraw their support. He also holds the view that strategies that do not take stakeholders into consideration are almost certain to fail.

This stakeholder relationship is adopted in this conceptual model since the acceptability of any strategy may ultimately need to be judged on agreed-upon criteria. For as Bryson (1988) concisely states: 'if an organisation does not know who its stakeholders are, what criteria they use to judge the organization, and how the organization is performing against those criteria, there will be little likelihood that the organization (or the community) will know what it should do to satisfy its key stakeholders'.

 Figure 6.2 shows a stakeholder map for a typical local authority. It represents **internal** as well as **external** groups of influence and concern. Central government intervention will reach deep into the internal environment of the local authority and is likely to have a penetrating influence on local factors.

Much of the literature on the nature of strategic management emphasises this need to be sensitive to the wishes of stakeholders. To please enough of them, Vancil (1976) observes, the chief executive seems to be walking a tightrope of survival in a complex environment in which so many people want many different things of a single agency.

Figure 6.2 Typical stakeholder map for a local authority
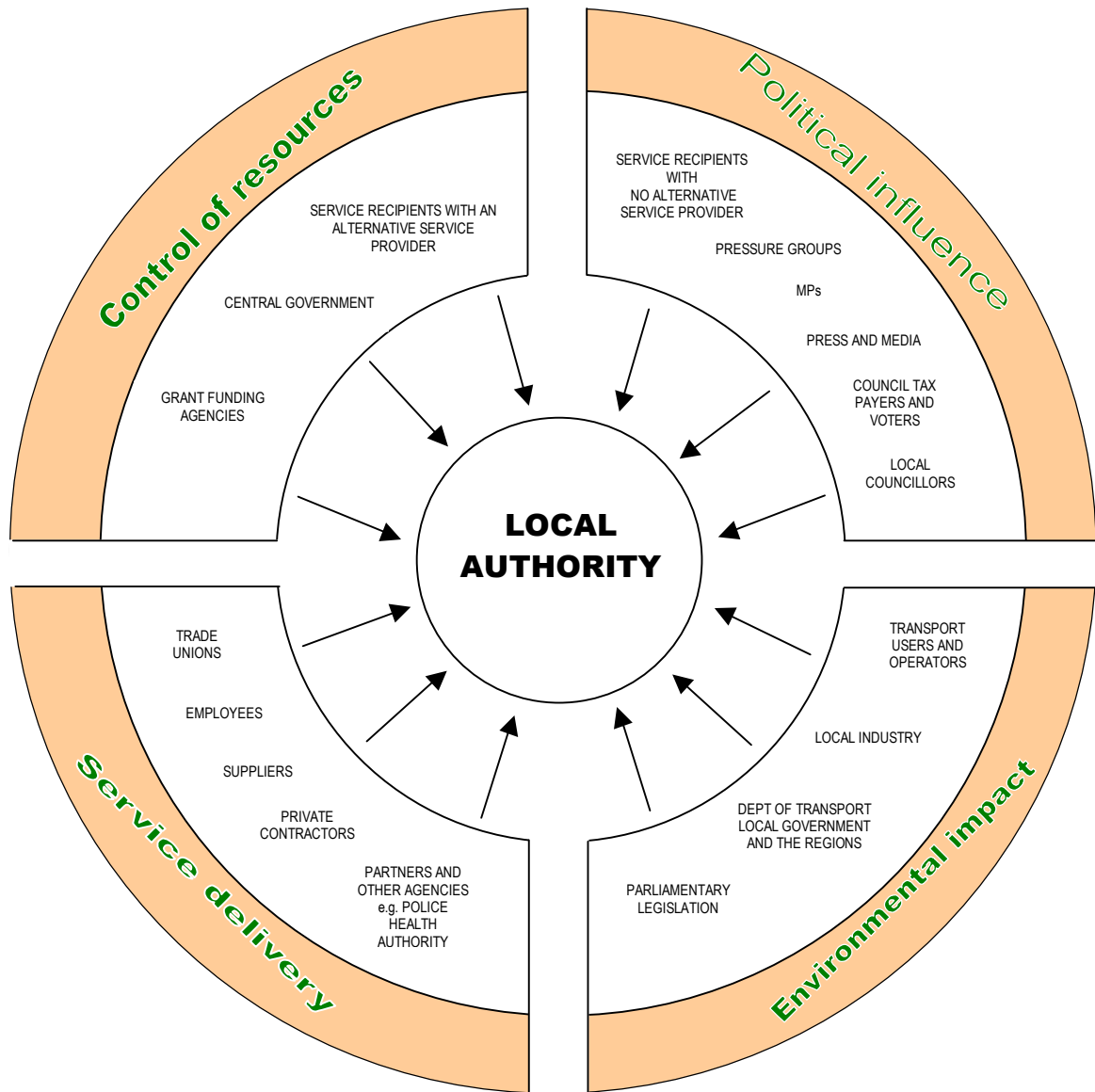
Source: Adapted from Strategic Management and Planning (R.J.Smith, 1994)

Internal environment

Using Bryson's (1988) definition, the internal environment is interpreted as 'those aspects that help or hinder accomplishment of the organization's mission and fulfilment of its mandates'. Three categories will be discussed:

- organization (structures and systems)

- officer-member relationships

- present strategy, if any

(i) Organisation (structures and systems) - Here, local authorities will need to pay attention of their organisational effectiveness of the local authority. Dealing with structures and the development of administrative systems will be critical factors related to strategic capability. My research will, therefore, investigate the various organisational characteristics/forms/systems which may result from decisions, or follow the strategies formation process.

In reality an organisation consists of several inter-related variables. A change in one will have the potential to change any of the others. Although Leavitt (1964) began to clarify some of the interrelationships with his famous socio-technical diamond it is the McKinsey '7-S' model that is better known. It was originally published under the title 'Structure is not organization' by Waterman, Peters and Phillips (1980) and explicitly considers how structure, systems, style and other organisational factors interrelate with strategy.

For the purposes of developing this analytical framework, their model for organisation effectiveness has been adopted and adapted. A key difference is that strategy is seen as central in the dynamic relationships expressed by this type of organisational design. Strategy in this focal slot, represents the driving force through which a local authority in concert with the various other organisational components, aims to fulfil its mission and purpose.

Figure 6.3 then, graphically depicts the first stage in thinking about the organisation and illustrates the concept of strategy and how the other six components might be interconnected. A change in strategy may bring about a change in structure but it may

well facilitate a change in all or some of the other components of the model. It is recognised that there is unlikely to be anything automatic about this model. Changes come about as a result of decisions not as an inevitable outcome of any strategy. To understand this model better, I now provide some further explanation of each dimension:

- **leadership** - Various leaders possess contrasting motives and seek sharply different goals. In addition they employ different techniques for exerting influence over others directing their activities. In a word, they demonstrate contrasting styles. Several decades of research suggest that two dimensions are most important. It ranges from a fully participative style at one extreme, through totally autocratic (directive) style at the other (Baron, 1986). A major contribution of this research will be concerned with identifying and explaining:
  a) who the 'leaders' are and what are their characteristics,
  b) who are the strategists
  c) to what extent do 'strong leaders' (politicians and/or chief executives) influence the strategy process.
  d) what style do leaders adopt and how effective are they.

- **structure** - The fact that local authorities, like any organisation, operate as an open system means they can differ along key dimensions. Some basic dimensions include: how are tasks divided; rules and documentation; who reports to whom; span of control; who makes decisions, core staff versus service staff. The central point in this area of the research will be understanding the emphasis and co-ordination along these basic dimensions and identifying their extent and influence in helping the whole authority operate effectively.

- **systems** - Systems are all those procedures, formal, and informal that keep the authority going. They include planning, budgetary control, accounting, training, management meetings, council meetings, besides the more obvious management information systems. This research will consider the relationship and bearing of the authority's systems to the strategy process

- **skills** - This refers to the distinctive attributes of a local authority. Although closely related to staff capabilities, professionalism and commitment some local authorities become recognised for ability to deliver superior service in one or

more areas. This could be in relation to its customer care policy, its high standards of education, its success in attracting inward investment, or its effectiveness in dealing with crime and disorder issues in its locality. A difficult problem for many local authorities, which will be linked to the strategy process is ensuring that important new skills are cultivated over time and that it is staff are able to respond to a constantly changing environment. This research recognises that the distinctive attributes and skills of a local authority and/or their need to acquire them, are likely to be influenced through strategic endeavour.

- **values** - Peters and Waterman (1982) describe these as basic beliefs, overriding values around which an organisation is built, often called ideologies and depicted excellent organisations as being rich in culture. Strategy is not seen as an arbitrarily chosen position, nor analytically developed as a plan, but a deeply entrenched perspective which influences the way an organisation develops and responds to changes in its environment. The research will explore the ideologies and core values of the authority and its implication on strategy development. Subsidiary issues may involve organisational integrity and the degree of public confidence.

- **people** - The very essence of a local authority being public service orientated means people are a critical resource to be nurtured, developed, allocated and valued. Accordingly, management development will be an important aspect here. Local authorities will need to consider several factors, including such issues as selection, recruitment, training, promotion and reward systems and how staff can be involved in the strategy process. My research covers these issues in relation to strategy formation and their implications for strategy implementation.

Figure 6.3 Organizational relationship of structures and systems with strategy
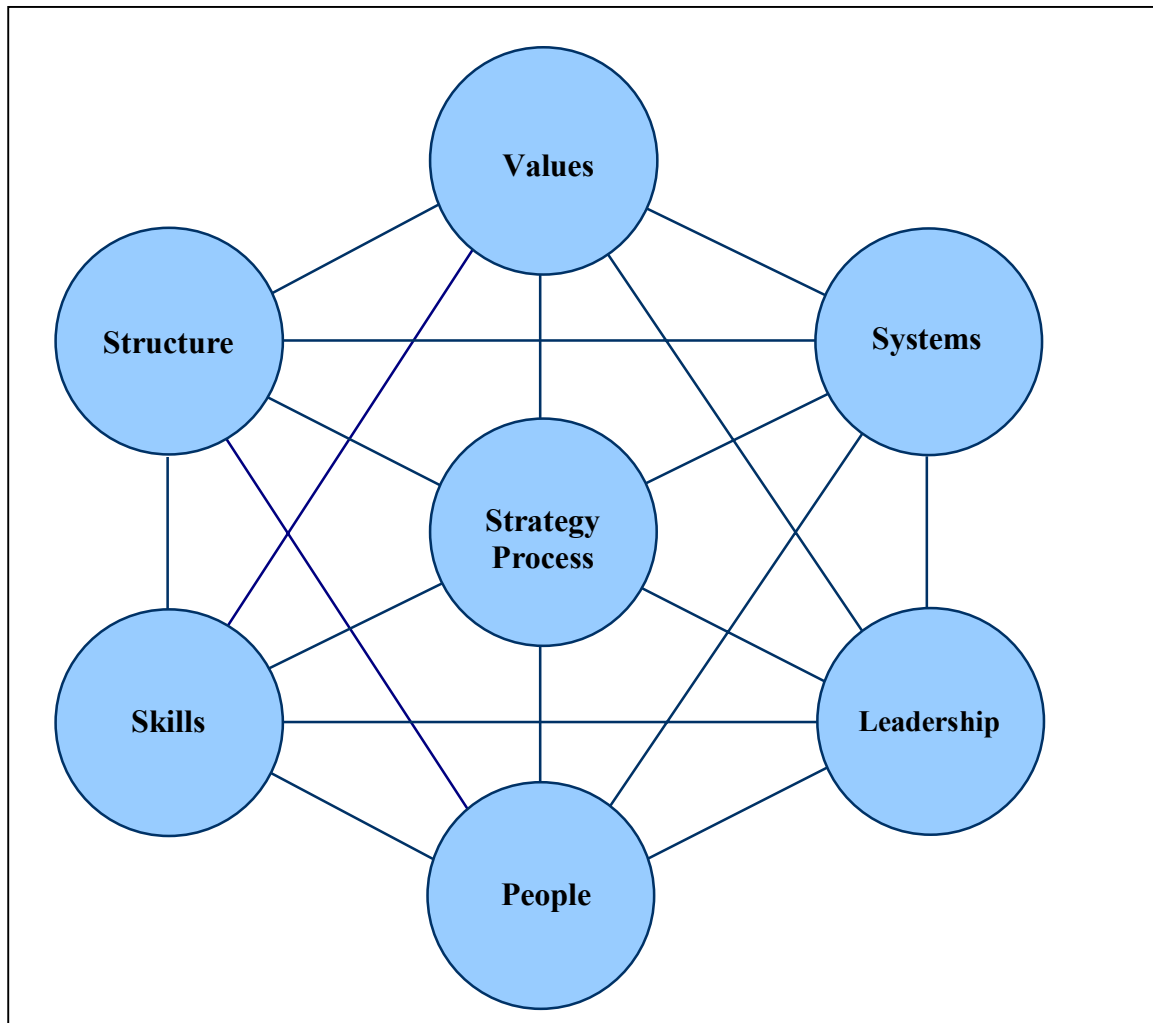
Source: Adapted from the McKinsey 7-S model in Peters and Waterman, 1982

(ii) Officer-member relationships and their policy making influence - In any local authority, there are democratic mechanisms established to empower individuals or groups of individuals to act on behalf of the council. The identification of committees, their roles, responsibilities and significance will be features of the council's operational machinery. In order to achieve a better understanding of a local authority's decision-making processes, this research will explore the influences of the complex set of interactions from a political, operational, professional and personal perspective. The link between politicians and professional staff and their link with the community are important arrangements that this research will investigate in relation to the strategy process. Furthermore, much of the literature on local government has emphasised the impact of *non-local factors* on local government decision-making. The administrative processes, power structures and conflicts of interest inside local authorities, it has been argued by Stoker and Wilson, (1986) can affect policy processes by modifying and mediating external influences. Again, my research seeks to describe the impact of these relationships in connection to any strategy development.

Behavioural outcomes

The behavioural outcomes from any strategic process will require some kind of evaluation against success indicators. In most commercial organisations the economic objectives exert a primary influence on their behaviour and form the main body of explicit goals used by management (Ansoff, 1968). Stewart and Ransom (1988) have pointed out that the aim of strategic management in the private sector is about operating in a competitive environment with choices driven by profit goals. By contrast, strategic management in the public sector is influenced by value systems determined through the political process in response to a changing environment, with services often provided free of charge or at a price below production cost. From the public point of view, local authorities tend to be judged principally by the excellence and efficiency of their services.

(i) Key Success Indicators - In this context, key success indicators for a local authority are likely to be numerous and inherently more ambiguous than those used by a commercial enterprise. Nevertheless, it is important to be clear about what 'success' looks like if the outcomes are to be measured.

In this connection, Audit Commission back in 1988 published a set of eight key success factors for councils who adopt a strategic approach in the management of their authorities. The criteria for organisational effectiveness were seen to be:

- understanding customers
- responding to electorate
- consistent, achievable objectives
- clear responsibilities
- training and motivation of people
- communicating effectively
- monitoring results
- adapting to change

(Source: Audit Commission (1988: 5)

It is not perceived to be a coincidence that the above criteria compare closely to a similar but later set of criteria compiled by Alan Neilson for the LGMB (1991). These were:

- better at identifying shifts in demand and new issues of major importance to the community,
- more capable of responding to the needs of the community,
- more able to overcome organisational weaknesses,
- more effective in its working relationships as officers and councillors roles are clarified
- better equipped as an organisation to put its political values into effect,
- clearer about its sense of overall direction,
- better motivated, with staff having a clear understanding of what is expected of them and how their work can contribute to achieving overall objectives.

In their well-known book, Peters and Waterman developed eight characteristics for what they identify as 'excellent' companies. When applying them to local government, Sipel (1984) has deemed it appropriate to adapt and modify them (see col. 2 of table 6.1). These and the criteria for organisational effectiveness proposed by the Audit Commission and the LGMB are compared in table 6.1 alongside the original Peters and Waterman's ones. The table shows a strong similarity of the 'success' criteria for local government from these sources when compared with those that Peters and Waterman suggest characterises successfully managed 'excellent' companies.

Even though these desirable but chiefly subjective outcomes can provide local authorities with a means of identifying the effectiveness and quality of the patterns and processes associated with their strategic activity, Sipel (1984) saw the need to highlight the distinctive conditions in the public sector that are likely to make them difficult to achieve.

Using these as a starting point, I have expanded, adapted and modified the last column of the table by drawing on my earlier analysis of the distinguishing features of local government discussed in chapters 3, 4 and 5. In fact, many of the 'hypothesised conditions' identified in this column were apparent in my London Borough of Northam case study. For example, at the time I began my fieldwork, Northam, typical of many local authorities, had an organisational culture that was highly bureaucratic, administrative rather than managerial, hierarchic, controlling, risk averse and procedurally driven. To compound this situation, the role of policy makers was often unclear and conflicting and sustained by a situation where the six service directors interfered in politics whilst the local politicians got involved in day to day management. The authority had no mission or defined goals thereby lacking a clear sense of direction. Again, in common with many of the 'hypothesised conditions' in the table, it tended to be finance led rather than needs driven, input focused rather than outcome orientated, and incremental rather than strategic. Other inhibitors to 'excellence' stemmed from the political leadership's view that staff training and development was a waste of money often resulting in initiative and enthusiasm being stifled. In its attempt to avoid disruption in the period leading up to the local government elections in London in May 1994, the incumbent political administration was still concerned 'not to rock the boat'[6] resulting in a suspension of any strategic activity or transformational change.

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[6] Fieldwork Interview, Director of Administration & Legal Services, 19th October 1993.

Table 6.1 Comparisons of excellent criteria for companies with those for local government

Peters and Waterman criteria (1982)	Sipel (1984)	Nielson LGMB (1991)	Audit Commission (1988)	Hypothesised conditions making 'excellence' attainment difficult
A bias for action	Action orientation	Better at identifying shifts in demand and new issues of major importance to the community.	Responding to electorate.	Legal and formal constraints make it difficult for local government to respond quickly. Public accountability and scrutiny reduces inclination to take risks. Bureaucracy hinders responsiveness. Scarce resources have to fit unmet need.
Close to the customer	Closeness to citizens	More capable of responding to the needs of the community.	Understanding customers.	Multiplicity of local government 'publics'. Public is both customer and citizen. Captive consumers. Need, not the market determines service provision.
Autonomy and entrepreneurship	Autonomy and entrepreneurship	None	None	Reluctance by local government to 'market' or take risks. Greater caution and rigidity.
Productivity through people	Employee orientation	Better motivated, with staff having a clear understanding of what is expected of them and how their work can contribute to achieving overall objectives.	Training and motivation of people. Clear responsibilities.	Managers have less decision making autonomy and flexibility. Lower work satisfaction and organisational commitment. Inability to provide staff incentives. People-orientated programmes sometimes perceived as a waste of taxpayers' money.
Hands-on, value driven	Values	Better equipped as an organisation to put its political values into effect.	Communicating effectively.	Traditional values that are hard to change. Diffusion of power.
Stick to the knitting	Mission, goals and competence	Clearer about its sense of overall direction.	Consistent, achievable objectives. Monitoring results (i.e. output orientated).	More complex mix of objectives and criteria. Difficulty of determining mission and goals. Difficulty in measuring results. Emphasis frequently on procedures rather than results.
Simple form, lean staff	Structure	More able to overcome organisational weaknesses.	Adapting to change.	Local government has complex 'monolithic' structures. Hierarchical role of adminstrator Hiring and firing much less flexible.
Simultaneous loose-tight properties	Political relationships	More effective in its working relationships as officers and councillors roles are clarified.		Democratic cycle can be a disruptive influence. Changes in political control. Perceptions that roles of policy-makers and administrators are different and/or conflicting.

Whilst acknowledging that little research has been done on these kinds of criteria either as a set or individually, I am in accord with Bryson's (1988) view that since they have a certain 'appeal to common sense' they are worthy of consideration by key decision makers (p.283). It is not unreasonable to conclude therefore, that the dearth of 'excellence' criteria at Northam in 1993 provided a further motive for the new chief executive to adopt a strategic approach to re-align the authority. Moreover, his 'imperatives for managing change' set out in an internal employee bulletin, strongly resemble what can be described as a set of 'success criteria'. As can be seen from the following extract, their implications are rather similar to many of those in table 6.1.

> '…vision, top level commitment, business led strategy, holistic approach, managing the process not the tasks, speed and direction, involvement, monitoring and re-assessment, tough-mindedness and risk taking, achieving critical mass, good communications, developing your employees. Above all provide leadership by example and identify and harness the latent energy, initiative and enthusiasm that is waiting to be released within the organisation'.[7]

(iii) Performance Indicators - Perhaps in recognising the difficulties in measuring the qualitative and less tangible outcomes mentioned above, the Audit Commission (1986) and central government became increasingly concerned with 'value for money' evaluations as an important force in the work of local authorities. This produced an added emphasis to the relevance of performance management. It was not until the enactment of the Local Government Act 1992, however, that local authorities became obliged to collect a range of information in the form of performance indicators about the services they deliver and to publish them each year in a local newspaper. The 1992 Act also required external auditors to review the arrangements authorities had in place for the collecting and publishing their performance indicators.

The development of a strategic approach for most local authorities will represent both a change of direction and a commitment to achieve certain objectives. Without a performance measurement system, it will be difficult for authorities to demonstrate to local residents where they are going or whether what they are trying to achieve has any

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[7] Taken from an article written by the chief executive for an internal staff bulletin in March 1995.

impact. The starting point will normally the strategic objectives defined by the authority's strategy. Two levels are usually distinguished:

a) use of performance indicators that measure the achievement of key objectives which are set out both in service development plans and/or a council's strategy;

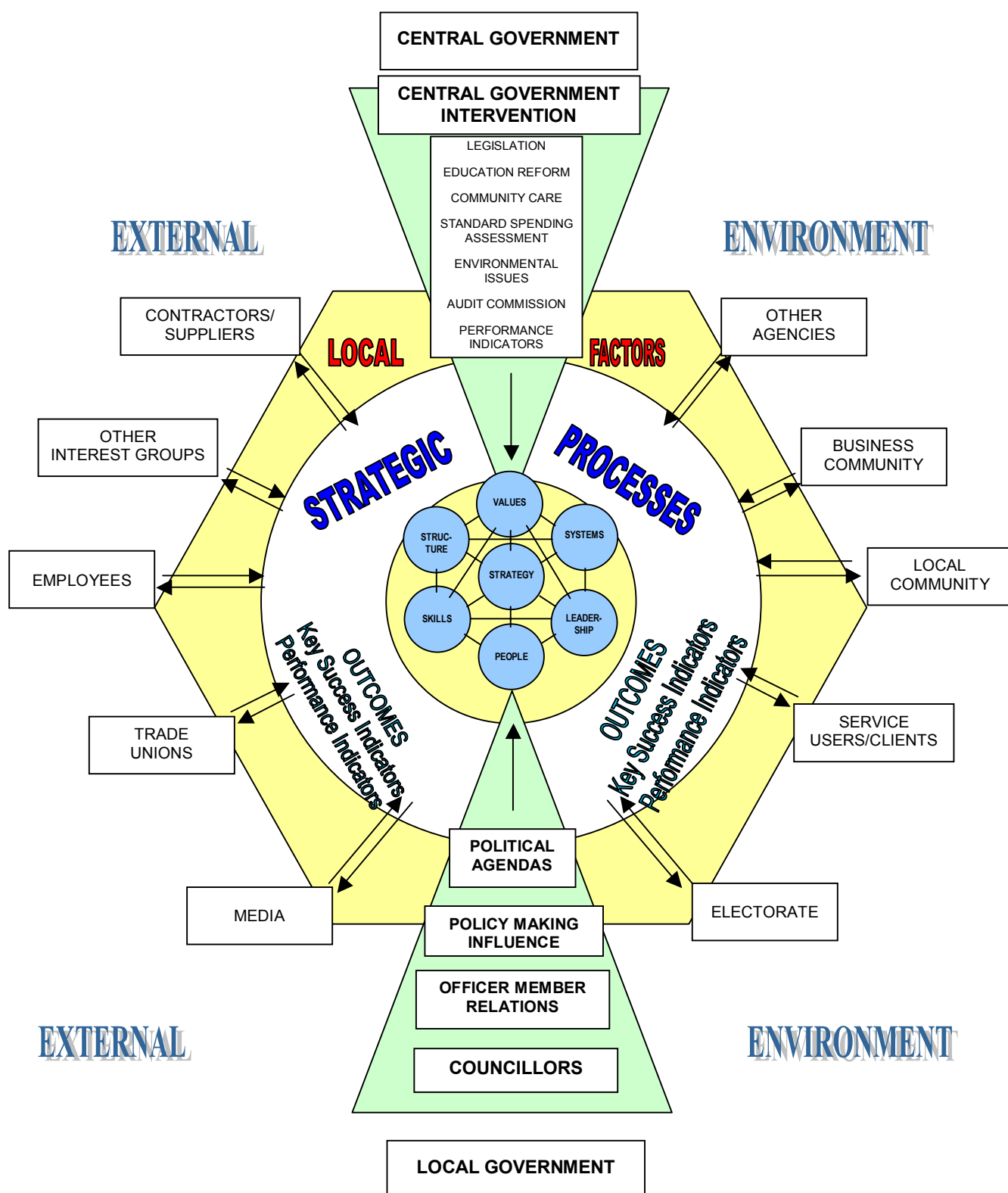b) use of performance indicators that measure achievement of targets set for individual services.

The first level, where available, should provide local authorities with a valuable source of the outputs about their achievements and use of resources arising from their strategic decisions.

In figure 6.4, I have assembled the key factors and linkages described in the above sections and sub-paragraphs into an extended graphical representation. Together, these factors and linkages offer a useful conceptual framework for understanding the strategy process in the local government setting.

Conclusion

The extended framework provides a helpful way of viewing the range of factors that can influence the strategy process in the local authority context. It illustrates some of the potential linkages between the main determinants of strategy. Given the inherent complexity of the framework model, I conclude that it is both sensible and reasonable to confine the range of factors that I intend to explore in a case study of this nature. Whilst the extended framework gives some indication of the overall pattern of factors and their likely impact on strategy, how and why they each operate in a local authority setting must be left to future researchers. Nevertheless, in order to better understand the strategy process, I see the development of such a framework is an essential starting point. By identifying the different factor sets, I have provided a means of thinking about their impact on the strategy process in a logical way. Changes in the environment, for example, are likely to result in changes in the strategy content. It has been suggested that the success or otherwise of the organisation's response will be grounded in the strategic choices it makes. Such choices, in a local authority context, will inherently be linked to the political process. Acting and thinking strategically will better equip the authority to put its political values into effect.

Figure 6.4 - Extended Framework for the Analysis of the Strategic Process in a Local Authority

CENTRAL GOVERNMENT

CENTRAL GOVERNMENT INTERVENTION

LEGISLATION

EDUCATION REFORM

COMMUNITY CARE

STANDARD SPENDING ASSESSMENT

ENVIRONMENTAL ISSUES

AUDIT COMMISSION

PERFORMANCE INDICATORS

EXTERNAL ENVIRONMENT

LOCAL FACTORS

STRATEGIC PROCESSES

CONTRACTORS/ SUPPLIERS

OTHER INTEREST GROUPS

EMPLOYEES

TRADE UNIONS

MEDIA

OTHER AGENCIES

BUSINESS COMMUNITY

LOCAL COMMUNITY

SERVICE USERS/CLIENTS

ELECTORATE

VALUES

STRUCTURE

SYSTEMS

STRATEGY

SKILLS

LEADERSHIP

PEOPLE

OUTCOMES Key Success Indicators Performance Indicators

OUTCOMES Key Success Indicators Performance Indicators

POLITICAL AGENDAS

POLICY MAKING INFLUENCE

OFFICER MEMBER RELATIONS

COUNCILLORS

EXTERNAL ENVIRONMENT

LOCAL GOVERNMENT

CHAPTER 7 | METHODOLOGY AND RATIONALE FOR A SINGLE CASE STUDY

Introduction

A case study approach was selected for this research because it offers the potential to provide considerable insights into the complexity of the strategy making process and the associated socio-political behaviours within the organisational setting of a local authority. My motivational purpose in selecting the London Borough Northam was the result of discussions with my supervisor, Dr. Chris Skelcher, who became aware of a special, if not unique opportunity that the appointment of the new chief executive at Northam could provide for studying the strategy process in that authority as it unfolds over time in its new setting. Having already carried out an initial scan of eight London boroughs by holding informal discussions with the heads of their corporate/strategic policy units, it became increasingly clear that whilst retrospective case histories could be valuable in understanding the context and events leading up to a present strategy, it was only through real-time study that an attempt could be made to identify how the strategy change process takes place.

As the new chief executive had previously worked as the Director of Strategic Management in an authority that had become nationally recognised for its successful change policies in a number of Local Government Management Board (LGMB) publications, there was a good chance that this appointment would bring about a significant impact in the way the London Borough of Northam would be managed under his stewardship. In particular, it presented not only one of the best opportunities for studying the strategy process at close hand but also the likelihood that such a process would emerge *per se*. Before proceeding to my discussion on the rationale for a single case study, it will be appropriate to explore what is meant my strategy process.

<u>Defining the meaning of process</u>

I see the need to define the meaning of process as an important element of my dissertation because it supports the conceptual basis for my research and acknowledge Van de Ven (1992) for assisting me to move forward. In this connection, I have found his suggestions about three interrelated ways for studying strategy process extremely useful. I intend now to consider some of the key points he raises, and later to relate them to my study. Following his format, these are:

1. Defining the meaning of process
2. Clarifying the theory of process
3. Designing the research to observe the process

According to Van de Ven, the term 'process', in relation to the strategic management literature, is used in many different ways. Van de Ven distinguish three usages which I summarise here.

a) a process story or logic that explains why an independent (input) variable exerts a causal influence on a dependent (output) variable (p.170).

Such process explanations, Van de Ven recognises, necessitate highly restrictive and unrealistic assumptions about the order and sequence in which events unfold in an organisation. For this reason, I have dispensed with any attempt to develop a deterministic model.

b) a category of concepts - variables/entities/activities - that refer to actions of individuals or organisations, e.g. strategy formulation, strategy implementation (p.170)

Here, Van de Ven suggests that when process concepts are operationalised as constructs and represented into an entities/attributes model of reality, one can only measure *if*, not *how*, a change occurred in a variable measured at different points in time.

c) a sequence of incidents, activities and stages that describe how things change over time (pp. 170-172)

This definition, Van de Ven argues, will take on an historical development perspective. Moreover, from Van de Ven's discussions of a sample of development process models taken from the strategic management literature to illustrate this point, two models would appear germane to the local authority context that intuitively appear useful to my research methodology.

The first is a strategic decision model attributable to Quinn (1980). In Quinn's case studies of nine major corporations, fourteen process stages were identified beginning with 'need sensing' and leading to 'commitment and control systems'. Some of the process stages observable in my case study were:

1. Sense need

2. Develop awareness and understanding

3. Develop partial solutions

4. Increase support

5. Build consensus

6. Formal commitment

The flow is said to be generally in sequence but may not be orderly or discrete. Again, reflecting the manner in which the principal stages in my case study occurred.

Despite the orientation of the above process to the business context, it will come, perhaps, as no surprise that some of these stages bear a similarity to the cycle of management change in a well-managed authority. Compare for example such characterisitics as: recognise need for change - initiate change - build change - review and re-assess (Leach, Walsh, Game, *et al*, 1993).

The other model is more specifically a strategic planning one. Here reference is made to Lorange's (1980) normative model of corporate strategic planning, which to some extent, replicates three or four authorities I observed in my earlier pilots studies[8]. These stages are:

1. Objective setting - identify relevant strategic alternatives

2. Strategic programming - develop programmes for achieving chosen objectives

3. Budgeting - establish detailed action programme for near-term

4. Monitoring - measure progress toward achieving strategies

5. Rewards - establish incentives to motivate goal achievement.

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[8] In an early attempt to develop a research methodology, I carried out a pilot survey of eight London boroughs namely: Brent, Barnet, Bexley, Croydon, Richmond , Kingston upon Thames, Merton and Sutton.

These and the other models described in the literature, Van de Ven points out, would have been 'developed inductively and were based on cross-sectional observations or retrospective case histories in a variety of companies' (p.172). And in all probability, he concludes, the stages or phases of activities would have been inferred from the organisations documentation or by categorising similar companies into the stages or phases. This linear sequential model of development, he points out, assumes invariance between and within organisational units - each developmental phase being one locked in after another.

Van de Ven further explains that 'when researchers use *a priori* stages or phases to design their research and collect data, their results can easily become self-fulfilling prophecies' (p.172). To avoid this situation, Van de Ven proposes a typology of developmental progressions. Going beyond the simple unitary progressions, are multiple progressions, cumulative progressions, conjunctive progressions and recurrent progressions - all of which can be used to describe more fully how the activities of strategy may unfold over time.

Clarifying the theory of process

A theory of process, Van de Ven explains 'consists of statements that explain how and why a process unfolds over time'. Such a theory, he maintains is needed 'not only to ground the conceptual basis of a process study on strategy formulation, implementation or some other substantive topic, but also to guide the design and conduct of empirical research' (p.174).

Drawing on his earlier work, four basic families of process theories have been identified by Van de Ven and Poole, (1991) along with the conditions in which they were likely to operate and taken from a wide search of the literary data bases. As they all seem to have varying degrees of relevance to my research, they, too, require some further explanation.

Life cycle process theory

This theory is probably well-known from biology and the development of the embryo. What 'lies latent, rudimentary or homogenous in the primitive state becomes progressively more mature, complex and differentiated.' Environmental events external

to the organisation and processes can influence how the hereditary form expresses itself, but they are always influenced by 'logic, rules or programmes that govern development'. The life cycle of organisations, Van de Ven observes, 'often operate on the basis of institutional rules or programmes that require developmental activities to progress in a prescribed sequence' (p.177). One needs only to look at the committee cycle and decision process in local government or the budgetary process to see activities in a similar prescribed sequence.

Teleology process theory

This theory, Van de Ven contends, 'underlies many theories of administrative behaviour… and most models of strategic planning and goal setting'. A teleology process theory 'is based on the assumption that the developing entity is purposeful and adaptive; by itself or in interaction with others. It socially constructs an envisioned end state and selects from alternatives a course of action to reach it'. Unlike life cycle theory, teleology does not assume a necessary sequence of events. Although there is no predetermined rule or logical direction to a teleological process one is still able to assess when an entity is developing, or growing more complex, to fulfil a necessary set of functions. Because of an envisioned end state, one can discern movement towards it. Even when this end state is attained the entity does not necessary remain in equilibrium. Influences from the external environment or within the organisation 'may create instabilities' that push or cause it to take off on a 'new developmental path or trajectory' (p.178). These influences, in many ways, accord well with the several of the 'factors' used in the extended framework for the analysis of the strategic process in a local authority described in the previous chapter.

Dialectic process theory

Here the authors comment that 'dialectics begins with the assumption that the developing entity exists in pluralistic world of colliding events, forces, or contradictory values which compete with each other for domination and control.' The different patterns for resolving dialectical oppositions, it is posited, can push an organisation to move toward: (1) equilibrium, (2) to oscillate in cycles between opposites, or (3) to bifurcate far from equilibrium and spontaneously create revolutionary changes (pp.178-179). Again, this process, I would suggest, may be useful to describe local authorities where their political control is unstable or poorly managed.

Evolution process theory

Here, as in biological evolution, 'change proceeds in a continuous process of variation, selection, and retention.' Alternative theories of social evolution are distinguished in terms of how traits can be inherited: for example, this refers to whether change proceeds gradually and incrementally or rapidly and radically. In organisation and management applications, Van de Ven maintains, evolutionary theory has been adopted to explain processes of strategy making within organisations by Burgelman (1991) and Singh (1990). Both these authors argue the Lamarkian view, whereby 'traits can be acquired within a generation through learning and imitation' (p179).

All these alternative theories are seen by Van de Ven as having three components: a set of starting conditions, a functional end-point, and an emergent process of change. Life cycle and teleological theories are claimed to be predictive whereas dialectical and evolutionary theories centre on the means of action themselves, i.e. by looking at the dynamic process. Furthermore - and this would seem to be the quintessence of this commentary - 'dialectical and evolutionary theories explain how change and development occur, along with indicators that enable us to identify key development constructs (e.g. selection, action loops at any point in time)' (pp. 180-181).

Implications for my research

Van de Ven's paper, which includes suggestions on process definition and process theory, have highlighted a number of points that I clearly needed to consider. Many of his suggestions on designing the strategy research have guided this study. The following list illustrates several the more relevant ones.

- Study the strategic change process as far as possible as it unfolds in its natural settings.
- Ensure organisational participants understand the relevance of the study
- Recognise that significant researcher commitment and organisational access are required
- Initiate the historical study before outcomes of the strategic change process become known
- Make a concerted effort to minimise bias.

- Design the research to observe the process in such a way that it is consistent with one's definition process and the theory of process.

- Carry out scheduled and intermittent real-time observations

- Design research questions in such a way that they motivate attention and enthusiasm among the participants/practitioners (as well as among academics).

- Attend meetings wherever possible (e.g. committee/ management/ administrative/ reviews) related to the study.

- Define the conceptual categories of attributes or activities being investigated.

- Create a database of these conceptual categories to include say the date it occurred, the actor, the action, the outcome (if observable), and the source.

- Distinguish *if* changes have occurred (process (b)), and identify, wherever possible, *how* these occurred (process (c)).

Although the primary aim of my case study is to explore how strategy was formed at Northam, I will discuss the viability of the process and its general relevance to the local government context. The dynamics within the authority are explained in detail whenever possible, with particular reference to the relationships between councillors and the new chief executive in the latter's efforts to achieve his objectives. In order to better understand the historical aspect, early interviews were designed to reveal:

a) the authority's perception of the forces for change stemming, in the main, from central government intervention and policy.

b) the chief executive's extant beliefs about how strategy should be formed. The dominant one is seen to have come about from the new chief executive's experience and leadership stance at Kent County Council and Wrekin.

c) those local factors (external to the authority) which may be expected to induce a more individual response.

<u>Designing the research to observe the process</u>

In their journal article about the contributions that field studies have made to strategic management theory development, Snow and Thomas (1994) have classified a cross section of research methods that show considerable range in terms of measurement accuracy and organisational reality. Figure 7.1 reproduces their classification. Based on examples drawn from the literature, Snow and Thomas (*ibid.*) show that the least

uncontrollable form of field study is direct or participant observation followed by interviews, questionnaire and retrospective analysis of archive material.

Figure 7.1 Types of organisational research methods

Highly realistic, uncontrolled ↕ Highly artificial, controlled	Field methods	Direct and participant observation
		Interview
		Questionnaire survey
		Archival analysis
	Computer data bases	Researcher accesses information collected by others
	Experimental simulations	Researcher tries to create a realistic facsimile of a situation, sets it in motion, and observes its behaviour
	Laboratory experiments	Researcher examines organizational processes under tightly controlled conditions
	Computer simulations	Researcher uses mathematical modelling to construct a complete and closed model of the phenomenon of interest.

Source: Snow, C.C. & Thomas J.B (1994: 459)

These kinds of observation studies, Snow and Thomas (*ibid.*) point out, do, however, generate 'meanings and perspectives not attainable by most research methods'. Indeed, direct observation case studies are identified as the 'foundation of the early strategic management literature' (p.459).

Many studies of strategy process, on the other hand, have been retrospective case histories which have been undertaken after the outcomes were known. In this connection, Van de Ven (1991) cautions that prior knowledge of the success or failure of strategic change venture may bias a study's findings.   There are also limitations with direct observation research method because the observer is usually unable to determine how much his or her presence influenced the situation being studied.

Whilst retrospective case histories are seen as valuable in understanding the context and events leading up to a present strategy, my research is distinctive, I believe, in recognising that it is only through real-time study that an attempt can be made to

identify **how** the strategy change process takes place. An important strength of my research methodology, therefore, is derived from the opportunity of placing myself in the chief executive's temporal and conceptual frames of reference. As Van de Ven, (1991) aptly puts it: 'without observing the change process from a manager's perspective, it becomes difficult (if not impossible) for an investigator to understand the dynamics confronting managers who are involved in a strategic change effort, and thereby generate new knowledge that advances the theory and practice of strategy process' (p.181).

In broad terms, the fieldwork I undertook was in the form of an ethnographic case study.   I undertook non-participant observation in a semi-structured way.   A key element of the research methodology has meant undertaking successive semi-structured interviews over a period of twenty-nine months (from May 1993 to September 1995) During this time I taped interviews with the new chief executive, departmental directors and two leading politicians and transcribed several of them. Although I observed the principal organisational, I took care not to become involved in the process or to influence it any way. Whenever I requested it, I was given access to a selection of the local authority's self-reports and other relevant information.   The following table gives an indication of some straightforward but useful interviewing techniques that I applied:

Table 7.1 Interviewing techniques

1. Choose the right setting. Find a place that will be comfortable for the interviewee
2. Be organised. Be aware that the interviewee has given his/her time to be interviewed
3. At the beginning of the interview explain who you are and why you want to do the interview, and how the information will be used
4. If you intend to use a tape recorder, ask first. Remember that some people do not feel comfortable speaking with a tape recorder running
5. Relax. This will help the person you are interviewing to relax, too
6. Listen carefully. Be aware of your body language
7. Do not express an opinion; remain impartial. Especially, do not argue
8. When you get to the end of the interview, ask the person if there is anything else he/she would like to say or if there are any questions. Thank the person for his/her time and interest

Adapted from an internet source: http://www.nt.gov.au/nths/healthdev/health_promotion/bushbook/volume1/info.html
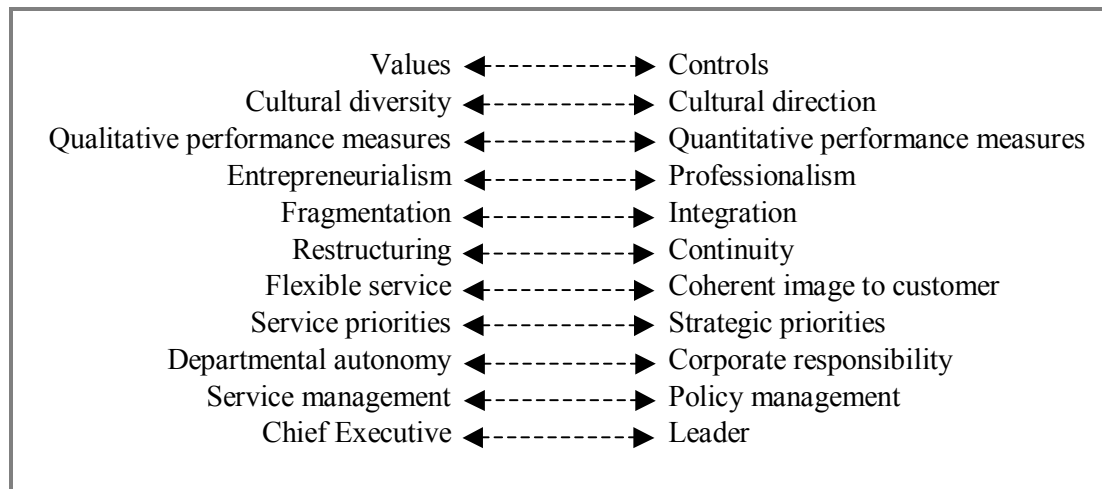
Semi-structured interviews have no fixed wording of questions or ordering of questions. The interviewer has a list of the main topics and some open questions (called 'probes') to

be covered so that the interview does not go too far off track. Respondents have more scope in how they answer the questions. This type of interview generates qualitative data.

To some extent this has provided me comparative observations over time. In an attempt to construct something novel, I decided to use the set of 'antagonistic pulls' discussed by the former LGMB (1991) in its learning pack on the role of the centre in local government (p.23). The sets of 'antagonistic pulls' represent a 'checklist of balances', which the centre will need to consider and assess in order to establish its optimum position 'between control and enabling support' (p.21). My initial objective was to use these sets of balances as a 'checklist' to track any change in authority's profile over time (see figure 7.2). These various, notional sets of 'opposing' dimensions were identified by the LGMB to represent a number of the more important the balances of strategic management. For every organisation, the LGMB contend that both sides of the 'equations' will be present. For the purposes of my survey I introduced a score line or continuum in the form of a Likert scale between each pair of opposing dimensions in place of a smooth continuous line used in the original LGMB format. Whenever the opportunity presented itself, I asked the various individual interviewees to mark where they perceived the authority to be at that point in time along the score line. Shifts towards or away from any of the pairs of 'antagonistic pull' dimensions over a period of time, I reasoned would indicate the kind of changes that had taken place. The basic format shown to my interviewees at various stages in during the field work is reproduced below in figure 7.2. It was not used systematically or exhaustively but it was, I believe, sufficient to highlight that some key contextual changes did begin to occur. The results of the completed survey instruments are reproduced in Appendix B.

In all, this instrument was used on thirteen occasions between 17[th] June 1993 and 29[th] June 1995. In the first wave of interviews, the chief executive and six directors completed the antagonistic pulls checklist exercise mainly within the first three months of the fieldwork. In the second period of interviews, the chief executive and three of the original six directors responded. I was also able to include both the chief personnel officer and the assistant director (chief executive) in this second phase.

Figure 7.2 Antagonistic Pulls

```
                          Values ◄----------► Controls
                Cultural diversity ◄----------► Cultural direction
    Qualitative performance measures ◄----------► Quantitative performance measures
              Entrepreneurialism ◄----------► Professionalism
                   Fragmentation ◄----------► Integration
                   Restructuring ◄----------► Continuity
                 Flexible service ◄----------► Coherent image to customer
                Service priorities ◄----------► Strategic priorities
            Departmental autonomy ◄----------► Corporate responsibility
              Service management ◄----------► Policy management
                 Chief Executive ◄----------► Leader
```

Source LGMB (1991: 23) with modification to the 'equilibrium' arrows

Overall, my face to face interviews have been primarily at chief executive level, with some of the earlier ones at director level. I have also interviewed both the leader and deputy leader of the council each on two separate occasions.

Throughout the study I requested and was given access to the authority's self-reports, and other information relevant to my research, e.g. committee reports, management team reports, departmental reports, memoranda, etc. In addition, I have, where perceived relevant, attended council meetings. The conceptual attributes distinguished at the outset of this case study included some key process phases such as issue identification, strategy formulation and strategy implementation.

During the period of observation one particular interesting feature that has emerged as a result of the London borough local elections earlier this year has been the change in political control. Northam was formally under Conservative control. In fact, with a long history. In May 1994, some 12 months into my research, following these local government elections, the control of council control became 'hung' with the Labour group taking over the administration.   This event is further elaborated in chapter 7.

My research, I believe has adopted what has been described as an 'intrusive' approach. With the focus for my study on the London Borough of Northam, I am attempting to

understand and explain the behavioural interactions and relationships of the key actors in the strategy process. As I have already pointed out, this was undertaken by establishing personal contact with the Leader of the Council, the Deputy Leader, the Chief Executive and Departmental Directors.

By using such repetitive interviews and a 'shadowing' technique similar to that adopted by Dargie (2000) in her analysis of the behaviour of chief executives drawn from the public, private and voluntary sectors, I have sought to develop statements that describe the stages in the strategy process and observing the strategy process in this authority as it unfolds overtime in its natural settings.

<u>Analysing and interpreting the findings</u>

This is a crucial aspect of any research. I begin by returning to the 'antagonistic pulls' exercise. In the first wave of interviews, I decided to use this instrument as a convenient, cost-effective means of identifying whether the perceptions of the interviewees about their local authority in relation to these important dimensions followed a consistent pattern. In the second wave of interviews, I wanted to identify whether there had been a shift along any of these 'opposing' dimensions over time and again whether there was any consistency.

Table 7.2 provides an overview of the 11 sets of 'antagonistic pulls' spanning the two main interview phases and 13 separate interviews. Apart from one or two dimensions (the emphasis on values vs. controls in the first phase and the balance between flexible service vs. coherent image to the customer in the second phase), the results show a fairly inconsistent picture along the other dimensions. At best, it provided a crude method of showing there a perceived shift along the dimensions may have taken place over time albeit its extent was impossible to measure. In short, this survey technique did not prove terribly helpful and was not pursued further.

Table 7.2

Analysis of the profiling sets if the completed 'antagonistic pulls' surveys

First Interview Phase

1 — Values / Controls
- Chief Executive 17/6/93
- Director of Education 28/7/93
- Director of Personnel Services 2/8/93
- Director of Admin & Legal Services 5/8/93
- Director of Technical Services 5/8/93
- Director of Finance 5/8/93
- Director of Land Management 1511/93

2 — Cultural Diversity / Cultural direction
- Chief Executive 17/6/93
- Director of Education 28/7/93
- Director of Personnel Services 2/8/93
- Director of Admin & Legal Services 5/8/93
- Director of Technical Services 5/8/93
- Director of Finance 5/8/93
- Director of Land Management 1511/93

3 — Qualitative perf measures / Quantative perf measures
- Chief Executive 17/6/93
- Director of Education 28/7/93
- Director of Personnel Services 2/8/93
- Director of Admin & Legal Services 5/8/93
- Director of Technical Services 5/8/93
- Director of Finance 5/8/93
- Director of Land Management 1511/93

4 — Entrepreneurialism / Professionalism
- Chief Executive 17/6/93
- Director of Education 28/7/93
- Director of Personnel Services 2/8/93
- Director of Admin & Legal Services 5/8/93
- Director of Technical Services 5/8/93
- Director of Finance 5/8/93
- Director of Land Management 1511/93

5 — Fragmentation / Integration
- Chief Executive 17/6/93
- Director of Education 28/7/93
- Director of Personnel Services 2/8/93
- Director of Admin & Legal Services 5/8/93
- Director of Technical Services 5/8/93
- Director of Finance 5/8/93
- Director of Land Management 1511/93

6 — Restructuring / Continuity
- Chief Executive 17/6/93
- Director of Education 28/7/93
- Director of Personnel Services 2/8/93
- Director of Admin & Legal Services 5/8/93
- Director of Technical Services 5/8/93
- Director of Finance 5/8/93
- Director of Land Management 1511/93

Second Interview Phase

1 — Values / Controls
- Chief Executive 20/12/93
- Director of Personnel Services 22/2/94
- Director of Admin & Legal Services 31/1/94
- Director of Technical Services 14/2/94
- Head of Corporate Policy Unit 22/2/94
- Chief Public Relations Officer 29/6/95

2 — Cultural Diversity / Cultural direction
- Chief Executive 20/12/93
- Director of Personnel Services 22/2/94
- Director of Admin & Legal Services 31/1/94
- Director of Technical Services 14/2/94
- Head of Corporate Policy Unit 22/2/94
- Chief Public Relations Officer 29/6/95

3 — Qualitative perf measures / Quantative perf measures
- Chief Executive 20/12/93
- Director of Personnel Services 22/2/94
- Director of Admin & Legal Services 31/1/94
- Director of Technical Services 14/2/94
- Head of Corporate Policy Unit 22/2/94
- Chief Public Relations Officer 29/6/95

4 — Entrepreneurialism / Professionalism
- Chief Executive 20/12/93
- Director of Personnel Services 22/2/94
- Director of Admin & Legal Services 31/1/94
- Director of Technical Services 14/2/94
- Head of Corporate Policy Unit 22/2/94
- Chief Public Relations Officer 29/6/95

5 — Fragmentation / Integration
- Chief Executive 20/12/93
- Director of Personnel Services 22/2/94
- Director of Admin & Legal Services 31/1/94
- Director of Technical Services 14/2/94
- Head of Corporate Policy Unit 22/2/94
- Chief Public Relations Officer 29/6/95

6 — Restructuring / Continuity
- Chief Executive 20/12/93
- Director of Personnel Services 22/2/94
- Director of Admin & Legal Services 31/1/94
- Director of Technical Services 14/2/94
- Head of Corporate Policy Unit 22/2/94
- Chief Public Relations Officer 29/6/95

112

Table 7.2 (Cont.)

Analysis of the profiling sets if the completed 'antagonistic pulls' surveys

First Interview Phase

7 — Flexible service → Coherent image to the customer

- Chief Executive 17/6/93
- Director of Education 28/7/93
- Director of Personnel Services 2/8/93
- Director of Admin & Legal Services 5/8/93
- Director of Technical Services 5/8/93
- Director of Finance 5/8/93
- Director of Land Management 1511/93

8 — Service priorities → Strategic priorities

- Chief Executive 17/6/93
- Director of Education 28/7/93
- Director of Personnel Services 2/8/93
- Director of Admin & Legal Services 5/8/93
- Director of Technical Services 5/8/93
- Director of Finance 5/8/93
- Director of Land Management 1511/93

9 — Departmental autonomy → Corporate responsibility

- Chief Executive 17/6/93
- Director of Education 28/7/93
- Director of Personnel Services 2/8/93
- Director of Admin & Legal Services 5/8/93
- Director of Technical Services 5/8/93
- Director of Finance 5/8/93
- Director of Land Management 1511/93

10 — Service management → Policy management

- Chief Executive 17/6/93
- Director of Education 28/7/93
- Director of Personnel Services 2/8/93
- Director of Admin & Legal Services 5/8/93
- Director of Technical Services 5/8/93
- Director of Finance 5/8/93
- Director of Land Management 1511/93

11 — Chief executive → Leader

- Chief Executive 17/6/93
- Director of Education 28/7/93
- Director of Personnel Services 2/8/93 (vacuum)
- Director of Admin & Legal Services 5/8/93
- Director of Technical Services 5/8/93
- Director of Finance 5/8/93
- Director of Land Management 1511/93

Second Interview Phase

7 — Flexible service → Coherent image to the customer

- Chief Executive 20/12/93
- Director of Personnel Services 22/2/94
- Director of Admin & Legal Services 31/1/94
- Director of Technical Services 14/2/94
- Head of Corporate Policy Unit 22/2/94
- Chief Public Relations Officer 29/6/95

8 — Service priorities → Strategic priorities

- Chief Executive 20/12/93
- Director of Personnel Services 22/2/94
- Director of Admin & Legal Services 31/1/94
- Director of Technical Services 14/2/94
- Head of Corporate Policy Unit 22/2/94
- Chief Public Relations Officer 29/6/95

9 — Departmental autonomy → Corporate responsibility

- Chief Executive 20/12/93
- Director of Personnel Services 22/2/94
- Director of Admin & Legal Services 31/1/94
- Director of Technical Services 14/2/94
- Head of Corporate Policy Unit 22/2/94
- Chief Public Relations Officer 29/6/95

10 — Service management → Policy management

- Chief Executive 20/12/93
- Director of Personnel Services 22/2/94
- Director of Admin & Legal Services 31/1/94
- Director of Technical Services 14/2/94
- Head of Corporate Policy Unit 22/2/94
- Chief Public Relations Officer 29/6/95

11 — Chief executive → Leader

- Chief Executive 20/12/93
- Director of Personnel Services 22/2/94
- Director of Admin & Legal Services 31/1/94
- Director of Technical Services 14/2/94
- Head of Corporate Policy Unit 22/2/94
- Chief Public Relations Officer 29/6/95

I now need to look at how the theoretical concepts of strategy relate to my findings. There have been very few careful tests on corporate strategy development in the public sector. So while strategy implies an all-embracing view as Joubert (1988) puts it there have been several studies that attempt to develop conceptual taxonomies. For example Bryson (1988) discusses an number of models of strategic planning developed in the private sector. Hart (1992) similarly describes strategy making from a number of different perspectives.

As an interviewer, I needed a broad idea of the issues I was interested in although they were not clearly defined in my mind. It is worthwhile highlighting the following examples extracted from the strategy literature in a little more detail. They not only provided me with a useful theoretical basis prior to my interviews but also in interpreting the strategic activities and behaviours at Northam, during the period of my case study research.

- The rational model applied to strategy suggests systematic environmental analysis - the so-called 'SWOT' analysis, explicit goal setting, evaluation of alternative courses of action and the development of a comprehensive plan to achieve goals (e.g. Andrews (1971); Ansoff (1965); Porter (1980)).

- The behavioural literature however both the cognitive and motivational assumptions inherent in the rational model. At best, individuals and organisations, it is argued, can only achieve 'bounded rationality' according to Simon (1957). At the individual level, cognitive limitations cause decision makers to adopt simplified models of the world, to limit search behaviour to incrementally different options, and to accept satisfactory outcomes (March & Simon (1958); Lindblom (1959)).

- While at the organisational level, strategic assumptions form the basis for organisational frames of reference, which predispose firms to act in particular ways (Shrivastava & Schneider (1984); Shrivastava (1987)).

- Because of the difficulty of organisational goal setting, which perhaps is more relevant to the local authority context, Braybrooke & Lindblom (1963) hold that this

- can lead to politically motivated behaviour among actors resulting in a disjointed, incremental organisational process often known as the 'science of muddling through'.

- The underlying rationale for the 'garbage can' model of strategic choice holds that independent assumptions about organisational intent can induce a strategy to emerge a result of organised anarchy (Cohen, March & Olsen (1972).

- Plan, ploy, position, pattern, perspective are the 5 Ps according to Mintzberg (1987). They provide a useful portrait of his strategy typologies. He later went on to develop his concept of 'deliberate or emergent strategies'.

- The Pettigrew Model was also considered. Pettigrew seeks to link three important components of strategic research - the content, process and context of strategy formulation and implementation on the enterprise and its environment.

Intuitively, however, I felt that Mintzberg's concept of strategies sitting on a continuum, ranging from deliberate at one end to emergent at the other, provides a powerful explanation of the strategy process in a local authority. An advantage of this approach is that his continuum substantially covers the key process typologies drawn from the literature. Hart (1992) has conveniently categorised them into three broad themes: rationality, vision and involvement. Rationality coincides with deliberate strategies while the degree of employee involvement would tend towards a more emergent type of strategy process. As an illustration, the components of this analysis with some hypothetical data are (perhaps simplistically) summarised in Table 7.3

Table 7.3 - Strategy process - various kinds of strategy modes and examples of postulated determinant conditions for U.K. local authorities

Determinants	STRATEGY MODES					
	Deliberate Strategies		Process Strategies		Emergent Strategies	
	A	B	C	D	E	F
External Environment						
(Common influences)	stable, low complexity little legislative change, low level of central government control		low degree of change, anticipated legislative change, moderate level of central government control		uncertain, complex, disruptive, frequent legislative change, high levels of central government control	
(Local influences)	aware of local issues, strong local economy, degree of dissatisfaction among public,		Economy may be in need of regeneration, some knowledge of local issues, public opinion generally satisfactory		Rapidly changing local environment, high levels of unemployment, Public opinion changing	
Stakeholders	supportive, important, influential		many stakeholders, wide participation/consultation,		Reactive, experimental, high staff involvement, protest driven	
Internal Environment	strong central leadership, formal planning, structured, effective, value orientated, defending established position		Leadership in partial control, boundaries and targets set, leader's influence on staff and structure		top management exercises little strategic control, reactive, experimental, high staff involvement,	

The table above shows a broad band of conjectured range of strategy conditions. It distinguishes two theoretical extremes - deliberate strategies where intentions existed and were then realised, from emergent strategies where patterns developed in the absence of intentions (Mintzberg & Waters, 1985). Using this model I conjectured, could provide the sets of the dimensions and characteristics that might relate to the Northam situation. In addition, this opens up the possibility of looking at a more general application to the local government. Moreover, outcomes of the 'antagonistic pull surveys, might enable an informed judgement to be made about any shift to a more strategic style of working.

Conclusion

In this chapter I present my rationale for a single case study and methodology. I draw attention to alternative theories of process. Although each has three components: a set of starting conditions, a functional end-point, and an emergent process of change. It is the dialectical and evolutionary theories of process that can best explain how change

and development occur. The implication for my methodology is that because such theories relate to events as they unfold over time, a real-time case study would provide an effective approach for studying strategy process. I recognise that opportunism can have a useful role in research. Having previously undertaken preliminary face to face surveys of eight London boroughs in an effort to find an appropriate methodology to study the strategy process, I felt my research was in danger of becoming moribund. At around the time of the appointment of a new chief executive at Northam, my ongoing literature research uncovered Van de Ven's suggestions on strategy process research. Once I had read his article, the appropriate methodology became much clearer. I realised that my early plans to unravel the retrospective case histories of eight local authorities were over-ambitious. It became increasingly apparent that basing my surveys on the opinions of middle managers would offer a crude approach to what I wanted to achieve. It may have provided some initial understanding the context and events leading up to the strategy phase but it would offer little value about the real issue I was interested in, namely <u>how</u> the formation of strategy took place. Clearly, getting the agreement of the new chief executive at Northam to carry out an elite single case study strongly influenced my decision to opt for this methodology. I make no excuse for seizing the opportunity this presented. I recognise that by comparing different strategy modes in theory with that observed in practice, this research should provide further insights for strategist in the wider local government context. The use of the 'antagonistic pulls' survey instrument can provide a simple but useful aid to indicate changing perceptions.

CHAPTER 8 | CHANGE AT THE TOP: THE CONTEXT FOR STRATEGY AT NORTHAM

Introduction

My research at the London Borough of Northam covers the period May 1993 to September 1995 and spans three phases in the authority's strategy development. The first relates to the early context leading up to and then following the appointment of the new chief executive. The second examines the preliminary work on strategy formation under the Conservative administration. The third phase considers how the strategy process was further developed under the new, Labour administration brought about by the May 1994 local government elections.

In the first section of this chapter I present a portrait of borough at the time of my research in terms of its locality, demography and local economy. I briefly discuss the political composition of the Council leading up to the abrupt end of the hitherto enduring Conservative group's administration. In Northam, as for other local authorities, the pressures for change were particularly high. With the early retirement of the former chief executive in 1993, I draw attention to the opportunity for change recognised by the political leadership. I explore the perceptions and speculations of the two ruling members of the Conservative group who initiated the recruitment process and took what could be described as a bold decision to appoint Mr MF. As new chief executive, I show that his style and sentiments were clearly in stark contrast to those of his predecessor.

The Early Context

Northam - As an outer London borough, Northam is located on the north east of the city sharing a border with Essex. Today, covering an expanse of 5,652 hectares (13,900 acres), Northam was formed in 1964 by a merging of three local boroughs and by combining parts of other neighbouring areas. Its steady progression from rural to urban

life began in the 19th century, although it is still known as the 'leafy' suburb, probably stemming from the fact that it contains some 1,200 acres of forest, which includes the well-known Epping Forest, and 600 acres of green park land.

In 1992/93, the London Borough of Northam was the 12th most populous borough in London with an estimated 235,000 residents. With approximately 20 per cent of its residents coming from ethnic minority groups, the borough is keen to promote its rich and abundant cultural diversity. Its Council is made up of 63 elected members, and the authority had an annual budget for running expenses totalling £272 million. Employing almost 9,000 full-time and part-time staff[9], it is one of the largest employers in the area. As a council publicity document points out, in terms of employee numbers it is twice the size of Coca Cola Schweppes and larger than Jaguar and Rolls Royce put together with the Woolwich Building Society. Other major employers in the borough include British Telecom, British Aerospace and Britannia Music. The main UK operations of the Ford Motor Company are located nearby in neighbouring Dagenham.

Northam has three main commercial centres. The traditional Town Hall building is situated at the heart of the largest commercial centre in Northam which is the third largest retail centre in London. The borough, in its promotional literature, extols a range of recreational facilities to suit all tastes and points to several buildings of historical and architectural interest.

Political changes - At the time my research commenced, the Conservatives still held political control with 43 of the 63 seats on the Council. The fact of the matter is that for some thirty years, since its inception, the Conservatives had controlled Northam Council without a break. Table 8.1 shows the state of the political parties between 1964-94.

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[9] Includes just under 2,900 teaching staff: Source: 1992/93 Audit Commission Profile.

Table 8.1. State of the Political Parties 1990-94

	CON	LAB	LD	Others	Total
5.5.94	24	29	9	-	62*
3.5.90	42	18	3	-	63
8.5.86	45	17	1	-	63
6.5.82	51	12	-	-	63
4.5.78	50	13	-	-	63
4.5.74	45	15	-	-	60
13.5.71	42	18	-	-	60
9.5.68	55	5	-	-	60
7.5.64	45	15	-	-	60

* At the May 1994 local government election, only two candidates elected in one ward in place of the usual three.

Reflecting national trends, the Conservatives unsurprisingly lost control in May 1994 following the local government elections in London when the Council became officially 'hung' for the first time in its history. Table 8.2 shows the changes in political composition during the Conservative's last, ruling term prior to the Council becoming 'hung'.

Table 8.2 Political Changes of Northam Council 1990-94

	CON	LAB	LD	Others	Total
Composition prior to 1994 Election	**43**	**17**	**3**	**-**	**63**
Vacancies	-	-	-	-	-
By-elections	-	-	-	-	-
Transfers of Allegiance	+1	-2	-	+1	
Composition at 1990 Election	42	18	3	-	63

From Table 8.1, it can be seen that the results of the most recent voting gave Labour 29 seats, the Liberal Democrats 9 seats, leaving the Conservatives with just 24 seats. Despite the dramatic culling of the Conservatives from the Council, both the previous Leader and his Deputy managed to get themselves re-elected as councillors. It is of significance, however, to note that the majority of the elected councillors were new, with little or no experience of running a local authority council previously. Of the 29 Labour councillors, 21 were 'new', of the 9 Liberal Democrats, 6, and the

Conservatives had 3 new councillors. At the time, the chief executive was clearly concerned when he shared these thoughts with me:

'Basically we have an administration of almost exclusively new members. They are ambitious. They come with views about the Council because obviously through the Labour Party they've heard about what it's like. And one of the things we have been doing is breaking down the perception that the officers are sort of distant, remote, arrogant and the one's with all the power. And trying to say we want to listen to you'.[10]

Culture under the Conservative administration - Up until this time, and probably as a consequence of the remarkable steady political environment, the ruling elite believed the authority was doing a 'good job'. Given the Conservative group's very comfortable majority, the general political sentiment at the time was: 'If it ain't broken, then don't mend it!'

The Director of Finance, gave some further insight to the Council's attitude under the previous Conservative administration:

'It's best measured by the fact that the Council doesn't get into trouble with its residents or with the government, and the political groups and the Council don't get into trouble with each other. And the pragmatic approach has helped to avoid those sorts of difficulties'.[11]

Further evidence of this 'pragmatic' approach was similarly revealed by the Director of Personal Services in May 1993 when he characterised the core values of the authority as 'demonstrating value for money', providing 'good quality, basic services at a minimum cost to ratepayers'. This situation, he suggested, may well have been grounded in the controlling group being 'powerfully involved in operational management'.

Indeed, when other interviewees were asked for their opinion on the overall style for managing the authority, they similarly depicted Northam Council as being 'pragmatic'. A situation that may well have contributed to the local press often taking the view that the council was generally 'pretty negative'.

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[10] Fieldwork Interview, new Chief Executive, 6th June 1994.
[11] Fieldwork Interview, Director of Finance, 5th August 1993

The new chief executive's early impressions also provide a characterisation of the Council's style in the first half of 1993. After a number of preliminary meetings held with Directors, other senior staff and councillors, MF portrayed the authority as being 'internally focused and highly bureaucratic, administrative rather than managerial, hierarchic, controlling, risk averse, and producer driven'[12].

The Conservative group, of course, still held power when the incumbent chief executive announced his intention to retire. At that time, Cllr. RB had been the Conservative Leader of the Council for some two years. Together with his Deputy, Cllr KA, the chair of Management Services Committee, they appear to have enjoyed firm control of the Council. The political relationship between them was probably best described by Cllr. KA in his distinctive laconic style:

> '...the difference between RB and I is that RB's an ideas' man, I'm not. I'm an administrator and RB's not. It blends quite well. He decides the policy and I make sure it bloody well gets implemented'[13].

Both the Leader and the Deputy Leader clearly approved of GP's autocratic management style during his period in office. The solid manner in which he has been depicted as managing the authority must have given the political leadership a certain degree of confidence in the running of the authority for as the Leader recalled somewhat contentedly:

> 'GP's way of controlling things was very tight. He knew every single thing. Everyone reported back to him. He controlled the committees. He controlled the officers and all the rest of it. And it worked! You never had a problem...'[14]

The long period of political stability coupled with the situation that GP was always in a position to let them know 'what was going on', appears to have contributed to a cosy combination of power between the political leadership and the executive management team.

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[12] Fieldwork Interview, new Chief Executive, 28th July 1993.
[13] Fieldwork Interview, Deputy Leader of the Council, 28th July 1993.
[14] Fieldwork Interview, Leader of the Council, 28th July 1993.

<u>The Political Perspective</u>

That changes were taking place in local government, however, was fairly apparent to both the Leader and Deputy Leader. How to deal with them was less clear. In an early interview, the Deputy Leader reflected thoughtfully on what had brought about this 'current situation of change':

'Local government generally always changes. The change may not be immediately apparent but local government changes. If you look at the dynamics, there's a 20-year life of the Council. I couldn't put my hand up and say well that change took place in that year or that time.

What has brought about the current situation of change? It primarily is government legislation, CCT, that we are acting more as a business as against something that was there to serve the community at large, let's say, and also the fact that I think that they have taken far more of the resources unto themselves which has left the flexibility that we've got for our own decision making less than it was previously. At one time we were raising - we were getting over 50% of money ourselves, now Government are paying 85% of it. The Unified Business Rate's gone; the flexibility's not there. So change has come about. Northam hasn't, I don't think, in a management sense - whether it be committees or departments - as the things tend to go hand in hand - kept pace with that change. Now if you ask me when was that recognised, I suspect that GP was the person who recognised it and decided there's so much change taking place, I now need to take early retirement and let somebody else come in.'

There is little doubt that the early retirement of this former, 'well-respected' chief executive presented the political leadership at the time with the opportunity to reflect on the type of new chief executive they wanted. As Cllr. KA continued:

'...Now when you reach that stage, then you say to yourself: OK! We'll look. MF fitted the bill as we saw it. MF will drag Northam, if you like, into the 21st century, squealing possibly, just because things don't come about easily. Because Members who have been around some time - Members understand that there has to be change. They may not welcome change; they don't want change; they won't

recognise what change they want but the thing just has to evolve. So no, there wasn't a conscious decision saying that's the type of chief executive we want'[15].

The Leader contemplated, perhaps more tactfully:

When you know Geoff's no longer around, it's like having a fresh sheet of paper. And you can say ...we've got a new page here. How best do we go about it?[16]

An opportunity for change?

'I don't know what I'm looking for but when I see it, I'll know!' This comment attributed to the former Leader of Northam Council[17] appeared to express the quandary and uncertainty both he and his Deputy faced when they embarked on the process to appoint a new chief executive for the authority in the latter half of 1992, following the retirement of the present incumbent - Mr GP.

Despite being 'very happy with how things had been running' under GP, there was also recognition by the Leader that the authority was going through 'tremendous change' and that the opportunity had now arisen to look for someone with 'a slightly different style in management'.

'[GP] had been there for so many years [and] had established so many processes that were particular to him and his *modus operandus*, we decided now is the time to have a different operation'[18].

Nevertheless, the recruitment advert for a new chief executive apparently offered few clues about the Leadership's expectations for this different role of a new chief executive. It contained no reference to 'managing change' or 'uncertainty', to 'challenges or opportunities', or of being 'entrepreneurial'. Nor did the advert explicitly refer to a 'strategic role'. In fact, there was an absence of the usual lexicon frequently contrived in the management jargon to express those sets of the perceived, desirable qualities expected of a chief executive being hired to head up a complex organisation.

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[15] Fieldwork Interview, Deputy Leader of the Council, 28th July 1993.
[16] Fieldwork Interview, Leader of the Council, 28th July 1993.
[17] Attributed to the Leader of the Council by the Deputy Leader - fieldwork interview, 28th July 1993.
[18] Fieldwork Interview, Leader of the Council, 28th July 1993.

The advert, it may be said, was focused more on process management rather than on outcomes and results.

Despite the apparent vague recognition that the Leader and Deputy Leader were searching for 'somebody [who] would need to be able to handle' this type of job, the Leader of the Council confessed that neither he nor the Deputy Leader had any fixed stereotype in mind for the post of new chief executive. What they did decide jointly, was that it was 'time to have a different operation!'

The interview process for a new chief executive commenced in November 1992 with the final interviews scheduled to take place on 3rd December. The Leader recalls that at the time:

> 'There was no doubt that MF, both on the paper we had before us and particularly when we interviewed him [had] that bit of extra...'

At the first shortlisting interview, which involved separate meetings with the Leader and Deputy Leader, MF later confided that he believed 'he hit it off' with them both. What he did not appreciate, he later reminisced, was how well he had hit it off, although adding, that he thought he had hit it offer better with the Deputy Leader than the Leader. The process is worth exploring in a more detail because it helps to shed some light on MF's leadership style and how the foundations for the later commitment of the Directors to the strategy process were laid down. It also reveals some or the early dynamics that took place and how these affected the changes in top management structure and the relationships that developed later.

Part of the interview process involved candidates meeting all the Directors, or in the case of the two incumbent Directors who were also on the shortlist, their Assistant Directors[19]. From MF's account, it seems that he was not the first choice of the Directors. MF recalls that when he met with each of the Directors (as part of the interview process) he did 'a sort of SWOT analysis'. When he got home in the evening, he described how he consolidated his observations into a one-page summary about

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[19] There were two internal candidates – the Director of Land Management and the Director of Personal Services.

Northam. At the following day's interview, it enabled him to provide a 'pretty accurate assessment of the authority' which he claims was 'critical' to his later survival, as he put it, and was 'quite deliberately testing senior management'.

The outcome of the whole interview process, of course, meant that MF, the former Director of Strategic Management at Kent County Council, was selected as the new chief executive. It is noteworthy that MF had never worked in a London borough or a metropolitan authority previously. As a result, MF confessed that he had a compelling need, as he put it, 'to get up to speed quickly.'

So within just a few weeks of receiving confirmation of his appointment (although not yet formally in office), MF began to make preparations for the task and challenges ahead of him. He started by asking the Directors to do two exercises. The first was a series of briefings on key issues about which they thought he, as their new chief executive, ought to be made aware. As MF wanted to avoid anything too lengthy, the format took the form of a series of all-encompassing questions. In an interview, MF expanded on the basic questions for my benefit (see italics):

- what /why?... *(What is it that you want to achieve?)*
- when/how?... *(What are the deadlines? Who's dealing with it?)*
- who/where?... *(How is it being dealt with?)*
- What are the political sensitivities?
- Any other considerations?... *(What are the external relationship issues, if appropriate?)*

MF admitted that he did not want to tell the Directors what the briefings should be about because, as he put it, he didn't know!   To make matters clear he recalls adding the following guidelines in his letter to Directors:

> '...I want you to use your judgement about that [i.e. what should be included]. I don't want to be swamped with paper and I don't want to be left in the dark'.

The Directors were given a month to prepare the first exercise but evidently it caused a lot of consternation because the letter was sent out about 10 days before the intervening Christmas holiday period of 1992. In true leadership style, however, MF confessed to

me that this 'wasn't unreasonable allowing that there would be a week off for Christmas'.

There was a further problem looming, however. The outgoing chief executive had indicated at a Management Board meeting around the time all this was happening that he wanted to vet the responses despite MF having told Directors that he wished to receive them in confidence. According to MF, it seems this brought about a test of loyalties which resulted in two Directors quickly breaking ranks by sending their responses directly to MF's home address[20]. This provoked GP to take steps to put the whole process back a month or two on the grounds that he wanted to see all the responses. Aware that MF's position was being undermined, this prompted another two Directors to break ranks. Obviously, the dynamics of this situation were difficult to corroborate with the other players without breaking MF's confidence. It is understood, however, that both the Borough Personnel Officer and the Personal Assistant to the outgoing chief executive did not break ranks (as they worked for the Chief Executive's Department). Instead, they dutifully handed their responses to GP but privately passed copies on to MF when he came to the Town Hall one day. MF, recounts the incident, clearly reflecting his highhanded and authoritative style:

> '...I said: That's fine! GP's your boss for the next five months; I'm going to be your boss for the next five years after that. Make up your mind!'

MF called the second exercise he gave to Directors: 'thinking about the organisation'. Its purpose was to get Directors to do 'a bit of brainstorming', MF recounted. Again, it was in the form of a number of questions about the authority:

- What are the things the organisation does?
- What do you value what don't you value?
- What do you value that it [the organisation] doesn't do?
- What are the external pressures?

Once again, Directors were asked to keep this brief by capturing the points in about two pages of A4. As with the first exercise, MF then met each Director together with their

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[20] These were the two internal candidates. Both the Directors of Personal Services and Land Management were unsuccessful in their applications for the post of new chief executive.

management teams for further discussions, which MF recalls lasted between two to four hours. The outcome of both exercises, MF later claimed, was that it began to give him 'a pretty rich feel for the place'.

I was given access to the Key Issue sheets in the course of my research. The empirical findings show that Directors (and their respective Assistant Directors) probably spent some considerable time and thought in preparing their responses to the first exercise. For example, front line services such as Educational Services, produced 32 issues papers, while Technical Services came up with about 52. On the other hand, the Administration and Legal Services Directorate identified only 5 issues. Table 8.3 summarises the 'status' given to the 130 key issues identified by the six Directorates in response to the first exercise. Although some were readily seen to be either corporate or service-related, there were a number that were categorised as both corporate and service-related with others described as having an external impact. This latter category has been grouped together in the table under 'both/other'.

Table 8.3 - <u>Issue identification and status</u>

	Status allocated to Issue			
Directorate	**Corporate**	**Service**	**Both/other**	**Total**
Personal Services	-	6	2	8
Technical Services	22	19	11	52
Educational Services	2	23	7	32
Admin & Legal Services	3	2	-	5
Finance	6	4	4	14
Land Management ^{see note below}	8	5	6	19
Total				130

Note: The Director of Land Management, for reasons of confidentiality, only provided a simple list of issue headings. As such, the allocation to an issue status may not necessarily reflect how this Directorate perceived it. No data was obtained for the chief executive's department.

In addition to meeting Directors with their Management Teams, MF later met all the Directors for two full working 'away-days' on 17/18th May 1993 facilitated by an Ashridge Consultant to encourage team working.

In the period prior to MF taking up his appointment, he also met informally with Committee Chairmen and Group Leaders. From his discussions with them, he admits that a 'style' for managing the authority began to emerge. Moreover, he claimed, 'it's given me a wealth of information'. From a list of chairmen's comments in response to the question: 'what are you expecting of me?', the new chief executive claims he was able to distil a number of themes: clear direction and leadership; visibility and accessibility; a corporate approach; bringing the organisation up to date; innovation and ideas; effectiveness and efficiency; clarifying Members' role; managing influence. Arising from these discussions, MF states he quickly discovered that whilst Northam was an organisation that didn't like change, most chairmen were saying that it needs to! This situation, MF perceived, also gave him a 'great deal of strength'.

These early meetings were closely followed up with another fact-finding task, which MF had indicated he wished to undertake at his interview. So in February 1993, he wrote to all 62 councillors asking to meet them in their wards. He sent them a list of 20 questions to think about beforehand which he briefly showed me at an interview on 17th June 1993. At that meeting, the chief executive explained that the questions were grouped under four headings:

1. Is there anything not on the list that you want to talk about?
    And three questions about the borough...
2. What's on your agenda (policy)?
3. What are the issues facing the Council?
4. Impressions about the Directorates?

The purpose, he outlined, was to gain some understanding of Members' concerns about the Council, to discuss their role and feelings about the borough. Some of the ward meetings are understood to have lasted 6 hours although usually, they took about a half-an-hour to an hour. The meetings sometimes involved a tour of the ward – sometimes on foot sometimes by car. At the end of the first Council meeting he attended, MF proudly reflected on how he 'got mobbed' with Members coming over to him saying 'this is terrific'. One Member of the controlling group, MF disclosed, came over to him and said: 'I've been on the Council for nearly 8 years and I never met the chief

executive!' The whole process apparently went down well with backbenchers. MF thought they liked it 'immensely'. One Labour Member, MF enthusiastically recalled, also took 'an incredible amount of trouble' to show him the issues. The outcome of this exercise, MF confirmed, was that it 'left a very vivid impression on [him]' [21].

The Directorate question was clearly bold and audacious. It is one of the most difficult questions for Members to answer, MF divulged. Expanding on this, MF admitted it was designed to get Member's views on 'the people who are good' and, the unspoken, converse side to it, 'who are the ones [Members] think are a waste of space?' as he put it in his usual pithy way. He followed up by confidently adding: 'And they tell me that as well!' The whole exercise clearly took a great deal of MF's time and even by June 1993, after formally taking up office, the chief executive was still working through his ward visits, although they are were understood to have been almost completed.

In a further bold question: 'What are you expecting of me as Chief Executive?' Members were reported[22] to have responded under eight themes. Although there were no tumultuous revelations, the themes are reproduced here to show that the Members of Northam probably had the right sort of expectations given the state of local government at the time. They would come as no surprise to most local government councillors up and down the country: They were:

- Clear direction and leadership
- Visibility and accessibility to Members and staff
- Development of a corporate approach
- Managing change
- Supporting innovation and ideas

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[21] Fieldwork Interview, new Chief Executive, 17th June 1993.
[22] Policy & Resources Committee Report entitled: *Facing the Future: Towards a New Approach* 15th July 1993.

- Ensuring a well-run, efficient <u>and</u> effective organisation

- Helping Members to clarify and redefine their role in the light of changes

- Achieving more influence for Northam, putting the Borough '*on the map'*.

In many ways the analysis of the responses in the report appears to have been the result, to some extent, of stage-management.   The phrases used are typically associated with the chief executive's sentiments and the analysis was carried out by him alone.

<u>A profile of the new chief executive and his first year's action plan</u>

On May 20th 1993, the new chief executive formally took up his post at the Northam. Perhaps unsurprisingly, this appointment was to trigger a new management style for the authority.   In addition to the above exercises, there was evidence to support the chief executive's passion to pursue the same leadership stance that he had developed over the years of working at Kent and Wrekin.   It soon became apparent, as MF pointed out, that there was no business plan at Northam.   From the outset MF was convinced, therefore, (as he explained to me in a June 1993 interview) that the authority needed to tackle two things: 'At its simplest, the organisation needs to be clear about direction and purpose, and needs to be diligent in managing performance'.

Before moving on to his 'First Year's Action Plan', it will enlightening to provide a short portrayal of the new chief executive as the principal actor in this case study. Having established a good rapport with him at the first interview in June 1993, MF clearly felt confident enough share some personal events with me about his early academic pursuits and career. Although not biographical, the following account does provide some vital clues as to MF's personality and character. It will be useful to bear these in mind in when I examine the role of leadership at Northam.

During the first interview, MF began by telling me that his first job in local government was when he went to work for Kent County Council for two and a half years training to be a planning assistant. He recalls the training was so appalling that he decided to go to

Lancaster University to study for a planning degree. He was quite candid about the fact that he dropped out of the course after three years although, in between going to university, he explains he undertook manual jobs in order to get some money together. In his plain-spoken style, to which I was soon to become accustomed, he stated that the reason he dropped out was simply that he did not want to be a town planner. As a result, he simply carried on doing a manual job for a further 2 years. He worked as a hospital porter for a year, which included a stint as shop steward during the first ancillary workers dispute. He openly admits he found this a fantastic experience. He also worked as a park keeper and as a factory worker then spent some months unemployed during the three-day week.

For economic reasons, he realised he could obtain a grant if he went back to university, although at the time, he says, he was unhappy about continuing with the planning course. Despite his reluctance, he did return to university and completed the course, this time, he claims, it was 'on his own terms'. This meant, he explained, that he did not do any 'real planning stuff in the final year'. He was more interested, he professed, 'in policy making and decision making and that stuff'. 'I managed to get a bloody good first degree' he admits and in 1976 went on to study for a Masters degree.

Following this, he decided to research for a PhD at Loughborough University but says he 'got bored with it'. The reason, he revealed, was that he was not temperamentally suited to research. Although 'it seemed a good idea at the time', he added. In 1979 he decided 'to jack it in', as he bluntly put it. Later in that year, he joined Wrekin Council just after the Tories got in to power. He had a succession of jobs there, he recollects. In fact, he reminisces, he had five jobs in 7 years, starting as a researcher and ending with the winding up the Development Corporation. He also recalls working for two and half years at Nuneaton Borough Council 'as part of the course'.

He rejoined Kent in 1986 as Head of Corporate Support. After 3 years, he was re-designated as Director of Strategic Management. In April 1993, he joined Northam as chief executive having unsuccessfully applied for similar posts from time to time. With a kind of perverse pride, he declared that he never practised as a planner since qualifying. In fact, he adds, the first thing he did was resign from the Royal Town

Planning Institute. At the time of this interview, MF reckoned that he had spent, post-qualification, about 14 years in local government.

Whilst at Kent C. C., he mentioned that he was involved in developing and publishing a training video and workbook jointly with Price Waterhouse called 'Meeting the Challenge – Making Strategic Management Work'. Without claiming originality for it, he went on to explain that his role in the project was 'pulling together a number of strands in syndicate' using his 'synthesising skills'.

Just before going off on his summer holiday in August 1993. MF, in true leadership style, set about dealing with the imperatives of the organisational shortfalls at Northam by developing an action plan (see table 8.4). The plan lists 15 'activities' ranging from creating a vision for the authority to a complete structural review, most of which he ambitiously planned on achieving during the remaining nine months of the 1993-94 Council Year.

Conclusion

What I have shown here, is the early context and the embryonic stages of the strategy process in the London Borough Northam - a traditional local authority whose political leadership grudgingly recognised that local government was changing. Up until now, the long period of political stability coupled with an autocratic former chief executive had provided a cosy set up for the political leadership. The former chief executive's decision to retire presented the incumbent political leadership with a quandary. That changes were happening was self-evident. Their perception was that these changes were imposed changes, brought about in the main by government legislation. On top of it all, financial constraints were forcing them to act more like a business. A climate of uncertainty clearly surrounded them but the appropriate mechanism to deal with it had so far deluded them. Although the political leadership was unsure how to proceed, MF appeared to 'fit the bill'. As the preferred choice for chief executive, his strong personality and previous experience in managing strategic change would act as the vital catalyst needed to 'drag' Northam into the 21st century. His first year's action plan indicates a clear sense of process and purpose and in many ways is suggestive of the 'partly deliberate, partly emergent and deliberately emergent' strategy types of

Mintzberg and Waters (1989) outlined in chapter 2. Unsurprisingly, councillors at Northam were now seeking clear direction and leadership in the context of a well run, efficient organisation.

Table 8.4 The Chief Executive's First Year's Action Plan 1993-94

	Activity	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	New council year
1	**Vision**	Agree with committee chairmen	P&R report							
2	**Culture change**		Results of employee surveys?	Engage cultural change consultants	Senior Management	Middle management				Rest of organisation. (How?)
3	**Internal Communications**	☆ (Employees newsletter)		☆	Develop upward communication initiatives	☆		☆		☆
4	**Lobbying/ Influencing**	Engage consultants		SSA/Grant Settlement (+ other issues as necessary)	Contract Review		Contract Review			
5	**Strategy & Policy**	Resource allocation process. Development of medium term planning system			Unified Budget	Budget Making		Service/Business Plans 94/5		
6	**Monitoring**	Develop new system for Resource Monitoring		Development of Performance Indicators / Measurement						
7	**Resource Management**	AD TASK FORCE								
8	**Competition**	AD TASK FORCE								
9	**Information mgmt.**	To be developed with needs of 5,6,7 and 12 in particular - links to monitoring								
10	**Training & orgn. Devt.**		Training audit		Identify/agree corporate training needs	Establish Corporate Training Board to advise				
11	**Performance Management**			Establish corporate review programme	Management					Develop performance management system
12	**Service delivery**	AD TASK FORCE			Management Letter					
13	**Image/PR**	Corporate PR and Communication Strategy		Re-vamp corporate image & logo						
14	**Role of members, etc.**	INTERNAL MANAGEMENT REVIEW		REVIEW OF STANDING ORDERS / REVIEW OF COMMITTEE STRUCTURE						
15	**Structure**		Chief Executive's Department							Review of orgn. Structure in light of key policy issues, CCT, LMS, etc.

CHAPTER 9 | LEADERSHIP, POWER AND CULTURE AT THE LONDON BOROUGH OF NORTHAM

Introduction

Most local authority's in the U.K. have a chief executive who is usually appointed by elected councillors. The role of the chief executive will include leadership of staff, overseeing the affairs of the organisation and the smooth running of its day to day operations. To achieve organisational cohesiveness and corporate direction – ideals closely allied to the concept of strategy - chief executives need to be effective leaders empowered to take this forward. Several leadership studies of the 1970s and 1980s emphasise that leaders and leadership are crucial but complex components of organisations. Selznick (1957) has suggested that an understanding of leadership in both public and private organisations must have a high place on the agenda of social enquiry. Although written back in the 1950s, Selznick's essay introduced a number of concepts that have become the foundation of current thinking about the relation of leadership to organisational culture, the notion of a distinctive competence, goal setting, and so on.

Leadership and power are conspicuously related concepts, which when properly combined can lead to successful achievement of objectives. As a significant feature of my case study, I first consider the nature of leadership, drawing on some classical research, before inquiring into the vexing question: who is the leader (in Northam) and where does the centre of power actually lie?

In a local authority, the constitutional power is vested *de jure* in the council encompassing all the elected members. The group leadership will be a powerful body, too but as Collinge (1997) has observed, the political and organisational structure of the committee system, as a feature of British local government, will tend to inhibit the strategic ambitions of the chief executives (p. 354). Given the traditional style of Northam until now, the empowerment of the new chief executive by the controlling

group must be seen as a bold step. Inspired by these ideas, this chapter explores the complex relationship between the chief executive and the ruling group in their desire to set a new strategic direction for the London Borough of Northam.

In the third adjunct to this chapter, I acknowledge that researchers now generally recognised that culture is an influencing force in all organisations. After considering some theoretic models in the public sector, I present a perspective of the culture at Northam in order to provide an impression of the human aspects and other behavioural influences on the strategy process. Finally, I return to the leadership's desire for change and explore the steps taken by the new chief executive to gain commitment.

Theories of leadership

Psychologists have been preoccupied with the concept of leadership, and in particular its style and effectiveness in group activities for at least the last fifty years. Two main themes have dominated thinking since then: how do leaders emerge, and what constitutes effective leadership? Prior to that, the very earliest studies (up to the late 1940s) were concerned with establishing whether leaders were born or made. Those who believed that leaders were born, the so-called 'great person theorists', spent years trying to identify the personal *traits* that leaders shared which distinguished them from followers. Most researchers, discouraged by the findings, decided to give up their search, concluding there were no consistent difference in personal qualities between leaders and followers. At around that time studies were being conducted that looked into the effectiveness of different *leadership styles*. An early and famous study to examine this theme was conducted by Lewin et al.(1939).

They looked at how leaders behaved rather than their personal characteristics, investigating the effect of authoritarian, democratic and *laissez-faire* adult leaders on the behaviour of 10-year old boys at an after-school model-making club. The results showed that in line, perhaps, with what one would implicitly expect, the 'democratic' style appeared to be the favourable and acceptable one of the three studies. The question, though, which began to occupy researchers in the 1950s was whether a democratic style was appropriate in all situations, given the diverse functions of groups. For example, the leadership style for running a charity shop is unlikely to be equivalent

to that needed in a military situation or a local authority. This kind of consideration was partly responsible for emergence of the *situational approach*.

The situational approach recognises that leadership involves leaders and followers in different role relationships and that there are several paths to becoming validated as a leader. For example, in a formal group situation the leader is assigned the role of appointed leader by an external authority. In the informal situation the leader may emerge and achieve his or her authority as a result of group support. While not ignoring the leader's characteristics, the situational approach also took account of the relationship between the leader to the group in a given situation of which a major feature will be the group's primary task. In the 1960s there was a revival of interest in the relevance of the leader's behavioural characteristics but adopting a more sophisticated approach emphasised the need to consider this in relation to the situations in which the behaviour is conducted. The best known is probably Fiedler's (1967) *contingency model*. His assertion is that leadership effectiveness is dependent on a fit or match between the leaders personal qualities or behavioural style and the requirements of the situation. An essential feature of his model is the proposition that leaders are either 'task-orientated' or 'relationship-orientated'. Fiedler measured the propensity for a least preferred co-worker (LPC) as an important characteristic of leaders. Those who perceive an LPC in a favourable light had a high LPC score and tended to be more accepting, permissive, considerate and person or relationship-orientated. In contrast, those who perceive an LPC in unfavourable terms tend to be directing, dominant and controlling and were termed task-orientated. According to Fiedler, the effectiveness of leaders will depend on different combinations of leader and the level of situational control over followers or subordinates. While similar laboratory studies of such groups as boards of directors, basketball teams and bomber crews have supported Fiedler's theory, there have been criticisms. For example, some studies show that the LPC score does not remain fixed over time and may be influenced by factors such as the gender of the leader in relation to the other group members. Fiedler's model focuses on actual performance and ignores such variables as employee satisfaction.

Another important contingency approach study is the work of Vroom and Yetton (1973). According to their model, a significant feature of leaders' effectiveness is the

extent to which they allow subordinates to participate in decision-making. The theory proposes a prescription of how autocratic or participative the leader should be when making a decision. For example, Vroom and Yetton's theory proposes that an autocratic style of leadership will be most appropriate when a) the quality of the decision is vitally important, and b) when the decision will work, even without the agreement of the subordinates. On the other hand, if the leader is unsure whether a decision will be accepted if he were to make the decision on his own, then a more participative style will be more successful. The key to effective leadership, Vroom and Yetton's model suggest, is about engaging the appropriate amount of participation depending on the situation.

The focus on leadership in the management literatures is, naturally not new, either. After all, the broad definition of management embraces the concept of getting things done through people in an organisational setting. However, as McFarland (1974) notes leadership is an 'elusive' concept with many earlier writers seeing leadership as the process of influencing people within the realms of expectations or desirable outcomes. For example, Koontz and O'Donnell (1972) describe it as 'the art of inducing subordinates to accomplish their assignments with zeal and confidence.' Haimann and Scott (1974) see it as a process for directing, guiding and influencing people in choosing and achieving goals while Davis (1972) characterises leadership as the ability to persuade others so that they attain their set objectives in an enthusiastic manner. Defined in such terms of process and virtue, there is still a certain vagueness concerning the actual tools or techniques for leadership competence. One important feature highlighted by Bryman (1989) is whether all this is really about leadership or is it inseparable from the art of management? He argues that since there is a tendency for management to be seen as almost inseparable from leadership, it is difficult to see why leadership should be viewed as a separate domain.

In some respects, this dilemma is sustained by Christensen et al. (1987) who go so far as to equate 'management' as *leadership* [my italics] in the informed, planned, purposeful conduct of complex organised activity. There is an important difference, of course, between leadership and management. Bryman (1989), for example, suggests that the

ability to invoke a 'passion', 'to inspire others to greater achievement' could be seen as qualities that distinguish leaders.

The use of such symbolic language, of course is problematic when seeking to identify the real nature and quality of leadership at this level. Any kind of analysis will need to emphasise the value of leadership for organisational success. I believe Selznick (1957) elegantly achieves this by lifting leadership out of the technical limitations of task-orientated management and introducing the concept of 'statesmanship' and the notion of a distinctive competence an organisation achieves by becoming 'institutionalised'. His argument is eloquently but simply stated: 'The executive becomes a statesman as he makes the transition from administrative manager to institutional leadership'. The most significant point here is that to be effective, the leader's role is to 'infuse [the organisation] with value'. The implications for this case study with regard to the management of the strategy process are that 'institutional' leaders create conditions that will empower their organisations to secure commitment to purpose.

Inevitably, management textbooks place much emphasis on the value of leadership. In the business context, the chief executive invariably fulfils the leadership role. It is he or she, who will have the best vantage point from which to influence the processes involved in integrating effort to achieve the organisation's chosen objectives and sustaining adaptability.

<u>Leadership in the case study authority</u>

This case study supports the conventional wisdom that the role of leadership was and is a crucial element in the strategy process at the London Borough of Northam. The exact nature as to how this influences that process is less clear. From observations and the comments in interviews with the principal actors in this study, the role, its influence and effectiveness are, however, seen to be even more complex in the formally politicised local government environment than the business orientated context typically analysed in much of the management literature. One notable confounding factor in the local government context in Britain, is that leadership roles have been in a state of flux since at least the investigation carried out for the Maud Report in the mid 1960s. Local administrations have become 'politicised' by elected councillors trespassing on

management's turf (Walker, 1991). As the Widdicombe committee (1988) put it: 'A merging of roles is not desirable. Councillors should leave the day-to-day implementation of policies, including staff management, as far as possible to officers, and officers should demonstrate that they are sensitive to the political aspirations underlying those policies.' As a result, Walker postulates, there is 'the recognition that taking charge of the fate of the local authority organisation is a job, a politico-managerial task.' This new situation, it can be argued, has precipitated much of the organisational uncertainty in local government in Britain over the last decade. It is grounded in the intrinsic dilemma brought about by leadership role conflicts. Walker goes on to suggest two antagonistic leadership typologies as having emerged: 'agents of change' and 'system maintainers'. Referring to political leaders, the system maintaining roles are portrayed as the 'City Boss' type and the 'Chairman of the Board'. Walker's graphic descriptions closely correspond to the leadership types of the [then] leader and deputy leader of Northam council, at the commencement of this case study. Since the excerpts below, taken from Walker's paper, encapsulate much of the style and personality that both the leader and deputy leader brought to their respective roles, they are worthwhile reproducing here. The first description closely resembles the style and values of the leader of the council.

'City Boss'
'The focus of the elected leader is outside the local authority as a managerial structure. His concern is the maintenance of group and party. He handles the opposition and the party outside the local authority. He manages a range of external relationships, pressure groups, public, media… Direct involvement in management tends to come once 'trouble' has been identified in, say, delivery of a particular service.' (Walker, 1991 p.7)

In contrast, the deputy leader epitomised much of the qualities of the 'Chairman of the Board' type which had previously been given currency in the Audit Commission report: *'We Can't Go On Meeting Like This'* (1990).

Chairman of the Board
'In his local authority manifestation, his aim is to be a leader who does not need to be here, preferring to sit as a 'juror' to whom is presented evidence, on which discreet

judgements are made by him and party colleagues. The Chairman's length of experience is one of his managerial ploys: he always knows whether a particular administrative problem has cropped up before. The style is avuncular veering towards autocratic. It is problem orientated but respectful of the existing hierarchy of executive officers.' (Walker, 1991 p.8)

The contrasting styles were well depicted in an interview with the DPS:

> 'Councillor B [the council leader] is outward looking. He's far more interested in pan-London issues. He's Chairman of the LBA Environment Committee. He's been involved on the London Grants Committee. I think he wants Northam very much to be on the map in terms of an organisation which is dynamic, forward thinking, in line with government policy. Councillor A [the deputy leader] is very different. He's very committed and dedicated to the organisation. He is a man of detail but I think he's interested in what we're trying to do here. I think like a lot of members he feels very threatened by the unknown, in terms of what are the implications for all of us and how will that relate to me personally as an elected councillor. What will that do to my power base. How will my areas of influence change and alter as a result of this. And a kind of wanting it to happen in an intellectual sense but in an emotional sense being very uncertain about it. If he were leader, he wouldn't have any problem with it.'[23]

A similar view was expressed by the Director of Technical Services:

> '. . . . He sees his role as being a bit detached from the day-to-day, hurly-burly and management of the authority. He will assign objectives and policy decisions and expect them to be executed by others. Mainly the Deputy Leader, the Chairmen of the Service Committees and the Directors.'[24]

Referring to the appointment of the new chief executive, the leader was at pains to let me know where he and his fellow councillors stood on policy making: 'The first important point is that members are the policy makers. …They will get a little 'uperty' if they think anybody's coming in here and making decisions that are rightfully theirs.'

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[23] Fieldwork Interview, Director of Personal Services, 2nd August 1993.
[24] Fieldwork Interview, Director of Technical Services 5th August 1993.

Similarly, he gave clear signals of his 'concern for group and party maintenance.' When we discussed the potential opposition of the new chief executive's report to Policy & Resources committee on 'strategic change', the leader was unequivocal: '… I want my group to vote as a block. And if they vote as a block then the other two groups can vote how they like.'

The leader was also quite clear whose job it was to deal with any subsequent opposition: 'It's [the chief executive's] problem or job … to deal with this group and to explain and convince. I don't see that as my job.'[25]

Although the [then] ruling party at Northam was Conservative, the deputy leader had crossed the Chamber in 1980 having started his local government political career in the Labour Party. As deputy leader, he was well-known for his autocratic style. As chair of the Management Services Committee, he confessed: 'I bulldoze stuff through sometimes, as you may have appreciated.'

In contrast to the Leader's style, he explained:

'The difference between [the Leader] and I is that [the Leader] is an ideas man and I'm not. I'm an administrator and [the Leader] is not. It blends quite well. He decides the policy and I make sure it bloody well gets implemented.'

Adding some weight to my assessment of their contrasting leadership styles, the Deputy Leader admitted: '[The Leader] spends little time in this Town Hall. I spend probably too much time in it.'

While acknowledging that the Leader was 'very shrewd', the Deputy Leader also recognised that their differences were a strength between them that seemed to work. As he illustrated with this example:

'Give the Leader a five page report and ask him to read it by tomorrow. He won't. He'll 'phone you up and say: 'I've been through this but just take me through it again, will you?' He won't read it. He won't study it. Give me a document and tell

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[25] Quotes taken from a fieldwork interview with the former Leader, July 1993.

me to read it by tomorrow morning and I'll come back and ask you a dozen questions about it.'[26]

It seems there is little dispute that the appointment of a new chief executive was fortuitous for Northam in a number of ways. It brought an invigorating element into the 'leadership' context. Someone who was able to adopt a corporate approach and able to articulate values. Someone able to provide clear direction and leadership in a climate of change. It also brought in someone who considered his interest in policy to be quite legitimate. Someone able take his priorities from extensive soundings. Someone ready to manage the conflicts that would inevitably ensue in a climate of limiting financial resources. Someone capable in developing within the organisation the necessary skills to implement the strategy process. In short, an agent of change.

This appointment came at a time when 'members [were] desperate', as one director disclosed to me. This situation was evidenced by the tenor of the responses the new chief executive received when he took soundings from the committee chairs. When he asked them what they expected from him, I understand the themes came down to: clear direction and leadership; visibility and accessibility; a corporate approach; change – bringing the organisation up to date, efficient and effective; clarification of members' roles; managing influence.[27]

Much of the foregoing predisposes me to agree with Douglas Sinclair (1994) who has argued that three key factors are needed in securing an effective direction for a local authority. Firstly, quality and clarity of vision of the administration of a council. Secondly, quality of leadership provided by the chief executive and leader of the council, and finally, quality of the relationship between the chief executive and leader of the council.

This third factor is crucial in my mind, for as Walker (1991) adeptly reminds us 'whatever qualities, attributes or aspirations the new chief executive may offer, little change will take place if it excludes, for whatever reason, the possessors of local

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[26] Fieldwork Interview, former Deputy Leader, 28th July 1993
[27] Fieldwork Interview, new Chief Executive, 17th June 1993.

(political) authority.' The importance of this latter point was recognised by Sinclair (*ibid.*) but he envisaged a broader organisational context, when he cautioned: 'new chief executives cannot – and, indeed, should not – try and set the key management values of the organisation in isolation. These need to be validated and supported by the political leadership, by the management team and ultimately by the employees, themselves.'

As this case study will bear out, it is crucial to the strategy process that the political and management leadership is in accord. This relationship should be based on trust, mutual respect and on a shared agenda. The need for this interdependence is similarly endorsed by Norton (1991) who firmly suggests that 'both leader and chief executive need to find the influence or power between them to formulate a viable strategy with colleagues and to execute it.' Of course, this all seems like sensible advice but in reality as McAndrew (1993), a local government practitioner/chief executive?? himself, cautions it is quite possible for formal arrangements to be at odds with the informal so that what appears to be embraced in the formal processes may be 'despised' and 'ridiculed' in the informal. If this happens, it can be a disaster for the strategy process. Similar difficulties are highlighted by Norton (1991: 185) who suggests, by way of example, that the chief executive's authority may depend on a fragile consensus. The chief executive may be seen to be aligned to the political leader but too far from the traditional apolitical role. These and other familiar 'black scenarios' are apparently close to what can happen. At Northam, for example, potential points of strain did exist between the chief executive and the leader from time to time as well as well as between himself and a few entrenched directors. As the case study will later show, 'removals' from office and 'negotiated early retirements' became a tactic the new chief executive would employ to achieve the task he had set himself of 'enhancing [the authority's] capability.'

The role of the chief executive

At this point it will be useful to briefly review the role of the chief executive of a local authority in Britain as it relates to the question of strategy development and implementation. The concept of a chief executive in local government is a relatively new one. It was introduced some 30 years ago by the Bains Report in England and the Paterson Report in Scotland. It is the title given to the most senior officer. Today, virtually all authorities have established chief executive posts, and most authorities have

a senior management team composed of departmental chief officers (often call directors) led by the chief executive (Audit Commission, 1989). At L.B. Northam, this management team was known as the Executive Management Team [EMT].

The role of chief executive can be equated with the leadership of staff and the general management of the affairs of the council. In Local Government Training Board booklet, (1990) designed to acquaint new local councillors with local government, the chief executive is described as 'the principal adviser to the authority and is responsible for the smooth running and co-ordination of the authority.' Because of the political dimension of local government, the chief executive's role is extended beyond that of his/her equivalent in the private sector. The chief executive in a local authority becomes the main link both between the departmental directors (chief officers) and between the directors and the councillors. This aspect of their role is given some prominence by Norton (1991). He stresses:

> 'while leaders of councils are normally seen to have responsibility for securing unity of policy, they are often largely dependent on chief executives to secure a decision-making process in which the contributions of officers and members are reconciled.' (page xiii)

This view is reflected in Northam. A director discerned that members having given the remit to the chief executive, expected him to 'get along and do it; and when you're ready come back to us with something'[28].

In summing up the conclusions of his research, Norton (*ibid.*) found that a fairly consistent pattern of the role emerges which as can be seen from the functions and qualities he listed embody much of Berry's (1994) suppositions (see chapter 4). There were four key areas which closely the embrace of the strategic management role in local government. As summarised from Norton's survey, they were:

- leadership

- securing sound internal and constructive relationships and effective decision making processes between members and officers

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[28] Fieldwork Interview, Director of Personal Services, 19th October 1993.

- policy advice, policy making, strategy and the planning of policy implementation

- co-ordination, effectiveness, efficiency and restructuring, including organisational development.

Other closely related functions which were also found as a high priority were:

- innovative thinking and bringing ideas into the arena of debate

- promoting agreed values and objectives.

Critical to the process, will be the task of the new chief executive in establishing his or her new team of directors as a coherent management team with a shared and common agenda. In Northam, the approach taken by MF was very much along the lines of the 'centripetal' tendency identified by Collinge (1997) whereby the new chief executive sought to establish 'executive coherence at the managerial level'. Although, during the early period of his office he was unable to formally introduce corporate management posts, the overall thrust was establish procedures that would weaken the strong departmentalist culture and establish greater 'corporate coherence' (p.352).

Power and empowerment

Neither the 'power-behavioural' nor formal systems planning paradigm adequately characterises the way the successful strategic process operates (Quinn, 1978: 97). While the causes of change vary widely, there was much early anecdotal evidence in this case study to suggest the appearance of a new chief executive was the key event that was expected to precipitate organisational transformation. This seems to accord well with Norton's survey and analysis of the role of the chief executive in British local government where he identified that in many cases there is an expectation from leading councillors that the chief executive should have 'very strong powers'. As agents of change, they are individuals who will wish to establish their own particular stamp on an organisation (Norton, 1991).

Even though one generally equates strategy with creating change, strategy itself is really about continuity, not change. It is concerned with imposing patterns of behaviour on an organisation, whether this takes the form of intentions in advance that deliberate

strategies or actions after the fact that fall into consistent patterns of emergent strategies (Mintzberg and Quinn, 1992: 393).

Leadership and power then, are closely related concepts. The formal power vested in the chief executive by virtue of his successful appointment to that role must therefore be seen in the context of his strong leadership qualities. There seems little doubt that the empowerment MF formally acquired on his appointment to the post of chief executive coupled with his outward-going image of self-confidence, were significant influences on change. Once again, the context at Northam appeared to parallel closely with Collinge's (1997: 354) observations:

> '…in officer-led authorities…the weakness of politicians and committees clears the path for the chief executive to become the de facto centre of power, to forge corporate unity, to exert management control over the chief officers and via these over the politicians, committees, and the authority as a whole'.

However, in addition to the 'weakness', I also observed at Northam a strong degree of uncertainty about what steps needed to be taken among the political leadership and the desire to be led by their newly appointed chief executive.

Dealing with culture

Leadership and power, it has to be acknowledged, operate in a cultural context and there has been much general discussion of these issues in the 1980s and early 1990s. The 'culture' theme, for example, was given great prominence in the prominent Peter and Waterman's book entitled *In Search of Excellence* (1982) in which successful organisations are depicted as being 'rich in culture; as having a 'strong culture' by being infused with strong and sustaining belief systems. This fixation on culture and the need to influence it may even have led some commentators to suggest that 'managing corporate cultures is now possible' (Kilmann *et al*., 1985: 431). Indeed, designing a culture to promote organisational 'excellence' in certain situations and circumstances has quickly become a key task for top management.

While the early emphasis was focused on business organisations, it was not too long before public service reformers were urging public sector managers to take account of existing cultures and were soon offering prescriptions for cultural change. As Pollitt

(1990) has observed 'in the United States entire institutions emerged with the express mission of fostering a culture of 'excellence' in federal, state and local administration' (p.166).

Back in the UK, there was also a growing recognition that the prevalent culture in government departments was sustaining inefficiencies. As a result, one of the Thatcher government's first acts was to appoint Sir Derek (later Lord) Rayner from Marks and Spencer to advise it on the promotion of efficiency and the elimination of waste in the civil service. Colville *et al*., (1993) have argued that having been founded in the classic principles of the Weberian bureaucracy, the 'lumbering hierarchies' of government departments are no longer appropriate to the times. What is needed are 'faster thinking' more responsive organisations. The FMI[29] was one of a series of programmes intended to induce a culture of cost consciousness and resource management within the civil service (Henkel, 1991). Driven by a government determined to reform the public sector, Newman (1994) sees such initiatives as having been largely reactive, 'conditioned by the efforts to unlock past assumptions, values, habits and ways of working...'(p. 3).

Furthermore, an early academic assessment of the Thatcher administration's FMI warned that: 'broadening the meaning of management involves overcoming some deeply entrenched *attitudes* (my italics) which maintain the separation of management and politics' (Metcalfe and Richards, 1984: 452-3). The effect of this was to influence the kind of commitment employees felt towards their organisation, how flexible they were, the quality of service delivery they aspired to, their confidence in management and so on (Pollitt, 1990).

The notion of an organisational culture that could influence or impact on the quality of service delivery soon became the standard repertoire of many a local authority manager in the UK. Changing the values, beliefs and attitudes of the workforce became a feasible management response for pursuing the rhetoric of 'economy, efficiency and effectiveness' conventionally prescribed by the Audit Commission.

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[29] The Financial Management Initiative (1982) and its successor the Next Steps (1988) were the Conservative government's mechanism for bringing about culture change in the civil service.

There seems little doubt among practitioners and academics that culture is generally an influencing force in all organisations. It influences the way an organisation develops new ideas, considers and prioritises options, and responds to changes in its environment. Moreover, as an intrinsic part of an organisation's character, culture can also be seen to 'permeate many critical aspects of strategy making' (Mintzberg and Quinn, 1992:177).

In a sense, these authors explain, culture may be considered the mirror opposite of power exercised as politics (*ibid*:178). For while power focuses on self-interest, culture concentrates on the collective interest through shared systems of beliefs, habits, and traditions. Pollitt (1990), in his examination of the rise of managerialism in the public sector, similarly sees culture as concerned with the 'soft stuff' of beliefs, attitudes, rituals and symbols.

With the generic prescriptions for organisational success in Peters and Waterman's best seller (1982) bringing respectability to the notion of cultural change, the message for public sector managers became quite clear: changing the organisations culture is necessary if the broader service objectives are to be achieved. How this should be done, however was much less clear.

Turning to models of culture change within the public sector, Wilson (1993) suggests that they appear to operate on three dimensions. See table 9.1 reproduced below:

Table 9.1   Dimensions of change

Coercion	------	Persuasion
Surface	------	Depth
Quick fix	------	Time investment

Source: Wilson, Public Services and the 1990s (1993:47)

Before examining the process of cultural change as an element of the strategy process, the next stage is to explore the cultures and subcultures that were identified at Northam in more detail. An examination of the cultural symbolism at the outset of my Northam study followed by an assessment of some of the movement towards cultural change may arguably help to provide some guidance in understanding the complexity of the strategic

management process. In this connection, a useful model has been developed by Newman (1994) that explores the links between strategy, culture and change. In essence, her argument is that much stronger emphasis needs to be given to the inter-relationships between these three concepts and to the dynamics of cultural change. The basic feature of her model is illustrated diagrammatically in figure 9.1.

Figure 9.1   Relationship between strategic management, change management and organisational culture
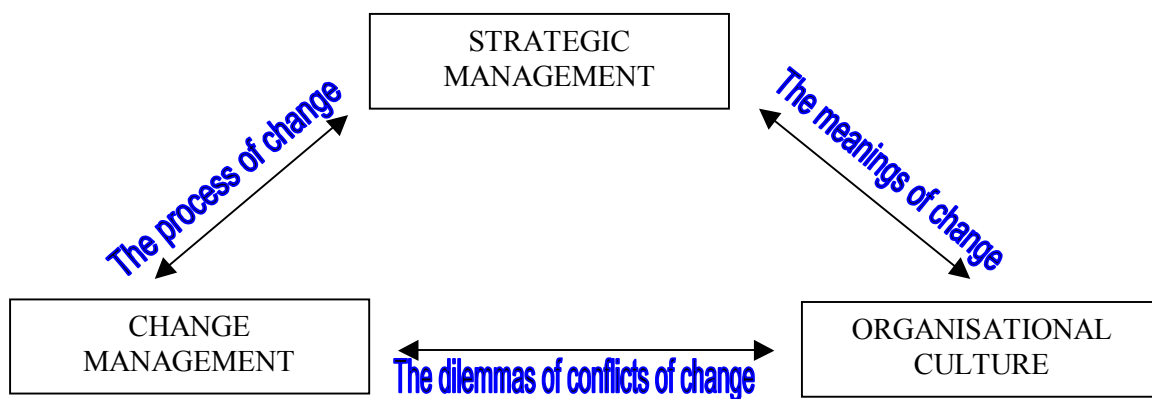
Source: Newman (1993:19) (from an unpublished paper)

Newman (1993) argues that most of the literature and techniques tend to focus on the content of each of the concepts without much consideration being given to their inter-relationships. In connection with strategic management, for example, she censures the fact that issues of change get consigned to 'a brief final chapter on 'implementation' ' (p.14). The real point she stresses in her later published article (1994) is that 'culture is not something which happens after strategy has been developed' (p.60). In exploring the links between strategic management and culture, she draws attention to such questions as:

- How might culture serve as a filter or blinker on one's perception of important strategic issues?
- How can one ensure that strategy-making builds on the best features of culture, without exacerbating its worst excesses?
- How can the organisation build a culture which is open enough to enable organisational learning to feed back into the strategy process?
- How might the process of making strategy need to shift as organisations go through cultural and structural shifts? (see p.60).

At the outset of my case study, there were sets of beliefs and assumptions held fairly consistently throughout the authority. A relatively common one was that the organisational staff members felt they were doing a 'good job', but were typically averse to change. The following discernible evidence drawn from the interviews will, I believe, provided a useful insight into the cultural configuration of the authority. In several ways, this appears to exhibit a similar kind of 'cultural web' as described by Johnson (1987) in his study of Coopers, a clothing company in the UK between the years 1980 and 1986 (see figure 9.2).

In terms of understanding the management implications, Johnson contends that the cultural web is more than the commonly referred to paradigm of a system of beliefs and assumptions. 'It is preserved and legitimised [as an] organisational action in terms of myths, rituals, symbols, control systems and formal and informal power structures which support and provide relevance to core beliefs' (p.46).

Figure 9.2 The cultural web of an organisation
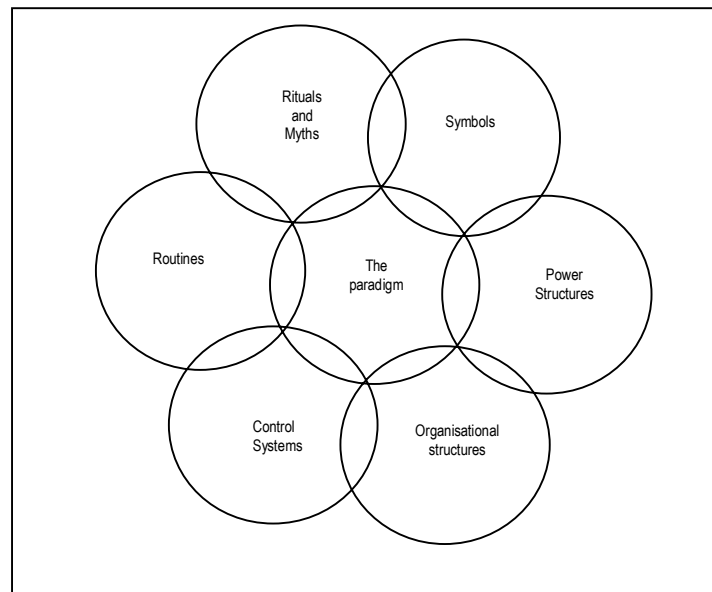
Source: Asch, D and Bowman, C Eds. - Readings in Strategic Management (1989: 46)

In this kind of analysis I suggest, cannot the formal and informal power structures identified by Johnson be closely compared to the intra-organisational politics that Pettigrew argues need to be combined with extra-organisational factors in order to gain a proper understanding into organisational change? To quote:

'Chief among [the factors determining organisational change] will be the role of business and economic factors outside the firm, and historical, cultural and political factors inside the firm, together with the interplay between these two contextual variables, as providers of both the necessary and sufficient conditions for continuity and change' (Pettigrew, 1985:26).

Although this quotation refers to a study of ICI, Pettigrew advocates an essentially similar approach to public service organisations.

Perspectives of the Northam Culture

The following examples attempt to map out the kinds of beliefs and assumptions (i.e. culture) that were identified at Northam during the fieldwork interviews. Although they are generally anecdotal, an attempt is made later to offer some formal analysis of the organisational culture along the lines of Johnson's constructs. Their purpose at this stage is generally to provide a 'feel' of what the style of the authority was like around the time the new chief executive took office in mid 1993 - to set the scene, so to speak. They too, I would suggest, offer some insight as to the type of organisation senior management team and the controlling political group at the time (Conservative) wanted the authority to be in order to deliver such 'desirable' outputs as flexible, reliable, customer-focused high-quality services. The problem was that up until now they did not know how.

Before moving into the period in which this case study commenced, it will be helpful to throw some light on the way the previous chief executive was perceived to have 'run' the authority, hitherto. For this, I return to an early interview with the [then] Leader of the Council. Not only does it show that the Leader had been happy to distance himself form the managerial structure and day to day running of the authority but it also paints a laconic picture of the previous chief executive's 'hands-on' style:

'You know [his] way of controlling things was very tight. He knew every single thing. Everyone reported back to him. He controlled committees. He controlled officers and all the rest of it. And it worked! You never had a problem if you wanted to know what was going on.'[30]

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[30] Fieldwork Interview, former Leader of the Council, 28th July 1993

The Director of Finance was obviously very supportive of his style too, when he volunteered the following tribute confirming this view:

'He was a very powerful man and had a great influence and great strength within the authority. He was able to maintain the *status quo* and made sure that any possible changes went through him so that he was able to monitor then personally. He monitored operations of the authority to some very fine detail and contributed enormously to the way the authority was shaped.'[31]

But as the Deputy Leader's frivolously commented: 'Towards the end [of his planned retirement], local government was changing faster than him.'[32]

From discussions with committee chairmen, in the first half of 1993, the new chief executive discovered that whilst Northam was an organisation that didn't like change, most chairmen were saying that it needed to! The new chief executive also mentioned how quickly he perceived the existence of a very negative culture among staff at the London Borough of Northam. A 'blame culture - doesn't forgive, doesn't forget!' were typical expletives used by him to describe the organisational style. A further illustration of the culture at Northam can be found from comments during a meeting of assistant directors attended by the chief executive (in May/June 1993). When the chief executive asked: 'What was the easiest thing to get here - permission or forgiveness?' There was a long silence, the chief executive recalled, until one assistant director admitted 'Neither!' The assistant director then went on to confess somewhat flippantly: 'It's easiest not to get caught and the best way not to get caught is not to do anything!'

When I discussed the use of market research and public information, these were exemplified at Northam as being 'like a bloody foreign language to the politician', to use the familiar vernacular of the new chief executive.

In another example, the chief executive saw the problem at Northam as: 'Small town, small business politics; small business mentality; small town thinking; love delving into

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[31] Fieldwork Interview, Director of Finance, 5th August 1993
[32] Fieldwork Interview, Deputy Leader of the Council, 28th July 1993

detail; haven't got a clue what strategy means; don't like policy 'cos it points them into a corner, don't know what performance management means.'[33]

The chief executive also detected that the organisation had been too secretive. The minutes of the previous, old style Management Board, for example, were kept officially confidential. He also perceived the whole decision-making process to be 'unbelievably archaic and bureaucratic and slow and paper-heavy and so on…'[34] Unsurprisingly, the new chief executive eagerly pointed out his intention to change this practice.

The new chief executive also confided that the chairmen were used to seeing the departmental directors working as 'warring service barons!' This portrayal of the directors is also confirmed in a separate interview with the Director of Personal Services. In discussing 'change', he began by outlining how the organisation was before. 'You need to understand,' he began, 'the assistant directors and the deputy directors used to do a lot of the detailed policy work and in their view they ran the organisation. Directors, in their view were peripheral to that process and basically were like feudal barons that were feuding among themselves.'

Northam, or 'Blueham' as it was sometimes ironically referred to in the local media on account of its long history of strong right-wing Tory control[35] had been very pragmatic over the years. The Director of Finance had illustrated this point in when I interviewed him in August 1993:

> 'It's best measured by the fact that the council doesn't get into trouble with its residents or with the government, and the political groups and the council don't get into trouble with each other. And the pragmatic approach has helped to avoid those sorts of difficulties.'[36]

Indeed, interviewees when describing the overall style for managing the authority, frequently used the word 'pragmatic'. An approach that may well have contributed to the local press taking the view that the council was generally 'pretty negative'.

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[33] Fieldwork Interview, new Chief Executive, 17th June 1993.
[34] Fieldwork Interview, new Chief Executive, 28th July 1993.
[35] The Council had been solidly Conservative since it was set up in 1965.
[36] Fieldwork Interview, Director of Finance, 5th August 1993.

as a senior figure at the AMA[37] had candidly advised the new chief executive: 'In the whole of the AMA there are two dinosaurs, and Northam is one of them....' [38] Perhaps this is what the Director of Legal Services may have had in mind when he commented somewhat assiduously:

> 'We're all rather task-orientated practical people and talking about a vision for the authority is really rather difficult for us… I think what tends to happen is that the politicians tend to make policy on the hoof to suit the particular circumstances they face and then there's a tendency in the organisation to extract the strategy from a particular policy initiative wherever it started'.[39]

Dealing with this kind of culture at Northam was going to be a difficult task, particularly since the focus appeared to assume the culture at Northam was wholly integrated. Language such as 'paternalistic' and the 'old concept of caring' were used. There was also a clear assumption that it should be leader generated as personified by the appointment of a new chief executive. Moreover, although to a much lesser extent, there was some degree of disregard to many of the problems associated with power and conflict. In writing about the factors that make corporate culture difficult to manage, Pettigrew (1986) usefully draws attention to the fact that corporate culture exists at different levels; that it is not only deep but broad; that so much is taken for granted; that it has deep historical roots; that it is directly connected with power distribution within the organisation; that a variety of sub-cultures exist; and that it is interdependent on people, priorities structure and systems.

It is well established that existing organisations are generally constrained by the kinds of negative traditions and procedures illustrated above. Existing beliefs and practices will tend to inevitably hinder any progress for establishing new ones. Nonetheless, with the introduction of strong charismatic leadership reinforced by a strong new sense of mission, an existing organisation can sometimes be invigorated by the creation of a new ideology (Mintzberg, 1989).

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[37] The former Association of Metropolitan Authorities
[38] For reasons of confidentiality, the interviewee declined to reveal the name of second authority.
[39] Fieldwork Interview, Director of Administration & Legal Services, 19th October 1993.

Gaining commitment

In June 1993, the urgency for change at Northam had become a major issue for leading members. Having met informally with committee chairmen a couple of months earlier, the desire to deal with a number of themes began to emerge from the chief executive's discussions with them. They came down to a desire for:

- clear direction and leadership

- visibility and accessibility

- development of a corporate approach

- managing change

- bringing the organisation up to date

- supporting innovation and ideas

- ensuring effective and efficient services

- clarifying members' roles

- clarifying the role of members

- managing influence; putting Northam on the map

It was also widely accepted by many senior managers that the 'traditional' ways of managing the authority could no longer be sustained. Great emphasis was being placed on the new chief executive to provide the impetus to change the organisation. 'One of the things we impressed on the [recruitment] consultants', the Leader explained,' was that we're going through a tremendous change in local government, and we're looking for a slightly different style of management'. With the retirement of the previous chief executive, the Leader added: 'We decided that now is the time to have a different operation.' Furthermore, it was generally recognised by members and directors that the new chief executive was 'confident and 'experienced to lead the process[40]. For as the Deputy Leader brusquely proclaimed: 'You don't employ a dog and bark yourself!'[41]

Very soon after taking office, the new chief executive at Northam recognised that his first task was to understand the organisation in order to identify where to 'focus [his] change initiatives' as he described them. He soon determined that his approach to change would need to be 'holistic rather than sequential or incremental'. The role of the

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[40] Fieldwork Interview, Leader of the Council , 28th July 1993.
[41] Fieldwork Interview, Deputy Leader of the Council, 28th July 1993

council was going to be one of providing community leadership and maximising the quality of life for local residents. Underpinning this, he explained, was a corporate strategy with six programme areas: vision and values, strategic policy, community consultation and partnership, operational policy, management processes and organisational development.[42]

This approach, of course, may have been indicative of some deliberate intention at the outset but there was clear evidence quite early on that the desire for change was already emerging. This intention was certainly in the mind set of the political leadership, chairs and directors.

The new chief executive decided soon after his appointment that it would meet all 62 councillors in their wards to listen to the their concerns about the Council, about their role, and about the borough. He also astutely acknowledged the need to build his relationship with the leader and deputy leader. He appreciated quite early on, however, that it would be a difficult job because they were different and because of their personal agendas in relationship to each other (see earlier discussion in leadership section). For example, in a highly confidential disclosure around June/July 1993, I learned that the deputy leader was making a leadership challenge.

Another key task the new chief executive set himself was getting his management team to work as a team. From the very first days the new chief executive took office, he put a lot of effort into 'refocusing and rebuilding the top management team'. To assist in this process, a well-known human resource development consultant from Ashridge was engaged to act as facilitator/adviser. One basic task for the new chief executive was that of 'building up a trust' between himself and the directors. Members of the top management team acknowledged they were 'getting better' at working as a team. One symbolic message emerging from this was the directors decided to describe their role as 'managing ambiguity'.

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[42] Source: Early reflections in a newsletter written by the new Chief Executive in March 1995.

A management conference was also planned in those early months in which Sir John Harvey-Jones was invited to be the keynote speaker. The prime purpose was to provide an opportunity for the new chief executive to communicate his plans for Northam - initially to senior and middle management. The message dealt with such issues as: 'This is what the future looks like… and this is the sort of approach we're going to take for dealing with it'. Plans were also well underway in those early months for extending the process to the whole organisation. This would be achieved through his first monograph in the employee newsletter. In his first regular column for the staff newsletter, the new chief executive decided to set out his program in 'fairly basic' terms. As he put it to me: 'Life is going to be tough…. We need to get our act together.'[43]

In the event, however, the tone of the actual staff newsletter message was much less abrupt or confrontational. As the following extracts shows, it was replete with football team analogies designed to reassure his players they can win!

> '. . . when we're faced with change, our own attitudes are very important. If we see changes as a threat or a problem . . . . ., that will affect the way we respond. It's a bit like a sports team going to play a match convinced it's going to lose. Very often the players decide to put all their effort into defending, to keep the other team's score as low as possible. This approach guarantees one thing only ..., they will almost certainly lose. If, on the other hand, we look at change as presenting the chance to do things in new ways, perhaps even to do new things, then the chances of success start to increase straight away. As we start one of the most difficult 'games' local government has ever had to play, we must all remember, the best form of defence is attack'.

In his conclusion, the message was reinforced with symbols of public sector ethos and rhetoric:

> '. . . by all pulling together I am convinced we can achieve a number of important aims. I see these as:-
> - To secure the best possible services for our customers, the people of Northam.
> - To create in local residents a growing interest and concern for Northam and for the future of democratically accountable local government, their Council.

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[43] Quotes and paraphrasing a fieldwork interview with new chief executive on 17th June 1993.

- To use our best endeavours to secure the future prospects of our staff by achieving these first two aims.

By harnessing all our skills, energy and enthusiasm, combined with a commitment to doing our best, we can face future changes with confidence knowing we will give it our best shot'.[44]

Much of the foregoing is analogous to a model for change described by Richards (1989) based on initial work by Lewin (1952) and Schein (1973). It prescribes the following steps:

1. Unfreeze/destroy the old culture/bust the paradigm
2. Introduce new ideas about how things ought to be done/construct a new paradigm
3. Systematically apply new ideas
4. Re-freeze the new culture

The first of the above two steps were put in train at Northam in 1993.

<u>Conclusion</u>

Although there were some clear breaks in the strategy process, such as the period prior to the local government elections of May 1994, the main strategic initiatives of the new chief executive do, to some extent, appear to emerge or build on each other in a kind of 'logical incrementalism' or purposive way, as postulated by Quinn (1980). In this respect, Quinn's theme seems ever more enticing when, (as discussed in Mintzberg and Quinn, 1992, p.95), he attempts to integrate his views with the traditional approach to strategy analysis. This seems to offer the best of both worlds, so to speak, for although strategies themselves may seem to 'emerge' as an incremental process, it can be argued that they have many of the characteristics of the highly deliberate ones of Andrew's strategists.

At Northam, my observations suggest a similar process of strategy formulation taking place. On the one hand, the strategy process can be seen as an outcome of the new chief

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[44] From the first staff internal staff newsletter, July 1993.

executive's master plan and resolute leadership style, while on the other, we see a recognition by the Departmental Directors that the authority needs to respond to customers, government legislation and other environmental stimuli. Coupled with this is the recognition on the part of the leading group of members that tremendous change was taking place in local government. There was need for a different operation There was a tacit expectation that the new chief executive should lead the process.

Despite the chief executive's strong leadership style, there is evidence of decisions evolving either as a result of, or following periods of qualitative assessment by specifically tasked workgroups led by Departmental Directors. These may stem from the chief executive's desire to improve team working or his need to 'involve' directors in order to gain their commitment to the process. Or indeed, a combination of both.

The difficulty, I have is assessing whether the behaviour of the chief executive and his management team is more analogous to Lindblom's, 'muddling' through, or whether it is the 'purposeful, effective, proactive management technique for improving and integrating both the analytical and behavioural aspects of strategy formulation' akin to Quinn's incrementalism. Subsequent events in the case study do help to resolve this dilemma as evidence of a more balanced approach ensues.

CHAPTER 10 | STRATEGY FORMULATION AT THE LONDON BOROUGH OF NORTHAM

Introduction

The purpose of this chapter is to identify how the strategy formulation process was introduced at the London Borough of Northam by the elected members and the corporate management team in 1993/94. In that year a new chief executive was appointed and from interviews with the incumbent Conservative leadership, it can be deduced that Council members were becoming emotionally ready for change, even if not yet intellectually.

Forces for change

An analysis of the factors precipitating the need for change at the Northam was aptly described by the new chief executive in his report to Members of the Policy & Resources Committee, in July 1993:

> In my meetings with Members over the last few months a number of very clear themes have emerged, Three in particular are fundamental to the way forward in an era of turbulence and change:-
>
> – The marginalisation, changing role and even survival of local government. Linked to this is a concern about the profound impact of much recent legislation.
>
> – The need for clarity about the role, purpose and direction of the authority given the many changes.
>
> – The need for a more genuinely corporate approach to the management of the Council's affairs.

The report goes on to categorise those forces that the chief executive identified as having precipitated what he described as 'the changing role of local government'. The following extract from the same committee report was apparently intended to provide

Members with a potted version of the history of the events leading up to world of local government in the UK at the time:

...The process is predominantly economic in origin and dates back two decades.

One of the most significant events was the Arab/Israeli War of the early 1970's [sic] which precipitated the Oil Crisis with all its major repercussions for the international economy and UK domestic economy.

One of these consequences was the much tighter management of public spending than hitherto and a growing preoccupation with PSBR[45]. Tony Crossland's 'The Party's Over' speech signalled the changes for local government, particularly on the financial front, some two decades ago.

The recession of the early 1980's allied to the election of a new government signalled further changes. The Conservative's government agenda sought to:

– Reduce the role of the state in people's lives

– Promote individualism rather than collectivism

– Create more choice and rely on market mechanisms

– Achieve greater accountability

All this, allied to the timing of the recession and a policy of tight monetary control led to further tightening of financial control on local government.

Source: Policy & Resources Committee Report - *Facing the Future: Towards a New Approach,* July 1993

This turbulence had become further aggravated by the blurring of distinctions between public and private sectors and the added complication brought about by the manner in which local government is financed. This has meant that local government has moved to a situation of what has been described as interconnections and interdependencies. This is a situation where no single organisation was fully in control yet many are involved in what has popularly become known as a 'mixed economy'.

Interestingly, the idea of this 'turbulence' was also given prominence in this same committee report (*ibid.*), the consequences of which for local government were stated to include 'uncertainty, change and unpredictability...'.

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[45] Public Spending Borrowing Requirement

Against this background, local authorities were also facing a host of operational difficulties associated with such matters as:

- managers being overworked and feeling insecure

- low staff morale and embedded culture

- lack of resources

- services often working against each other

- needless reversals of policy

- changing roles and responsibilities of chief officers

- preparing certain services for compulsory competitive tendering

In this climate, Northam, along with other local authorities had been struggling with the additional exigencies to become what Caulfield and Schultz (1989) describe as:

- a securer but not necessarily a provider of services

- an enabler or facilitator - helping to make things happen

- a quality controller of services provided by the independent sector

All of this was inevitably affecting the way the Council at Northam perceived its need to respond to issues involving policy, responsibility, choice and financing. Hitherto, there appears to have been an unsustainable drifting in that organisation.

The advocates of strategy in the public sector generally have not concerned themselves to any great extent with concepts: they prefer to prescribe how strategy should be developed. It is pertinent to note how quickly the Chief Executive went about gaining support and obtaining formal political endorsement for his programme of strategic change (see chapter 9).

Identifying strategic issues: the theory

The analysis of the environment (both internal and external) or the context in which the organisation operates, is often seen to be the first critical phase of the strategic management process. In his strategic planning textbook for managers in central Government and in the public sector in general, Smith, (1994:33) sees the identification of issues as the outcome of this analysis stage. Although, in the strategic planning

context he prefers to define them as 'strategic issues'. Extending Smith's assertion to the local authority situation, the implication is that these are the issues about which the council has identified it must do something about if it wishes to be successful.

In an earlier prescriptive treatise on strategic planning in public sector and non-profit organisations from the U.S.A., John Bryson (1988) points out that 'identifying strategic issues is the heart of the strategy process'. Its purpose, he stresses, is to distinguish the 'fundamental policy choices facing the organisation'(p.139).

This need for a selective focus is an important principle also suggested by John Stewart (1986). For as he asserts in his publication *Strategic Management in Local Government*: 'a strategy that is concerned with everything is concerned with nothing – for it has failed to separate out the strategic'

Interestingly, this emphasis on the strategic is somewhat tempered by Rumelt (1979), when he points out that 'one person's strategies are another's tactics – that what is strategic depends on where you sit.' Extending this debate a stage further, Mintzberg (1992) elegantly adds, 'it also depends on *when* you sit; what seems tactical today may prove strategic tomorrow' (and presumably *vice versa!*). The point, Mintzberg makes here is that 'labels should not be used to imply that some issues are *inevitably* more important than others.' (p.15). However, as Christensen et al *(ibid.)* caution, the outcome of this desire to succeed will be most strongly influenced by the 'combination of resources and competence' of the organisation (p. 121).

This notion of 'success' and 'competence' is also implied by Smith (1994) when he reminds his readers that the terms 'key success factors' or 'critical success factors' are sometimes used. He contends that putting a key issue right can be thought of as a key success factor (p.33).

Indeed, in their own prescriptive handbook for local government practitioners, Caulfield and Schultz, *(ibid.)* suggest that there is an essential step to identifying strategic issues. A 'basic task' in strategic planning they maintain, is 'to try to appreciate and understand

how demographic, economic, social and other trends are shaping, and will shape, the environment in which the local authority operates'(p.29).

Essentially, the process of strategic issue identification can be seen as a sub-activity of strategy formulation characteristically identified in the private sector context. For as Christensen, et al (1987) postulate, strategy formulation includes 'identifying opportunities and threats in the company's environment and attaching some estimate or risk to the discernible alternatives'.

The difficulty, however, as Bryson (1988) observes, is that the identification of virtually every strategic issue will often be fraught with conflict. This will be particularly so in a local government environment. For as already mentioned above, typically, many local councils were facing budget constraints. This situation often creates the characteristic political dilemmas in local government, particularly where the ruling group wishes to promote certain policies in the absence of sufficient resources. There may be apprehension or reluctance to address a specific strategic issue, where failure 'to deliver' may result in the ruling group being disadvantaged or discredited by its political opposition.

Referring to the need for an 'internal response', Caulfield and Schultz (1989) describe a technique that suggests an authority should: 'gain some insight into how [it] needs to develop as an organisation in order to be really effective within the legal framework which the Government sets.' (p.30). Clarke and Stewart (1990) perceive the need to overcome the 'dominance of continuities' arguing for the need to look beyond the perspectives rooted in the normal operational ways of working (p.10).

So a basic step, as many commentators have suggested, is issue identification - the need to gain some appreciation and understanding of those kinds of issues outlined in the preceding paragraphs. In order to respond effectively to changes in the environment, several of the so-called 'prescriptive school' advocate undertaking an analysis of the internal strengths and weaknesses of the organisation and the external opportunities and threats. This 'SWOT' analysis is an acronym popularly referred to by those embarking

on a prescriptive strategy. Its utility has become virtually indispensable by strategic planners as a way of helping to bring all of the analysis together.

Another common approach often cited within the strategic management literature is known as the PEST analysis. The letters are a mnemonic to remind those carrying out this type of process that certain key topics need to be given due consideration when analysing external environmental trends. The letters themselves refer to the Political, Economic, Social, and Technological components of the environment.

Engledow and Lenz (1985), in their study of 10 'leading-edge' firms in the field of environmental analysis, found that particular top management individuals were associated with initiating and/or sustaining environmental analysis. Besides the obvious ability to provide the impetus and resources required for the activity, they were also seen as providing personal leadership to encourage injecting the results into executive thinking and the planning process. Consequently, they make the process possible and the use of output more likely.

Identifying strategic issues: the Northam case

In the case of Northam, one of the first tasks the newly appointed chief executive did before actually taking up his post on 20th May 1993 was to undertake a strategic analysis, including the ward meetings with members and the briefing notes from directors discussed in the previous chapter. In explaining the outcome of the process, the chief executive later wrote in a draft for an article for the *Local Government Chronicle*:

> 'From all this it emerged that the organisation was very good at identifying weaknesses and threats but not strengths and opportunities. I learnt a lot by meeting staff informally including speaking on as many training courses as I could and getting feedback...'

I obtained documentary evidence that this kind of analysis had begun to take place at Northam quite early on in 1993 at the initiative of the new chief executive. In conformity with the analytical framework outlined in Chapter 6, two elements of the environment were expounded. From a fairly simple exercise in which the external

environment was scanned, the Executive Management Team (EMT) identified several pieces of Government legislation and a host of other local issues that were considered at their 'topic meeting' late September 1993. This impact of legislation on the organisation has been emphasised by Bryson (1988). An effective strategy, he argues, must not just explore the general consequences of recent legislation, it must also gain some insight into how the authority will need to develop as an organisation in order to be 'really effective'. Although it was generally felt that the legislation would have a 'fundamental effect' on the Council's activities, the impact of much of the legislation, it was commented, had yet to be felt.

As a first step, a list of the statutory context was drawn up from contributions put forward by individual members of the EMT. This is presented below. One might infer that any notable issues related to the specific statues, and by implication perceived to be 'fundamental' to the authority, were those matters in parentheses.

- NHS and Community Care Act 1990
- Children Act 1989
- Environmental Protection Act 1990
- Local Government Finance Act 1988 (Community Charge)
- Local Government Finance Act 1992 (Council Tax)
- Local Government & Housing Act 1989 (HRA ring fence, capital expenditure controls, etc.)
- Local Government Act 1992 (White Collar CCT and Citizen's Charter)
- Education Reform Act 1988
- Schools Act 1992
- Further & Higher Education Act 1992
- Education Act 1993.

There was also a comment by the chief executive that this should not be seen as a comprehensive list. It is not unreasonable to conclude, therefore, that these, in fact, were the pieces of legislation considered to be of strategic significance to the corporate management team. The two other areas of influence noted were:

Economic and Financial Climate - in which the 'international recession' [sic] was seen to affect the demand for Council Services and tighter government control over public spending had a particular bearing at the local level, and

Local Government Finance - which referred to the 'revolution in the local taxation regime' and the resultant decline of revenue raised locally. The perceived 'shortcomings' of the SSA system were also given some prominence, as they affect Northam.

In the same report, strong indicators about the local context were elaborated upon under the heading 'Specific Policy Initiatives'. Two categories of 'Policy' were distinguished: public/external policy and operational policy. Altogether in excess of 40 'initiatives' were highlighted covering a range of matters from local economy, local environmental protection and the voluntary sector, to nursery education and housing provision.

Matters relating to Leadership, Structure, Systems, Skills, Values and Staff were not specifically commented on at this EMT meeting, but there is clear evidence of some assessment being made on other occasions. Again, relating back to this requirement for coping with central government's legislative requirements, several commentators have pointed out that they are also likely to spawn 'strategic' issues for those services that needed to respond to these kinds of exigencies within predetermined time frames.

In this connection, a specific example of the legislative pressures for social services was identified quite early on in the Northam case study. When discussing the Council's strategy process, the Director of Personal Services[46] was anxious to demonstrate his own department's approach by drawing my attention to a 250 page document entitled 'In to the 1990's – A Directorate Strategy'.

The document itself comprises a collection of five 'background papers' describing in great detail the context and manner of delivery of the five main social service areas

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[46] The Directorate of Personal Services has responsibility for the provision of housing, environmental health, trading standards and social services.

including children, the elderly, as well as people with disabilities or mental health problems. Each service element contains reference(s) to the appropriate legislative framework such as the Children Act (at the time a Bill), the Registered Homes Act, 1984, the Housing Acts 1985 and 1988, the Chronically Ill and Disabled Persons Act 1970, the Mental Health Act, 1983, etc. In the document, itself, the references to the legislative provisions specifically outline the local authority's duties.

In essence, however, this particular document may be closer to a business plan describing in copious detail the service context, structure, principles and objectives for the directorate's response to its statutory duties. From the Council's perception, many of the issues would most likely be less strategic than tactical as they focus on the use of resources as part of the directorate's ongoing service delivery plans. Nevertheless, from the directorate's perspective, many of the issues may well be strategic. In fact, the first page of the document contains the directorate's mission statement, its strategic aims, and eight action statements. In my judgement, it is the mission statement for the Council that contains the true 'fundamental policy choice' referred to by Bryson (1988), namely:

> 'To contribute the Borough's efforts to enable and promote the welfare of the residents of Northam…' (Source: Unitary Strategy of the Directorate of Personal Services)

The types of issues in business planning, Smith (1994) contends, are most likely to emerge as a failure to meet some specific targets or as a change in one or more key assumptions about the external environment.

Formulating strategies to manage the issues

The foundation for much of the literature on formulating strategies to manage the issues is based on the Harvard business policy model principally advocated in the works of Andrews and his colleagues at the Harvard Business School (see Christensen et al.,1987).

The use of strategy models and the search for appropriate frameworks is seen important as both an intellectual and practical exercise to explore the public sector strategy

making process (McKevitt, 1992). Much of what has been written in this field deals with how strategy should be consciously formulated. As discussed in Chapter 2, it is almost entirely based a single set of concepts that collectively have become known as the rational model or prescriptive school. The rational view of decision-making when applied to strategy suggests a systematic environmental appraisal coupled with an internal organisational assessment popularly referred to as a 'SWOT analysis' (strengths, weaknesses, opportunities and threats). Typically, it is accompanied by goal setting, evaluation of alternative courses of action, and the development of a comprehensive plan to achieve goals. Applying this approach, strategy formulation is seen as highly prescriptive process arising from the formal leadership of the organisation in top-down, logical terms.

In exploring the use of strategy models in the public sector context, McKevitt (1992) reminds us that the decision process school is concerned with the way in which organisations come to formulate strategies. He sees its significance as being grounded in the importance it attaches to the internal characteristics of the enterprise. Contrasting Mintzberg's emergent strategy concept, to what he describes as the 'more *dirigiste* model of legislation and model contracts', McKevitt reasons that the former would suggest a public service context 'characterised by experimentation, pilot sites, a focus on organisational learning'. The latter, on the other hand, would stress stability, predictability and efficiency service provision. The decision process school, he therefore concludes, would be inappropriate in the public sector context, as it offers no help in the sphere of policy formulation where he detects the political processes as determining the 'rules of the game'. The weakness of the decision process school, McKevitt adds, is its failure to look at the external environment. As such, he contends, the decision process school does not help to clarify the nature of strategy formulation in a public services context.

McKevitt observes that the strategic management literature tends to be stronger in what he describes as the area of 'analysis and calculation' while seeing it as much less developed in the area of 'decision making and implementation'. However, this shortfall or perhaps disproportionate emphasis, McKevitt contends, has been overcome to some extent by the model of process research described by Pettigrew. For as McKevitt

explains: 'The Pettigrew model seeks to link three important components of strategic research – the content, process and context of strategy formulation and implementation in the enterprise and its environment. The research model examines both the rational/objective and the political/subjective aspects of strategy through a longitudinal study of the organisation. The context refers to the 'why' of strategy formulation, the process is the 'how' of the organisation's response and the content refers to the 'what' of the actual strategy implementation.'

In his chapter on strategic management in public services, the thrust of McKevitt's argument is that 'the provision of public services give rise to a complex mix of financial, social and administrative arrangements that present particular challenges for government and public services managers.' As such, McKevitt contends the application of rational strategy models or emergent organisational learning models, almost entirely described in relation to the private sector, may not be entirely applicable in the public sector. The alternative model, described by McKevitt, is the general corporate strategy model developed by Scott 1963 (Open System Model of the Firm). In McKevitt's words, 'it attempts to describe a relationship between the policy centre of the organisation and its dealings with subunits through the use of a strategic control framework that acknowledges diversity, and the conflicting interests of the coalitions that occur in any large complex organisation. The real question, according to McKevitt, seems to relate to the human component in the provision of a public service. 'At the back of these analytical techniques is the view of the individual in a social context most appropriately expressed by Rabbi Hillel: ' If I am not for myself, then who is for me? And if I'm not for others, then who am I? And if not now, then when?' (p.35).

Predictably, Mintzberg (1994) is almost, if not totally dismissive of the traditional models of strategic planning theory which have been developed alongside the design school literature. In his powerful arguments about the fallacies of strategic planning, Mintzberg concludes that there is a need to loosen up the process of strategy formation rather than trying to seal it off. If strategies are associated with stability, he contends then, that strategy formation is interference because it will tend to come about 'irregularly and unexpectedly'. Stable patterns will be disturbed because of

'unanticipated discontinuities, whether these originate from threats in the external environment or opportunities in a managerial mind'.

Nevertheless, there is striking evidence of the strategy formulation process emerging at Northam with the drafting of a framework document entitled 'The Enabling Authority' in the autumn of 1993. This document identified a number of crucial issues across four integral levels of involvement: Members, Officers, Service Users and the Services themselves.

The emerging strategies for managing the issues are outlined below:

Members – The business, values and policies of the council

- Members must articulate, define and publish the council's values and policies of the council
- Must agree the best structure and forum in which to manage their affairs
- Must re-define their role with greater emphasis on performance review of council policies
- Key issues and policies must be openly debated
- Policy option formulation must be a porous process.
- Members to crystallise their policies and strategies around core functions to achieve better co-ordination

Officers – Co-ordinating, delivering and monitoring services on behalf of the council. Managing the process of change.

- Officers should be empowered through structure and function to co-ordinate, deliver on and monitor policies articulated by Members.
- The key elements of a short to medium term strategy are clearly defined, costed policies
- The key agents for change are the Executive Management Team

Service Users – Users and their relationship with Members, Officers and the services of the council

- Recognise, understand and empower users
- Through appropriate mechanisms, bring them into the needs/policy process

Services – Meeting statutory requirements and policy directives

- Members need to be apprised of all the implications of decisions including the implications for them personally

- The council should provide only where it is the best and most cost-effective generator of service
- Service contracts/relationships should be reflected in the overall management structure

(Adapted from internal document entitled 'The Enabling Authority' considered by Executive Management Team in September/October 1993)

As one might expect, there is strong evidence that in the first year of the new chief executive appointment a great deal of consultation took place with the elected leaders. The outcome of this was an impetus to move toward redefining the role of the Council as providing community leadership and maximising the quality of life of its residents. This was seen to be the Council's 'core business'. Underpinning this, a corporate strategy began to emerge spanning six inter-related programme areas (as they were described). In an early draft to EMT, these were Vision and Values, Strategic Policy, Community Consultation and Partnership, Operational Policy, Management Processes and Organisational Development.

<u>Creating a vision for the council</u>

The purpose of the corporate vision in a local authority is to give meaning to its activities and to provide a sense of identity for employees. Essentially, it defines the basic philosophy and values of the authority (compare Bennis & Nanus, 1985; Block, 1988; Dutton & Dukerich, 1991). Or as Leach and Collinge (1998) have succinctly observed: 'Vision implies a mental picture of what members and officers would like the area to be like in five or ten years time' (p.86)

The importance of stakeholders in the strategy process has already been given some prominence (see chapter 6). As Freeman states, 'The stakeholder approach is about groups and individuals who can affect the organization, and is about managerial behavior taken in response to those groups and individuals' (1984: 48). So Freeman's contention that a corporate strategy will only be effective if it satisfies the needs of multiple groups makes the stakeholder approach a valuable tool in handling divergent interests.

In establishing or formulating a mission statement, Ziebell and DeCoster (1991) maintain that a key pre-requisite would be to identify the social constituents or the stakeholders to whom the organisation may be considered accountable. Stakeholders will make judgements about how well an organisation performs against their own criteria. Conversely, this process is likely to provide the organisation with an opportunity for it to assess itself and to form some view about its own accountability towards stakeholders, (*cf.* the purpose of chief executive's meetings with all 62 councillors). The purpose of stakeholder analysis then is seen as a means of assisting in the formulation of the first draft of the role and purpose (i.e. the mission) of the organisation.

The work of Hart (1992) is also relevant in this connection. Hart argues that given the fragmented and overlapping nature of the literature associated with the strategy-making process, the field of management would benefit from theoretical integration. His proposed 'integrative framework' being constructed around the contrasting and sometimes complementary roles that top managers and organisational members play in the strategy-making process, appears to have practical relevance in this case study. Hart identifies five generic modes of strategy-making: command, symbolic, rational, transactive and generative. The five modes offer a useful organising principle for framework development that can be used to facilitate the identification of distinctive modes of strategy making. As Table 10.1 shows, by top managers focusing on different priorities, Hart suggests they can 'pull different organisational 'levers''. These 'levers', can be conceptualised as ranging from the articulation of corporate mission and vision, on the one extreme (command mode) to concern for informal processes and people on the other (generative mode), with a range of levers falling in between.

Since these modes are not mutually exclusive, Hart contends that organisations may combine two or more of them into distinctive combinations of strategy making processes. In practice, one would expect to find elements of these five modes in most organisations. Although Hart's approach is predisposed towards the business firm, it does provide a useful insight for understanding the process skills of strategy-making in the non-profit sector.

Table 10.1 An Integrative Framework for Strategy-Making Processes

Descriptors	Command	Symbolic	Rational	Transactive	Generative
Style	(*Imperial*) Strategy driven by leader or small top team	(*Cultural*) Strategy driven by mission and a vision of the future	(*Analytical*) Strategy driven by formal structure and planning systems	(*Procedural*) Strategy driven by internal process and mutual adjustment	(*Organic*) Strategy driven by organisational actors' initiative
Role of Top Management	(*Commander*) Provide direction	(*Coach*) Motivate and inspire	(*Boss*) Evaluate and control	(*Facilitator*) Empower and enable	(*Sponsor*) Endorse and support
Role of Organisational Members	(*Soldier*) Obey orders	(*Player*) Respond to challenge	(*Subordinate*) Follow the system	(*Participant*) Learn and improve	(*Entrepreneur*) Experiment and take risks

Source: Hart, (1992: 334)

In this case study, observations suggest that from the moment of appointment of the new chief executive at Northam, each of these five modes could be seen to emerge over time. Hart and Banbury (1994), in their empirical study linking Hart's framework to perceived performance, suggest that by specifying both 'who' is involved in strategy making and in 'what manner', a useful organising principle can be postulated. Citing Westley and Mintzberg (1989), they recognise that strategy is a two-way street requiring both visionary leaders and empowered followers.

Applying this conceptualisation to the Northam study offers a useful way to explain the interaction between the new chief executive, the executive management team and the local authority staff in the strategy processes observed during the field study. In reality, most, if not all of Hart's modes could be observed at Northam to a varying degree. The 'command' and 'symbolic' modes however, were the more obvious styles that the new chief executive adopted quite soon after his appointment, if not in the run up to his taking up the post. For example, in the chief executive's job description, which the new chief executive wrote for himself, the task of 'develop[ing] with elected members and directors a vision of the borough's future to provide a framework for policy development and medium term planning' was given prominence. As early as June 1993, just one month in post, the new chief executive (in true command mode) unequivocally conjectured: 'I can write it [the vision] now'.

Recognising the value of motivation and the need for his top management team 'to have a part in it [the vision]', the new chief executive encouraged them to start working on it themselves. Although confident he could write himself, he disclosed rather stoically, at an early interview:

'... what I'm doing is resisting the temptation to tell them [the Executive Management Team] what the bloody answer is, and leading them to it.'[47]

The new chief executive was adamant that the process of developing the vision for the authority had to be participative to the extent that it had to be the joint outcome of the work of the Executive Management Team. However, given the implicit conceptual difficulty of developing a vision, it was acknowledged that it was not going to be an easy task. The task was further strained by the contrasting views directors had about the concept itself. From interviews in the latter half of 1993, there was evidence that some directors were less comfortable with this piece of strategic work than others. As the Director of Legal Services observed:

'We're all rather task-orientated practical people and talking about a vision for the authority is really rather difficult for us'.[48]

In contrast, developing a vision was not a new concept for the Director of Personal Services. Although less clear about the actual detail of the authority's 'vision' at the time of the interview, he offered a reasonable and pragmatic opinion about what its purpose might be and for whom:

'Well what I'd like to do if we're looking ahead two or three years, I would really like the authority to have a vision about what its sense of purpose was for the Northam and the Council. I'd like that vision, in some way, to be translated across so that the council taxpayer in the London Borough of Northam understood what the purpose of Northam was about. [So] they were able to identify with the Council and the London Borough of Northam.'[49]

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[47] Fieldwork Interview, new Chief Executive, 28th July 1993.
[48] Fieldwork Interview, Director of Administration & Legal Services, 19th October 1993.
[49] Fieldwork Interview, Director of Personal Services, 5th August 1993.

Then in an attempt to link the vision to back to the organisation itself, he continued somewhat speculatively yet in a positive tone:

'I'd like us to have a strategic framework in place that allowed the vision to be translated into some kind of meaningful reality for the organisation as a whole. I'd like that to have Member support commitment and I'd like that to have staff support commitment. And if we could achieve that in three or four years, my Goodness, we really would have forged ahead.'[50]

However, the former Director of Education was far more cautious if not slightly dismissive in his scepticism:

'How far it will be possible to get a simple coherent [vision] remains to be seen.'[51]

By October 1993, the new chief executive's attempts to introduce some collaborative ownership in the development of the vision for the authority appeared to be gaining stronger support with the directors. Around this time, a draft vision statement had been circulated to Chairmen and although some progress had been made, it still needed further work. In a confidential letter to the leader of the council, the need to bring together the vision with strategy processes became more distinct. The symbolic function that a vision statement would serve in motivating and inspiring staff was acknowledged. There was clear recognition, for example, that both 'external policy' and 'operational policy' should 'inform the [management team's] thinking on the work on Vision'. The notion of two *linked* visions began to emerge. They were described in this letter as follows:

A long term vision for Northam as a place

This would describe the Borough as a place in which to live, as we would like to see it in say, 10 years time. It would seek to address the issue of identity and the distinctive attributes and features of Northam we would wish to preserve or create. It would provide the context for corporate and service policy development.

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[50] Fieldwork Interview, Director of Personal Services, 5th August 1993.
[51] Fieldwork Interview, Director of Education, 2nd August 1993.

<u>A vision for Northam Council</u>

This would describe the sort of organisation necessary to achieve the vision for Northam as a place. It would have a shorter time horizon (say the life of the next Council) and would be based... [and] would be more managerial in emphasis and be directed towards staff but would require Members' endorsement[52].

By the late autumn of 1993, the chief executive working with his Executive Management Team had agreed a 'Draft Vision' statement for the authority under the Conservative administration's leadership. In the six-month run up to the local council elections in May 1994, the foremost interest for the Conservative ruling group was unquestionably the need to retain power and there was little motivation for them to adopt such initiatives formally until after that event. The leadership's frame of mind at the time is candidly illustrated by the following cautionary instruction allegedly given to the chief executive.

'Look, you can do whatever you like as long as you haven't got to bring it to committee, rock the boat, frighten the whole system.'[53]

In many ways this suspension of any strategic or transformational change by the leadership of the day brought about a situation bordering very closely to what Hining and Greenwood (1988:191) have described as 'inertia'.

When the new administration, led by the Labour group, took control of the council, the chief officers encouraged by the chief executive hastily resurrected the notion for the Vision Statement. After extensive discussions with the new leadership and the Executive Management Team, the earlier draft, under the Conservative administration, was modified in a number of tactful ways to better espouse the aspirations of the new council. The two versions are compared in the table 10.2 at the end of this chapter. Whilst both versions include the overriding commitment by members to improving and augmenting the 'quality of life' in the Borough, a shift towards adopting a more consultative approach can be seen. With more and more local authorities facing financial difficulties, the new administration was mindful to introduce the caveat that success in achieving its overall mission would be dependent on resource availability.

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[52] From a confidential letter from the new Chief Executive to the Leader of the Council in October 1993.
[53] Fieldwork Interview, Director of Administration & Legal Services, 19th October 1993.

Despite their different ideologies, both the Conservative and Labour administrations at Northam, in line with a growing number of local authorities, display evidence of moving away from the traditional bureaucratic form of government towards longer-term collaborative partnership arrangements in terms of working with the voluntary sector and private contractors. However, it was clear from the Conservative version of their draft Vision Statement, how much more dominant they, as 'elected members', perceived themselves through their democratic mandate.

Both statements follow the same format with regard to partnership and performance and make a declaration of appreciation for a highly regarded workforce. In addition, the new Labour led administration utilised the Vision Statement to promote 'courtesy and helpfulness' in dealing with 'customers' as well as openly affirming that it would give high priority to the training and development of the work force. The inclusion of these principles can be seen as yet another shift towards a political attitude that would have more regard for consumer needs.

Conclusion

Identifying strategic issues is the essence of the strategy process. Making strategic choices means making fundamental policy choices. An analysis of the environment is an important step towards formulating strategies to manage the issues. In the first section of this chapter, I identify those factors that were seen by the authority to be precipitating change. The 'profound impact' of legislation, the move towards a mixed economy of services provision, and a host of operational problems were typical of the issues facing Northam and local authorities in general. Although the chief executive's management team believed the consequences of recent local government legislation would have a fundamental effect on the way the Council would operate in the future, they were also strongly aware of a range of local issues that needed to be addressed. The drafting of the authority's framework document entitled 'The Enabling Authority' towards then end of 1993 is seen as evidence that a strategy formulation process was taking place at Northam. Referring to Hart's modes on the strategy making role of top managers, it is possible to contrast the new chief executive's style as both 'command' and 'symbolic'. Whilst providing clear direction, he was conscious of the need to

underpin the strategy work at Northam with a vision of the future. Despite his desire for the work on drafting a vision for the council to be a participative exercise, the new chief executive's behaviour was indicative of a visionary leader conscious about the importance of empowering his followers.

Table 10.2 - Comparing the draft previous Conservative administration vision with that of the later Labour administration

Conservative administration (Autumn 1993)	'Hung' administration led by the Labour group (July 1994)
PURPOSE **Northam Council** exists primarily to enhance the Quality of Life for all who live, work or do business, invest or visit the Borough. **The Council's** concern with the Quality of Life will underpin all policies and decisions as well as day to day actions and performance.	**PURPOSE** **Northam Council** exists primarily to enhance the Quality of Life for all who live, work or do business, invest or visit the Borough. **The Council's** concern with the Quality of Life will underpin all policies and decisions as well as day to day actions and performance, to achieve the best results within available resources. Ensuring equality of access for all sections of the Community to Council and other services will be central to this aim.
POLICIES **The Council** will promote the Quality of Life through the development of policies which will influence key aspects of the daily lives of the Borough's residents. The Council will give particular emphasis to: – Protecting and enhancing the **Environment** – Promoting the local **Economy** – Supporting a range of **Educational** opportunities – Ensuring choice in **Social Care and Housing** provision – The maintenance of effective **Transport** infrastructure – Encouraging and enhancing **Leisure** opportunities.	**POLICIES** **The Council** will promote the Quality of Life through the development of policies which will positively enhance the lives of the Borough's residents. The Council will give particular emphasis to: – Protecting and enhancing the **Environment** – Promoting the local **Economy** – Supporting a range of **Educational** opportunities – Promoting **Social Care and Housing** provision – Maintaining an effective **Transport** infrastructure – Encouraging and enhancing **Leisure** opportunities.
PARTNERSHIP **The Council** will seek to act in partnership with its residents, customers, schools, contractors, the business community, the voluntary sector, the health services, other local agencies such the Police and with Central Government. **The Council** will pursue its aims by actively developing its influence through the Civic and Community Leadership role invested through the democratic mandate of **Elected Members**. This may be within Northam, within London, with Central Government and, when necessary, elsewhere within the UK or Europe.	**PARTNERSHIP** **The Council** will seek to act in partnership with its residents, customers, schools, contractors, the business community, the voluntary sector, the health services, the police, other local agencies, and with Central Government. **The Council** will pursue its aim through genuine consultation and by actively using all channels of influence by providing Civic and Community Leadership. This will be pursued within Northam, within London, with Central Government and, when necessary, elsewhere within the UK or Europe.
PERFORMANCE **The Council** will actively seek to identify the needs and views of customers which will be paramount. Employees are highly valued and will be encouraged and empowered to seek ways to provide better services for the Borough and the Community. **The Council** will seek excellence and accountability in its management practices, operating in a businesslike way by setting clear policy objectives devising for their achievement, setting, monitoring and reviewing standards of quality and performance and striving for value for money.	**PERFORMANCE** **The Council** values its employees who will be encouraged and empowered to innovate and seek ways of providing better services for the Borough and the Community. This will be supported by identifying the needs and views of customers and residents through active consultation and ensuring courtesy and helpfulness in all our dealings with customers. **The Council** will seek excellence, equality of opportunity and clear accountability in its management practices, operating in a businesslike way by setting clear policy objectives. Plans will be devised to achieve these policies and standards of service quality and performance will be monitored and reviewed. Training and development for employees and maximising value for money will be high priorities.
Source: Internal document – Autumn 1993	*Source: P& R Committee Report - July 1994*

CHAPTER 11 | CORPORATE STRATEGY AND RE-STRUCTURING UNDER THE NEW ADMINISTRATION

Introduction

A good deal of preparation towards the development of a corporate strategy had already taken place under the Conservative administration. The preliminary work undertaken by the Executive Management Team suggests that the process of strategic development at Northam when the new chief executive took over, adheres closely to the so-called 'prescriptive school' cited in the strategic management literature. There was clear evidence of a pre-occupation with issue identification coupled with an analysis of the organisational competencies to respond effectively. In the run up to the local government elections in May 1994, however, much of this work had been put on hold on the grounds that the incumbent administration was concerned not to 'rock the boat'. This chapter begins by identifying the corporate strategy that began to emerge under the new Labour administration in July 1994.

After the new administration had undergone a brief bedding-in period, a discernible shift from the 'traditional' to a 'new' form of local government at Northam became apparent. Prompted by the major changes to services that most councils were experiencing, Members of the Policy & Resources Committee established a special organisational review working party in October 1994. Based on a set of underlying criteria for 'guiding and shaping' the authority, I describe the fundamental changes in organisational structure that were designed and compare these with similar findings described in the Keen and Scase (1998) study of strategy and change in an English county council.

The corporate strategy under the new council administration

The ongoing pursuit by the chief executive and his Executive Management Team to identify 'pressures for change' built on the work undertaken under the Conservative

leadership. Using the new administration's manifesto as the starting point, the corporate strategy became more refined and focused in 'set [ting] out a way forward for the next five years and beyond'.

In supporting this strategy, there was the clear imperative for both members and officers to work in partnership 'to manage the authority during a period of continuing and often fundamental change' (Keen and Scase, 1998) practically every aspect of the council's activities. To place the corporate strategy in context, the chief executive and the Executive Management Team concurrently assessed and updated the potential 'corporate change implications' for underpinning the strategy. I now analyse the key elements of the corporate strategy that was further refined under the new administration. This shows the extent to which the officers and members had recognised the 'pressing need' for them to conduct themselves in a more strategic manner.

Vision - I explored how the early work on establishing a 'vision' for the authority was a prime consideration for the chief executive in chapter 10.

Pressures for change - It was openly recognised by the chief executive and his Executive Management Team that much of the impact of the new corporate strategy needed to rely on the ways it would be managed, all of which suggest a number of good practices for other public sector organisations.

An analysis of the key features that were underlying the further development of the corporate strategy at Northam resonates in many ways with the Hinings and Greenwood's (1988) contingency model utilised by Keen and Scase's (1998:67) in their study of change in an English county council. Essentially, they too can be seen as factors that 'have the capacity to pressurise an organisation towards change or stability'. At Northam, the EMT contextually identified these as essentially local community and service related issues. To all intents and purposes, these were issues stemming from the implications of local, social, demographic, economic and legislative changes. There were also factors related to 'strategic choice' partly rooted in the new leadership's ideology and beliefs, which indicated the importance of listening to and ascertaining the needs of the council's customers and the wider community. A third category, described

as 'enabling factors', can 'assist or impede the scale of changes achieved within the authority' (*ibid.* 67). At Northam, these were closely associated with the strong 'transformational rather than transactional' style of leadership persistently demonstrated by the incumbent chief executive an identified in Hinings and Greenwood model cited by Keen and Scase (*ibid.* 67).

As with many other local authorities, fiscal pressures became more intense and were evidenced during the period of my fieldwork for this case study (1993-1995). In a report to Policy & Resources Committee in July 1994, members were reminded that 'with resources so constrained… clarity about priorities will be vital…' Indeed, in a climate of council spending being 'capped' and the present financial situation being described euphemistically as 'tight', the strategy outlined a series of options for seeking new resources. These included a number of suggestions such as lobbying central government on the Grant Settlement, accessing other forms of potential funding, working in partnership with other agencies to achieve shared objectives, and a rolling programme of efficiency reviews.

Again, similarities with the Keene and Scase study were often observed. In Northam, fiscal pressures, for example, were similarly of medium strength accompanied by high levels of external pressures coupled with 'a strong value commitment to change' on the part of the new leadership. Overall, the strategy was persuasively driven by a chief executive who had significant expertise in corporate planning and change management from his previous job in local government. In the following sections I discuss the essential features of this strategy.

Key elements of the corporate strategy - The Executive Management Team had spent a considerable time preparing early drafts of the corporate strategy to support members in achieving their policy objectives. Much of the preparatory work can be traced back to the period immediately following the arrival of the new chief executive. In recognition of the need to adapt and develop new roles, radical changes in the structure and culture of the authority began to emerge more noticeably. The Vision Statement (see above) was seen as mechanism for expressing the council's core values and

objectives and also for 'guiding staff' behaviour and 'boosting morale'. As one member of the EMT observed:

'What [the chief executive's] doing, I think, is the 'top down' approach, which says before you can go anywhere with in the organisation, you have to have a vision. The organisation has to know what it believes in and what it's going to do…' *(from an interview with the Director of Administration & Legal Services, October 1993)*

Drawing from the Vision, a number of priorities were identified as areas of influence in which the new Council wished to operate. Developing these in strategic terms would then inform the medium term planning process.

Priorities for the next five years - A key feature of the corporate strategy alluded to time and again, was the need for it to express a 'needs-based, policy led approach'. This adoption of a 'policy led' style to strategy formulation signals a change of course by the Council from the hitherto, traditional financial-led, professional officer-dominated policy-making processes similarly identified by Keen and Scase (1998:70) in their study of change. Conforming with the Vision Statement but not particularly radical in character, the policy priorities were re-stated with some modifications as:

- **Environment** – including its protection, recycling facilities and reducing pollution
- **Local Economy** – covering job creation, links with Europe, collaborative working and community safety
- **Education** – reducing class sizes in primary schools, provision of nursery classes for all 3 and 4 year olds and out of school hours care schemes, school governance and reviewing selection testing arrangements for secondary school places
- **Social Care and Housing** - extending consultation and the involvement of users, reviewing charging policies, meeting housing needs and reviewing the housing divestment policy an issue which the authority had been grappling with for the last couple of years
- **Transport** – encouraging the development and use of public transport, promoting cycle routes, traffic calming schemes and stressing the need for consultation on road building schemes
- **Leisure** – providing leisure services at affordable costs, maintaining the library service, reviewing play areas and facilities for young people

Consultation and Partnership - Unlike the previous leadership, the new administration, led by the Labour group, wished to extend its 'community leadership' role more actively by 'identifying the needs and views of customers and residents through active consultation'. This element of the corporate strategy acknowledged that the local community needed to be better engaged at a number of levels and moreover in 'jointly seeking [means] to provide solutions. In line with the experiences of other local authorities, essentially these were:

- Consultation with service users
- Identifying the needs of the 'local community' and supporting it in addressing them (not necessarily through direct service provision)
- Providing more information about issues, services and other agencies
- Working closely with the business community, other agencies and neighbouring boroughs on a number of London wide projects.
- Influencing government policy and its funding allocation
- Accessing additional funds from the European Union

This clearly shows the desire to move towards a mixed economy of service provision but at the same time hinted on the requirement to tackle the relentless financial pressures facing the authority.

Operational Policy - Consistency between the medium term plan (yet to be fully developed) and the way the authority would operate on a day to day basis, was seen to be an essential part of the overall strategy. An underlying theme in the everyday operations was the 'active pursuit of quality'.

Key structural changes for achieving this, would involve 're-orientating the organisation to the needs of our customers'. Under the direction of the Executive Management Team a 'more devolved style and a competitive ethos in the context of CCT was proposed. Although it was anticipated that the divestment of the council's housing stock would resume 'in collaboration with housing association partners', the opportunities to extend the principles of divestment to other areas would also be explored as long as they met the following requirements:

- Improves service delivery to customers

- Makes good financial sense for the Council
- Protects the long term interests of staff
- Provides added value for the authority and its residents.

Within the context of this operational policy, the corporate strategy made reference to 'management devolution'. This meant that 'responsibility for day to day decisions on resource utilisation should be at the lowest level possible to ensure responsive service delivery'.

Considerable importance was attached to the plan for reviewing existing personnel policies and to improving the training and development of staff. This sensibly recognised the 'value' of employees as articulated in the Vision Statement. And in an attempt to forestall staff fears over 'job insecurity and the effects of increased personal responsibility and accountability', the Leader of the Council stated that they would involve staff in all necessary changes. This point was further reinforced by the chief executive who confirmed that consultation with staff would take place 'where changes might have a major impact' (employee newsletter, July 1994). A good example of this was the holding of a joint meeting with the staff in the housing department and the Deputy Leader of the council (also Chair of Housing and Environmental Health Services) to discuss the issues of CCT and partnership arrangements.

Management Process - In order to better support the operational policy, management processes would be established with particular emphasis on the development of a medium term planning system that would allow 'needs to be identified, assessed and prioritised, and resources allocated accordingly'. In essence, a system for making difficult choices against the backdrop of limited financial resources.

By translating a medium term plan into annual business plans for each directorate this would enable individual action plans to be produced. Collectively, these would provide the basis for introducing a performance management system 'which will involve performance monitoring at the corporate and service level, individual performance appraisal and development, and post implementation review of key initiatives and developments'. A corporate action team had been set up to drive this forward. In their early deliberations, the action team defined the medium term objective of performance

management as 'to translate the business plan/vision statement into goals for teams, sections and individuals, to enable the organisation to manage progress toward these goals' (Source: Internal document June 1994).

Performance management was seen as a process that would ensure that 'in all the circumstances we operate, the authority's values are maintained and reinforced'. To be effective, it was emphasised that the system of performance management would need to be underpinned by 'flexible internal regulatory frameworks and guidelines…'

All this was seen as crucial part of a management process that would support the council members in their role. By channelling key information of performance against service specifications and objectives this should contribute towards organisational learning and service delivery as well as providing a mechanism for 'periodic review and adaptation of the corporate strategy to meet changing circumstances'.

Organisational development

In order to implement the corporate strategy, there was a determination by the chief executive that a radical programme of organisational change and development would have to take place. The stimulus for this was the 'many external changes and challenges' outlined above.

At the heart of these was the new administration's desire to become 'more customer focused'. Another pressing issue was the requirement to prepare the authority for the extension of competitive tendering to 'white-collar' services such as housing management, information technology, financial administration and legal services originated under the Conservative government of the day. There were also the implications arising from other legislative pressures such as the Community Care Act 1990 and the changing relationships of the Education Services department with schools, which brought about by their greater financial autonomy.

Furthermore, there was a firm resolve that the organisational arrangements of the authority needed to change to 'meet the aspirations of the new administration' and to 'maximise the impact of all major policy developments'. These kinds of pressures and

influences were fundamental in inducing the organisation to assume a more corporate approach – 'enabling not disabling', as the chief executive remarked.

To support members, it was proposed that a review of the committee structure and standing orders would be undertaken, to take effect in 1995/96. There was also recognition that member support would need to be strengthened if members were 'to play a full and active part in the changes'. There was a clear statement of intent to ensure greater employee involvement in the organisational review and ways would be developed to 'hear the views and ideas... of those at the forefront of service delivery'.

In October 1994, the Policy & Resources Committee agreed to set up the Organisational Review Working Party with the aim of both considering and reviewing both committee and organisational structures. By October 1995, following extensive consultation, with staff and members, the proposals for a radical organisational design began to emerge. An emphasis was placed on customer focus, performance standards, issues related to competition and the recognition that members, the chief executive and directors should adopt a more strategic role supported by a range of 'strategic services' and 'support activities'. Underpinning this, was the need for the new structure to achieve operational efficiency and effectiveness and demonstrate value for money. The essential parts of the proposed organisational structure were seen to be:

Members - as representatives of the community; they decide the policy for the provision of services.

Public Service Areas - functional units focusing on customer needs: delivering services as agreed by members.

Support Services - supporting members in their roles and the authority in carrying out its responsibilities.

Strategic Services - supporting the chief executive and the corporate directors (the 'core') in their roles and responsibilities.

The Core - providing support to members, direction for the council and leadership to the authority.

In accordance with the set of principles considered and adopted by the Working Party in July 1995, Members, the Chief Executive and Directors would make up the strategic core supported by 'a clearly defined range of strategic services'. A Head of Service

would have line management responsibilities for the Functional Units within his/her Public Service Area with accountability for performance to a Corporate Director.

Figure 11.1 Officer components within the basic structure
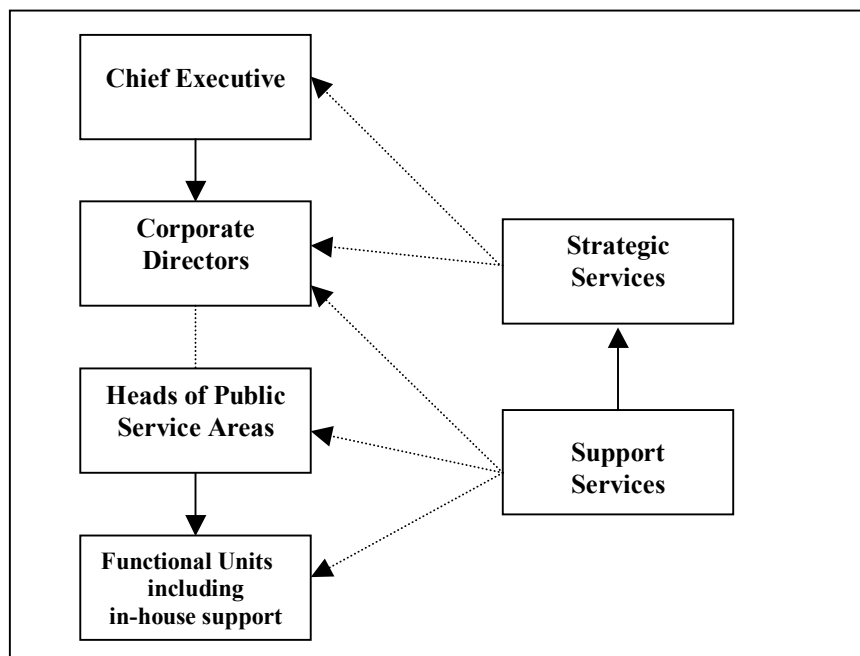
Heads of Service would be responsible for the day to day operational delivery of services. Central Support Services would be offered and made available to the whole authority but organised so as to avoid duplication. The only justification for incorporating a support activity within a public service area would be that it could not efficiently be provided centrally. The officer inter-relationship inherent in these principles is shown in figure 11.1

Members - Although there was no clear distinction between stakeholder groups, Members saw themselves as being elected to represent three classes of local resident - the community, citizens and customers. Furthermore, as some members had become involved in out-of-borough issues, a wider representative role extending to a fourth group described as London/regional communities was identified. In actual fact, the proposed organisational changes thus proposed had to be capable of supporting members in their various roles whether it be on committees or through their involvement in the wider borough issues of the communities they serve. As the whole

approach to the new structure recognised a recurrent concern by members about customer focus, it was decided to group functions with a common relevance to the customer into Public Service Areas.

The Public Service Areas - A key component of the proposed new framework was the setting up of fifteen Public Service Areas each comprising a group of Functional Units related to 'front line' activities. For example, the Payments & Benefits area would bring together those financial activities with a high customer profile. Essentially, its aim was to establish an 'integrated financial assessments' service in which such functions as welfare benefits, and council tax collections would be delivered along side travel concessions and student awards. By excluding the financial planning role, traditionally seen as a central support function, the new arrangement 'would enable customers to receive a more co-ordinated and effective response to benefit issues'. Similarly, the Housing functions would be integrated into a unified service. The intention here was to combine housing repairs, housing provision, housing management, home improvement grants as well as acting as the contact point for the rent officer service. Another radical change was the establishment of a Licensing and Registration public service area that would draw together such diverse functions as electoral registration, licensing of skips and scaffolding, registration of care homes, land charges and the statutory responsibility of the Registrar of Births, Deaths and Marriages.

A Head of Service who would have responsibilities for his/her area's performance management to a Corporate Director would manage each Service Area. Jointly, they would agree a business plan that would need to be consistent with the corporate strategy. The whole approach was designed to ensure that each area would have 'a prime responsibility to focus on service delivery'.

Support Services - The overriding task for centrally managed support services was to provide 'the best possible support to enable the whole organisation and members to discharge their responsibilities'. An important tenet underlying this was the need for support services 'to sell' their services to rest of the organisation, including core and strategic services. To reinforce this internal marketing approach, no budgets were allocated to the eight support areas. Consequently, there was a clear expectation that

they would 'make the most effective and efficient use of specialist skills and roles, make the most effective use of technology and avoid duplication. The eight support service areas ascribed in the new organisational structure are listed below.

- Finance
- Legal
- Client & Purchasing Services
- Personnel
- Property Management
- Information Systems
- Central DSO Services (to include catering, grounds maintenance and transport)
- Facilities Management

As with the Public Service Areas, there was to be clear accountability to the Corporate Directors through business planning, corporate working and overall performance management. An additional requirement was that heads of these services would also be 'responsible to Committees for ensuring service delivery.'

Strategic Services - Here the approach was for strategic services to focus on providing support to the 'Core'. In explaining their function, the working party's proposal stated:

'The core group of Members, Chief Executive and Corporate Directors will be supported by and able to call upon the Strategic Services. These will not report in line management terms to the Core but will function as support service areas with their own Heads in the same way as other support services. It is envisaged that staff… will need to work closely together in ensuring that the Core is fully supported in the corporate process of policy-initiation and development, consultation, decision-making, implementation, monitoring, evaluation and review'. (Source: Outline Organisational Structure document)

Five distinct strategic service functions were proposed:
- Policy & Performance
- Administration and Committee Services
- Corporate Communications (both internal and external)
- Audit (an independent internal audit function)

- Business & Community Partnerships (promoting the interests of the borough in such areas as economic development, seeking funding opportunities and acting as a contact point for both the voluntary sector and other community groups outside the scope of the other Service Areas)

It was also acknowledged that from time to time other core professional support would be 'commissioned from central support services when needed', in particular from such services as Finance, Legal, IT and Personnel.

The Core - Conforming to almost all local authorities, the new organisational design unstrikingly recognised the need for a designated management team at its strategic centre. Broadly following the convention, there was a notable emphasis placed on the need for strategic leadership, policy direction and overall performance management for the organisation through the establishment of a corporate core comprising members, the chief executive and three corporate directors.

Based on the traditional model, the incumbent chief executive was seen as the principal link between members of the council and officers. As principal policy adviser to members and head of the paid service, the chief executive was typified as exercising a special relationship not only with the corporate directors but also with the Heads of Policy & Performance and Personnel. Through his leadership role, the chief executive was identified as the person who would ensure that the organisation was 'clear about direction policies and strategies'. Furthermore, the creation of the 'core' would allow the chief executive the prospect for focusing on such issues as forward planning, organisational performance and cultural change, as well as enabling him to lead on the development and maintenance of external relationships.

The appointment of three 'corporate directors' with responsibility for a group of service heads on a rotational basis signalled a major shift from the standard, traditional departmental structure at Northam up to this point in time. As with the Barset County Council study of change (*ibid.: 76*), there was a 'considerable change… away from a structure based on traditional professional and functional divisions with its associated hierarchies' which had similarly 'impeded… good customer service.'

Operating as a team, the corporate directors would 'work with the chief executive' not only on the more self-evident task such as 'developing the corporate strategy' and managing the organisation but by increasing involvement by other agencies (the 'enabling role'). This is exemplified to some extent by the following extract taken from the organisational review working party document.

> 'Corporate Directors will work with the Chief Executive to… promote the interests of the Council outside the borough with the aim of influencing Government, securing external partnerships, supporting Members on national and regional bodies, encouraging community involvement with the Council and projecting a corporate identity and image to the outside world'. (From the Outline Organisational Structure document)

The Outline Structure of Functions - The outline components described above distinguish three service types: public services, support services and strategic services. This separation, it was believed, would offer 'clarity' and 'transparency' to the structure while at the same time recognising the benefits of giving devolved responsibilities without compromising strong leadership. Nevertheless, there was great emphasis placed on the need for services to be delivered in an integrated style through 'one organisation'. Encouraging 'a commitment to good collaborative working practices' and allowing the appropriate prominence to each element would achieve this, it was claimed. Furthermore, the Working Party placed weight on the need for the proposed outline structure (see figure 11.2) to achieve a balance between the various exigencies that were identified.

Figure 11.2 Balancing the aims of the proposed structure

effective member support	←→ effective and responsive service delivery
internal pressures	←→ external pressures
Strong leadership within the organisation	←→ personal staff development
Working closely with local communities	←→ providing community leadership
Strategic direction and corporate safeguards	←→ devolved responsibilities
effective use of limited resources	←→ maximising service quality
viability of service area size	←→ over-dominance of any single service area
Imperatives of front line service delivery	←→ need for effective central support services
Accountability for Council's performance	←→ strong partnership working

To reach this apparent state of equilibrium, corporate directors would take an 'overview of the running of the Council and its internal/external relationships, leaving day to day services delivery responsibilities to the Heads of Service who will be evaluated through performance management processes'.

In support of Flynn's (1988) assertions about the relevance of culture in achieving effective change in local authorities, the Organisational Working Document (p.15) concluded that the 'success of the new structure' depended critically on the clear recognition for the authority 'to continue the process of cultural change' through 'employee development and training'.   There was importance, therefore, placed on ensuring staff had the necessary skills and competencies to deliver what was required of them coupled with a firm determination to build a 'compatible culture' within the authority.

The foregoing components are brought together in a diagrammatic format in figure 11.3. The next section closes this chapter by highlighting the proposed officer structure to support it.

Figure 11.3 The proposed structure for the L. B. of Northam
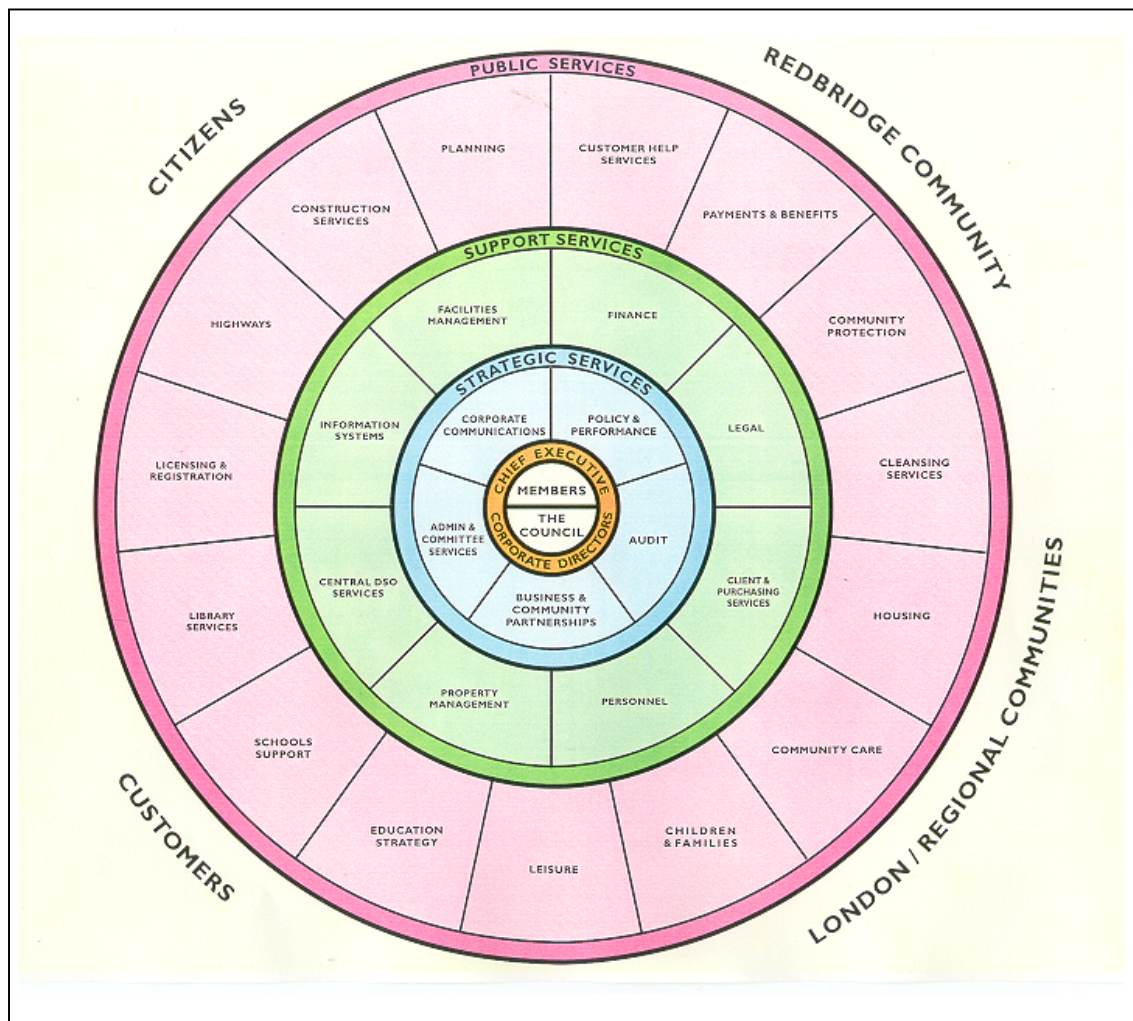
Changes in management structure - Along with most local authorities, the existing grouping of service delivery functions at Northam followed the traditional style of highly differentiated or operational directorates: Administration and Legal Services, Education, Personal Services (social services), Finance, Technical Services and Land Management. As with Keen and Scase's County Council study (1994: p.76), the proposed changes in management structures are seen to mirror the shift from the 'traditional professional and functional divisions with its associated hierarchies', which similarly were identified as impeding the promotion for customer awareness across the whole authority.

The development of this new organisational design with its unconventional grouping of functions necessitated complementary changes in management structures. In keeping

with the criteria established by the working group, management lines within service areas had to be 'as short as practicable to ensure good quality service delivery, effective management, clear accountability, avoidance of duplication and effective communication with staff'. The proposed management structure would reduce the number of management levels from up to eight in some existing services down to just four. Through flatter structures, shorter reporting lines would be set up leading to closer links between managers and customers.

Figure 11.4 The Proposed Management Levels in the New Structure Model

Source: Organisational Working Document with some modifications
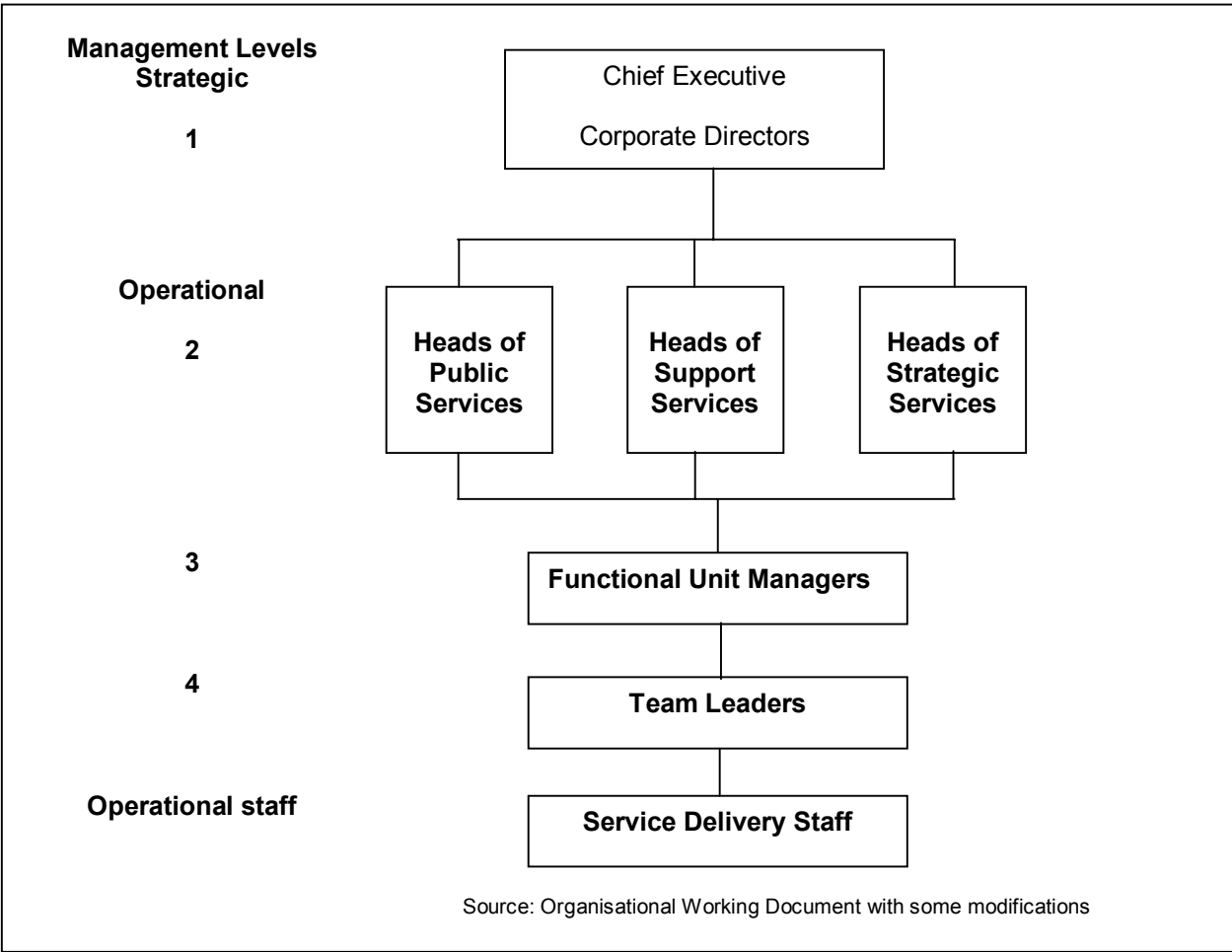
Figure 11.4 shows a schematic representation of the authority's optimum proposals for its management structure. Although one important and noteworthy qualification expressed in the Organisational Working Document, was that this model 'should not be slavishly adhered to but used as a basis for considering circumstances of individual services areas during the implementation stage'. Once more, one can detect a close

parallel to the policies at Barset County Council which were 'designed to ensure smooth and effective operation of the system, and to avoid unproductive competition between provider units', (*ibid.*: 77). For the purpose of comparison, the existing structure in the Technical Services Directorate with its eight management levels are shown by way of comparison see figure 11.5. It clearly shows the traditional hierarchies of a typical professional division at the time.

Figure 11.5 Example of traditional management structure of a division with Technical Services Directorate

CIVIL ENGINEERING CONSULTANCY

Management Level 1	**Chief Executive**
2	**Director of Technical Services**
3	**Asst Director - Consultancy Services**
4	**Head of Civil Engineering**
5	**Chief Assistant Engineer**
6	**Principal Engineer**
7	**Group Engineer**
8	**Engineers**

Source: Organisational Working Document
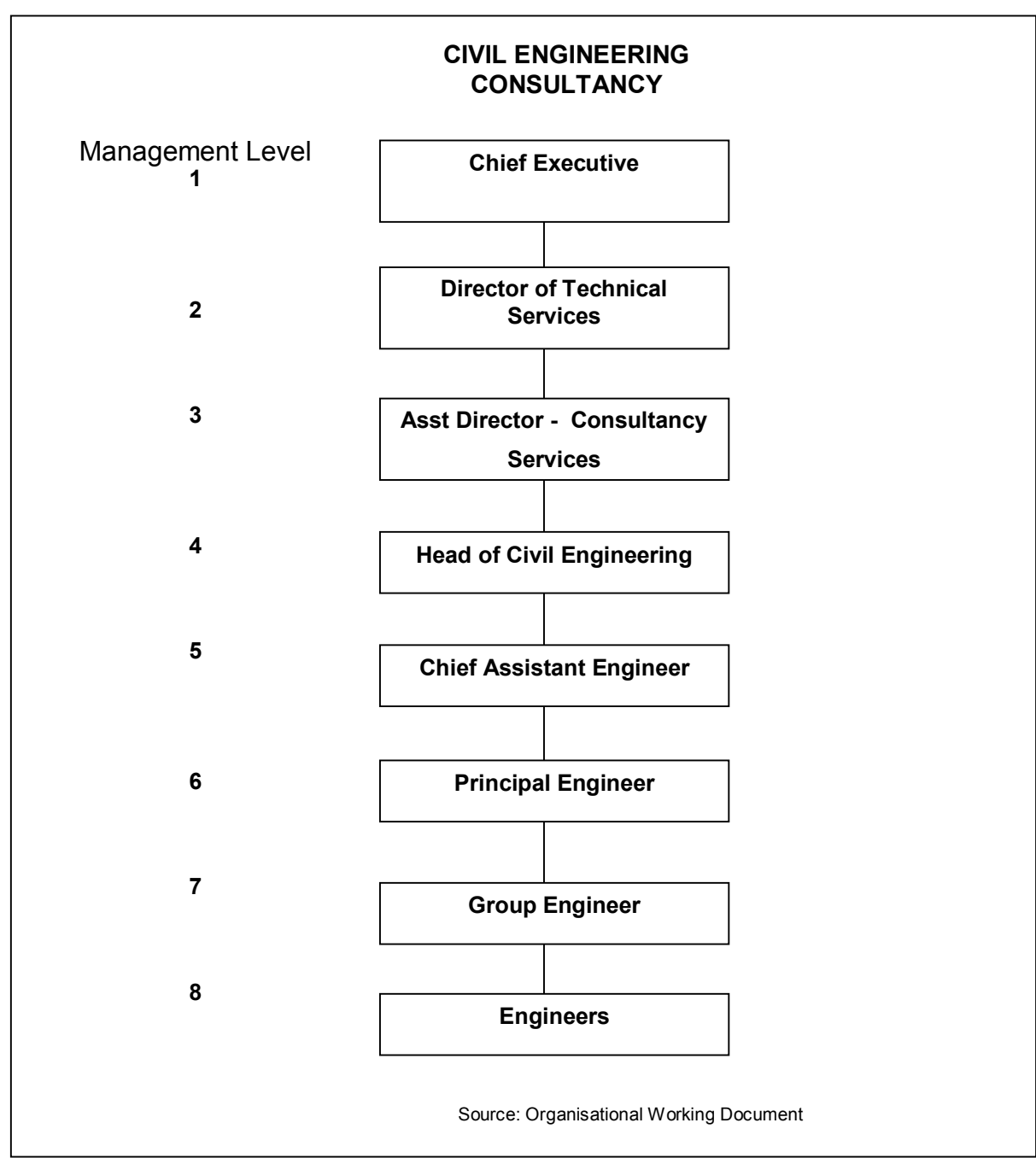
Implementation - After nearly a year of discussions and planning the chief executive and council members had completed their proposals for the first significant reorganisation of the authority for fifteen years. There was a notable recognition, however, that changing the structure would not in itself result in an organisation capable of meeting the underlying principles agreed upon at the outset, i.e. customer focus, performance standards, efficiency and effectiveness, cross-organisational working, etc. It was initially seen as 'only a means towards and end'. The need for a corresponding change in the organisational culture was seen as a major factor in bringing about the success of the proposed changes. The Organisational Working Document described the culture as the 'glue which holds an organisation together' and continuing the metaphor, it was seen as careful attention would need to given to the implementation programme to ensure the organisation and its workforce do become 'unstuck'. To facilitate a smooth and successful transition, issues around communication, assimilation, staff support and training, accommodation, equipment, IS and corporate standards would need to be constantly addressed.

The chief executive was most clear in his mind how the new structure would work in practice. In his usual orderly style the chief executive explained to process to me:

> '…There are 29 service heads in our proposals – public services, support services strategic services. Basically what we're going to do is say a,b,c; a,b,c; a,b,c right the way along. Right! Director A you will take all the As. Director B you take all the Bs. And then after 2 years you will move along one so Director A becomes Director B and Director B becomes Director C and Director C becomes Director A. So… they do not build power bases. What they then do is require each of those Heads of Service to produce a business plan that is consistent with and delivers the work programme that the committee has set out that it wants to do and is also consistent with the corporate strategy. The Corporate Directors will manage the performance through performance appraisal and development of these people with an annual appraisal and action plan – a half-yearly review and a quarterly progress. So performance management is built in to making this structure work'.[54]

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[54] Fieldwork Interview, Chief Executive, 25th September 1995.

The chief ingredient for success was regarded by the organisational Review Working Party as getting Corporate Directors, Heads of Service and the workforce to 'face the future as one organisation'. How this was achieved and to what extent, could well form the topic for further study.

<u>Conclusion</u>

The early case study chapters describe the development work on corporate strategy undertaken by the new chief executive and his Executive Management Team under the Conservative administration. In the run up to the local government elections in May 1994, we saw an inertia setting in with regard to any further strategic or transformational change taking place at Northam. The swing in the electorate's mood away from a Conservative government nationally was accompanied by a change in local leadership's political futures. In a dramatic turn of events, a hung council, led by a new Labour administration was elected. Driven partly by their inexperience, the new administration was ready both politically and intellectually for major change. The new administration's desire to become more customer focused signalled a shift away from the traditional style of service provision under the Conservative group. By taking extending its community leadership role, the new administration led by the Labour group sought to identify the needs and views of local residents through active consultation. With the setting up of the Organisational Review Working Party, a new radical organisational design began to emerge which would be better suited to respond to the aspirations of the new administration. Their emphasis was now on customers and performance standards within a framework of operational efficiency and effectiveness.

The proposed organisational structure was designed to improve performance through the appropriate grouping of public services, support services and strategic services. Structural changes of this magnitude will require new prescriptions for middle managers and staff and good collaborative working practices throughout the workforce. It will be important to ensure that staff possess the necessary competencies through effective training and staff development programmes that recognise Heads of Service will become more accountable for achieving specified performance targets by formulating business plans that deliver council work programmes and are compatible with the corporate strategy.   A new kind of Corporate Director is envisaged who will be need to

be far more strategic and performance management orientated. Through their leadership, this new generation of directors will develop partnership working and can expect to be champions of change, ensuring a careful 'balance' is achieved between the tensions inherent in the new structure. By being in a position to take an overview of the Council and its internal/external relationships, the Corporate Directors will be better placed to leave the day to day responsibilities of service delivery to the Heads of Service and their functional units. Acting as a team, the Chief Executive and the Corporate Directors will work with Members to support them in performing their various roles. However, the key issue will be the extent to which the restructuring is accompanied by a change in culture that results in improved working practices and performance, and encourages innovation and creativity. Changes in formal management systems, the re-grouping of service activities will be seen to be purely cosmetic unless accompanied by a compatible culture throughout the organisation.

CHAPTER 12 | CONCLUSION

Introduction

My conclusion is sub-divided into two sections. In first Section, I consider the contribution of my thesis. In this section, I show how the move towards strategic management observed at Northam was typically set against a background of change. I identify the new chief executive as the key strategist and suggest that the strategy process accords closely to the incremental explanation described in the literature. In referring the reader back to chapter 6, I demonstrate that it is possible to build a conceptual framework and offer figure 6. 4 as my contribution to this objective. In Section 2, I evaluate the utility of my case study approach whilst drawing attention to some of the limitations.

Section 1 -Contributions of the thesis

Quintessentially, the contribution of my thesis flows from the four key objectives set out in chapter 4.

- Does the thesis distinguish the sequence of incidents, activities and stages that led to the development of a corporate strategy in my case study local authority?

- Is it possible, at a theoretical level to develop a conceptual framework for understanding the strategy process?

- Can strategy process capability enhance a local authority's competence with reference to the propositions of Hart and Banbury (1994)?

- What explanations is the thesis able to provide on how these events occur?

1.1 - Does the thesis distinguish the sequence of incidents, activities and stages that led to the development of a corporate strategy in my case study local authority?

This research is in the tradition of a rich case study. It seeks to understand the complex process of strategy development or change over time and within the cultural dimensions in a London borough. The case study concentrates on the period from mid-1993 to late-1995 (a period of some 30 months) and in particular to the incremental patterns of

change observed during that time. An illustration of the strategic activities at Northam during the period (see table 8.4) give a strong indication why this case study provided a rich source of data on which to base this investigation. The following paragraphs not only summarise the planned strategic activities over time but also provide a valuable visual pattern of many of the key stages underpinning the corporate strategy.

Although both the former Leader and Deputy Leader of the Council clearly approved the former chief executive's autocratic style and the way he ran things, it was apparent to them and other Members of the Council that local government was in the throes of 'tremendous' change and consequently there was a pressing need to respond to the situation.

When the former chief executive announced his retirement, there was a clear decision on the part of the leadership that the time had come 'to have a different operation'. How to go about, however, was less clear. The recruitment advert for the new chief executive, for example, focused more on process management than outcomes or results and made no reference to any 'strategic role'. Even though the political leadership was uncertain about the qualities required of a new local authority chief executive in the 1990s, at the interview the new chief executive appeared to 'fit the bill'. In chapter 8, I show how the new chief executive's strong personality, previous experience in managing change would be the catalyst that would prepare the London Borough of Northam for the 21st century. The findings in this case study support the conventional wisdom that the role of leadership is a crucial element in initiating strategic activity.

Despite the authority being constrained by negative traditions and procedures, in June 1993 the urgency for change became a major issue for the political leadership and committee chairs. In this case study I show how the charismatic leadership style of the new chief executive was instrumental in gaining the commitment of his senior management team against the background of culture averse to change and content with the notion that they were doing a 'good job'. My observations, nevertheless, suggest that the process of strategy formulation began taking place. On the one hand, this can be traced back to the new chief executive's master plan (see table 8.4) and his resolute style in leading the process, but on the other there was evidence that the Departmental Directors had began to recognise the need for a better response to customers, changing

government legislation and other external stimuli. Despite the Deputy Leader's hands on style, there was a tacit expectation throughout most of the latter half of 1993 that the new chief executive would get on with it and lead the process.

In his report to Members of the Policy & Resources Committee in July 1993, I show how strategy formulation began to emerge at a more formal level. The report outlined those forces and factors that were perceived to have precipitated 'the changing role of local government'. Just three months into office, the new chief executive had gained political endorsement for his programme of strategic change and had initiated the all-important task of strategic issue identification. In line with Caulfield and Schultz's (1989) suggestion, I also see how Northam began to gain some insight into how it needs to develop as an organisation to become more effective. From a fairly simple exercise, several pieces of relevant Government legislation and a host of other local issues were identified and considered by the Executive Management Team in September 1993. By the autumn of 1993 a corporate strategy began to emerge, underpinned in a document entitled 'The Enabling Authority' spanning six inter-related programme areas covering Vision and Values, Strategic Policy, Community Consultation and Partnership, Operational Policy, Management Process and Organisational Development.

As far back as June 1993, the new chief executive was adamant about developing a vision for the authority but some Directors were less comfortable with this piece of strategic work than others. Despite the new chief executive's temptation to write it himself, he heeded to his better judgement arguing the case that it had to be collaborative to the extent that it should be a joint outcome of the Executive Management Team prior to approval by Members. It was also acknowledged that the symbolic function of the vision statement would serve as a means of motivating and inspiring the workforce.

By late autumn 1993, a hiatus in strategic activity occurred during the six-month run up to the local government elections in May 1994 and the draft vision remained just that. The Conservative ruling group was distinctly uneasy about adopting any new initiatives until after the event. In Chapter 11, I identify how the corporate strategy began to re-emerge under the new Labour Administration. Although previous strategy work under

the Conservatives was not discarded, the change in political perspective meant that the corporate strategy had to be refined and re-focused to accommodate the new administration's manifesto which set out the way forward for the next five years and beyond. After a brief bedding-in period, the Vision Statement was amended to better reflect the new ruling group's policies and aspirations. With the establishment of a special organisational working group in October 1994, I describe the fundamental changes in organisational structure that were put in train that would be based on a set of underlying criteria for 'guiding and shaping' the authority as the next stage in the corporate strategy development.

1.2 – Is it possible, at a theoretical level to develop a conceptual framework for understanding the strategy process?

Chapter 6 of my thesis has demonstrated that it is possible to develop a conceptual framework for understanding the strategy process. Despite the complexity and diversity of the many constructs, the conceptual framework provides a useful toolkit for guiding empirical exploration into the strategy process in a local authority. Building upon existing definitions, I have extended the logic and offer my own original contribution in figure 6.4.

Reasoning that the purpose of any strategic activity in a local authority should be to improve it desired outcomes, I set myself the task of identifying a whole range of influences that impact on a typical local authority. I began by looking at the external environment, which I examined from two aspects: those forces that exert their influence on local authorities in a more general way and those that influence them in a distinctive way and drew attention to the all important political context. I then moved on to discuss the relevance of stakeholders as a common feature of strategic management in the public sector and developed a typical stakeholder map. Moving inside the local authority, I found the interrelationships offered by the McKinsey 7-S model valuable in explaining the impact of structures and systems. In place of shared values at the centre of the system, I prefer to see strategy as providing a unified theme or cohesiveness to the organisation. Finally, I consider how the success of the strategy process might be evaluated in terms of organisational effectiveness. Drawing from the discussions about the distinctions between the public and private sector models in Chapter 3, I build on the

work of Sipel (1984). In table 6.1, I have incorporated a more complete set of hypothesised factors that make 'excellence' attainment difficult for local authorities when compared to the 'excellence criteria suggested by such contributors as Peters and Waterman (1982), Nielson (1991) and the Audit Commission (1988). Whilst many of these factors will have varying impacts on a local authority's ability to achieve 'excellence' in the business sense, it is the presence of the political base in local government that must be is seen as having the strongest impact.

In short, the extended conceptual framework offers a helpful contribution for viewing and understanding the range of factors that influence the strategy process in the local authority context.

1.3 – Strategy process capability can enhance a local authority's competence?

The hypothesis here is intuitive but is based on the empirical work carried out by Hart and Banbury (1994). Local authorities that are able to develop and accumulate several different process skills into a complex strategy making capability might be expected to cope more successfully with the environmental change and uncertainty and the raft of other factors 'influencing, restraining and driving change' (Isaac-Henry, 1993: 2). Extending Hart and Banbury's (1994) research on business organisations in multiple strategy-making process modes to the public sector may not be entirely scientific but there are some useful parallels that can be drawn from my case study findings that may have application to the local authority context more generally.

Hart and Banbury point out that the five modes of strategy-making developed by Hart (1992) were not taken to be mutually exclusive. In Chapter 10, p 175 of my thesis, I introduced Hart's (1992) five generic modes of strategy-making. They are 'command', 'symbolic', 'rational', 'transactive' and 'generative'. Hart (*ibid.*) suggests that by top managers focusing on different priorities, they can 'pull different organisational 'levers''. These 'levers', can be conceptualised as ranging from the articulation of corporate mission and vision, on the one extreme (command mode) to concern for informal processes and people on the other (generative mode), with a range of levers falling in between.

Applying this logic to my case study findings one can recognise the London Borough of Northam in the 'Command' mode of strategy making where much reliance was placed on the 'idiosyncratic capabilities' (Hart and Banbury, *ibid.*: 255) of a single individual in the persona of the new chief executive or even 'a few individuals' composed of the chief executive and his executive management team. In the event that the chief executive left this authority, its strategy-making capability undoubtedly would be severely handicapped.

My observations suggest that from the moment of appointment of the new chief executive at Northam, each of these five modes were seen to emerge over time. Hart and Banbury (*ibid.*), in their empirical study linking Hart's framework to perceived performance, suggest that by specifying both 'who' is involved in strategy making and in 'what manner', a useful organising principle can be postulated.

This conceptualisation offers a useful way to explain the interaction between the new chief executive, the executive management team and the local authority staff in the strategy processes at Northam. In reality, most, if not all of Hart's modes could be observed at Northam to a varying degree. The 'command' and 'symbolic' modes however, were the more obvious styles that the new chief executive adopted quite soon after his appointment, if not in the run up to his taking up the post. For example, in the chief executive's job description (see appendix F), which the new chief executive wrote for himself, the task of 'develop[ing] with elected members and directors a vision of the borough's future to provide a framework for policy development and medium term planning' was given prominence.

Hart and Banbury go on to contrast that where an organisation is able to operate in the 'symbolic', 'transactive' and 'generative' modes, the strategy-making processes will express a 'more complex, deeply, embedded capability' (p.255) involving the whole workforce. Again, by extending this logic to the local government context, one might expect to see a local authority with superior service delivery qualities typically achieving results in the top quartile as measure by the statutory performance indicators.

A situation, to which the chief executive at Northam, and no doubt others in local government, clearly aspire.

Hart and Banbury also draw attention to an 'emerging paradox perspective' (p. 255) where 'seemingly contradictory' organisational skills can yield high performance. For example, 'decisiveness and reflectiveness', visionary leader and attention to detail, 'bold moves and incremental adjustment'. In line with business firms, the message once again for local authorities seems plain. By combining maximally divergent strategy making modes e.g. command and generative or some other variant, they achieve better performance than those authorities that assume one or two similar strategy modes such as rational and symbolic.

When Hart and Banbury applied their empirical work on the relationship of strategy-making processes to the environmental dimension, and performance they disappointingly obtained contradictory results. They suggest that turbulent environments may not be conducive to intermediate levels of strategy process capability. As with business firms, local authorities may need to make a choice – either develop 'fast-cycle' competences in multiple modes of strategy-making when operating in turbulent environments or 'throw process to the wind'. (see p.266).

In summary, most, if not all of Hart's modes could be observed at Northam to a varying degree. Whether this will lead to improved service performance at Northam has yet to be empirically tested and raises the opportunity for further research. As Section 1.1 shows, strategic changes were put in train from the moment a 'command mode' chief executive was appointed. Observations suggest this prepared Northam to cope with the rapidly changing environment it found itself facing in the 1990s. What Painter (1993) suggests, rather interestingly, is that strategic activity creates a 'condition for success, with a catalytic effect, symbolically concentrating minds…(p.48). In other words the role of top management becomes one of motivating and inspiring similar to that identified in Hart's symbolic mode of strategy-making process.

The explanations that follow in the next section about how this might have occurred are tantalizingly suggestive of the contradictory perspectives discussed above. Do the

strategies themselves emerge from an incremental process or do they resemble the highly deliberate ones of Andrew's strategists? If they do, could this lead to improved outcomes and results?

1.4 - What explanations is the thesis able to provide on how these events occur?
An examination of the strategic process in Northam bears out many of the phenomena which characterise the concepts of strategic planning and strategic management found in the private business sector. The management of change is a theme which underpins, and to much extent demarcates the incremental strategic change observed at Northam in terms of an organisational response. Although the patterns of change can be considered more deliberately developmental than evolutionary, the formation of strategy in Northam may be inclined towards Quinn's (1978) description of an interactive learning process in which the chief strategist gradually works out strategy in his or her own mind and orchestrates the organisation's acceptance of it. At Northam, my observations suggest that strategy formulation takes place as an outcome of what the chief executive and later, to a more conspicuous extent, what his chief executive's management team perceive to be the essential need for the organisation to respond to its customers, government legislation and other environmental stimuli. Decisions eventually come about following a period of some qualitative assessment by specifically tasked workgroups led by departmental directors.

At a senior management level there appeared to be the generally held belief that the authority needs to change and reconfigure in order to respond more effectively in the way it provides or delivers its statutory and other useful services. There are also relatively strong sets of beliefs at Northam that the authority carries out its statutory roles and duties in a traditional, professional manner without the need for self-aggrandisement. Historically, a number of symbolic and cultural aspects within the organisation are present which have, in the past, tended to impede the process of change. I acknowledge these within the context of moving towards an explanatory model because they add to the complexity of understanding the strategic management process at Northam. In many ways, the process supports the idea of an incremental pattern of strategy development as observed by Quinn (1978).

Whilst there were some clear breaks in the strategy process, in particular, the period prior to the local government elections in May 1994, the main strategic initiatives do emerge or build on each other in a kind of 'logical incrementalism' or purposive way as postulated by Quinn (1980). Quinn's portrayal of the strategy process, however, becomes even more enticing as a model when he integrates his views with the traditional approach to strategy analysis. This combination appears to offer an even more persuasive explanation of the process for although strategies themselves may emerge from an incremental process, it is argued that they resemble many of the characteristics of the highly deliberate ones of Andrew's strategists. The following description by Quinn expresses this process rather more lucidly:

'When well-managed major organisations make significant changes in strategy, the approaches they use frequently bear little resemblance to the rational-analytical systems so often touted in the planning literature. The full strategy is rarely written down in any one place. The processes used to arrive at the total strategy are typically fragmented, evolutionary, and largely intuitive. Although one can usually find embedded in these fragments some very refined *pieces* of formal strategic analysis, the real strategy tends to *evolve* as internal decisions and external events flow together to create a new, widely shared consensus for action among key members of the top management team. Far from being an abrogation of good management practice, the rationale behind this kind of strategy formulation is so powerful that it perhaps provides the normative model of strategic decision-making - rather than the step-by-step formal systems planning approach so often espoused'. (Mintzberg and Quinn, 1992: 96).

Even though Quinn's findings were based on observations in a small sample of large, relatively complex organisations, my case study observations are strongly suggestive of this process or sequence of events taking place in Northam.

Nevertheless, the notion of incrementalism used to describe the strategic management process particularly may account for its strong currency and normative implications in the 1980s. Although this has predominantly been relevant to the business sector, its application does take its roots in the political organisations (Lindblom, 1959). Indeed the phenomenon of incrementalism has been commented upon by several authors in a

range of explanatory accounts. For example, it has been accounted for as the outcome of the political and social processes in (health?) organisations by Pettigrew (1977, 1985). Moreover, it has been argued that a 'logic' in incremental strategy development prevails insofar as by 'learning through doing' it facilitates decision-making and implementation within a political organisational context (Lindblom, 1959; Quinn, 1980). (See Asch and Bowman, eds., 1989)

In contrast to Lindblom, however, Quinn (1980) does not see such incrementalism as 'muddling' through. It is seen as 'a purposeful, effective, proactive management technique for improving and integrating both the analytical and behavioral aspects if strategy formulation'. As a result, Quinn (1980) maintains that incrementalism helps:

(1) to cope with both the cognitive and process limits on each major decision,

(2) to build the logical-analytical framework these decisions require, and

(3) to create the personal and organisational awareness, understanding, acceptance, and commitment needed to implement the strategies effectively.

Certainly, similar incremental patterns of strategic change were observed to manifest themselves at Northam during the period of my real-time fieldwork. The concept of incrementalism, therefore, would seem to offer a useful explanatory model with which to account for the key strategic decisions that took place between 1993 and 1995/96 in that London borough. Nevertheless, there is a danger, as Collinge (1994) rightly points out, that by relying on the business management literature to inform government practice, the frequent neglect of party politics in the public management process will be compounded.

Section 2 - Utility of a real-time case study approach

From my early literature search, it became clear that case study methodologies have been a major influence on the development of strategic management theory. Both observation and interviews offer the researcher a useful technique for identifying the day-to-day tasks of managers and their behaviour. A case study approach was selected as a research strategy because it offered the potential to provide considerable insights into the complexity of the strategy making process and the associated socio-political behaviours within the organisational setting of a local authority. In particular, it

provided a valuable opportunity not only to describe the strategy process in that authority as it unfolds over time in its new setting but also the chance for observing the role and behaviour of a new chief executive from the critical moment that he was appointed.

The value of serendipity in research should not be overlooked. Clearly, information about the appointment of a new chief executive at Northam presented me with a unique research opportunity to study the context and events leading to strategy in a real-time setting. One significant problem, though, is that longitudinal real-time research of this kind requires a significant commitment on the part of the researcher. Moreover, a researcher may have no idea at the outset how long the process will take, or indeed, will find it difficult to assess the right time to exit. And a further problem concerns risk. In this connection, a researcher cannot always be sure that the event he/she expects to observe in practice will actually transpire. This can produce some benefits, of course. Because my case study spanned a period of when local government elections took place in London (May 1994), I was able to observe how the chief executive, and to a limited extent other members of his management team, worked in a period of political uncertainty. Moreover, by using a real-time case study, there were occasions when the chief executive felt able to share many delicate discussions with me about his dealings with the political leadership, directors or the media, many of which emphasised the nature of his management skills in terms of Mintzberg's (1973) roles of 'negotiator' or 'disturbance handler'. By observing the strategy formulation and implementation process from the chief executive's perspective in this way, I believe I was far better placed to understand some of the important dynamics confronting him than would be available from a retrospective case history. While my case study has highlighted the enormous importance of the chief executive in crafting strategy at Northam, it must be recognised that there are limitations to drawing any general conclusions from a research project of this scale. Nevertheless, a case study such as this has successfully captured the essence of the strategy process in an organizational setting thereby contributing to a better understanding of that concept.

<u>Conclusion</u>

Through empirical, theoretical, conceptual and methodological analysis, this thesis makes a contribution to the limited body of knowledge about the strategy process in the local government in the UK. By adopting a real-time case study approach, I have provided a source of rich data for future researchers to draw upon whether this be related to strategy development or in the wider context of the role of a local council chief executive.

APPENDIX A - TOWARDS A TYPOLOGY OF LEADERSHIP ROLES

Source: adapted from a discussion paper by David Walker (1991): Public Management in Local Authorities

THE SYSTEM MAINTAINERS

1. **The City Boss**

Political leader usually from a large urban authority who is master, (male).

(Tends to be Labour)

Characteristics:

- focuses outside the LA as a managerial structure

- is concerned with the maintenance of group and party

- handles the opposition and the party outside the LA

- manages a range of external relationships, pressure groups, public, media- remains foremost a party politician

- approach to council management and organisation derives from party political / party management imperatives

- direct involvement only when "trouble" identified

- while not against organisational reform, uncertain about the relationship of cultural change within the LA to the ideological movements within the party

- tends to be a public figure

- resents chief officers with too high a profile who present themselves to the public as managers of change

2. **The Chairman of the Board** (from Audit Commission's "We Can't Go On Meeting Like This.")

This is the Conservative analogue of the City Boss found in county and shire districts.

Characteristics:

- delegates the bulk of management to the chief executive

- prefers to sit as a juror making discreet judgements alone or with and/or party colleagues

- his length of experience enables him to deal with administrative problem which may have cropped up before

- problem orientated but respectful of the existing hierarchy of executive officers

3. **The Staff Officer**

The Chief Executive as a system maintainer.

Characteristics:

- occupies a role analogous to the Whitehall permanent secretary

- may have managerial interests but secondary to the goal of maintaining the organisation (politics and services)

- prefers to define 'values' as aims/objectives

- may be reluctant to ask questions of purpose or ideology -"values"

- seeks to manage external relations in order to secure equilibrium within

- emphasise the need to use internal networks to anticipate trouble does not avoid a pro-active role (may seek to engineer events within the political system in order to maintain leadership under threat)

- may take an active role in budget making, taking his priorities from extensive soundings (money may be directed to fend off destabilising challenges to the system)

AGENTS OF CHANGE

1. **The Metamanager**

Characteristics:

- a political leader who has the self-ascribed task of ethos management which includes devising measures of the speed and depth of cultural change within the organisation

- assumes the responsibility for staff during a period of stressful change

- has self-consciously taken on the task of reforming the operations of the local authority, and altering the way services are managed in the hope of changing the way they are externally perceived

- is a 'City Boss' who has added to his job organisational performance monitoring and is equipped to respond

- is a propagandist for cultural change within the organisation as well as without

- is prepared to 'semi-consciously' downgrade policy-making in favour of seeing existing policy better delivered- is always a party politician never losing sight of the contingent relationship between political and managerial authority.

2. **City Manager**

Characteristics:

- the chief executive who sees himself as strategist

- a manager who conceives his task to be changing not just the organisation for which he has formal responsibility but the interaction between it and the political system, perhaps even changing the political system itself

- a propagandist working along two axes. One embracing the elected members, the other includes fellow officers

- conceives his task to be one of educating councillors, and occasionally bludgeoning them into the acceptance of manager-led change by recruiting officials of like mind)- capable of detecting common ground between parties and administering it

- seeks to downgrade party politics and views of service delivery that do not fit Audit Commission's reports or personal agenda

- believes in a direct relationship between the people (community) and the local authority the ideology is consumerism with customers having direct access to those managing the service

- deploys reality - especially fiscal reality: is a keeper of positivist methodology forcing ideals and the theories held by politicians to the test of hard (fiscal) reality

- through 'ownership' of the council's strategy he gains practical authority while at the same time denying that he holds authority.

APPENDIX B – THE 'ANTAGONISTIC PULLS' PROFILE SURVEYS

London Borough of Northam
Antagonistic pulls

1/13

Left	Scale	Right
Values	←----▸→	Controls
Cultural diversity	←◂----→	Cultural direction
Qualitative perf. measures	←----▸→	Quantitative perf. measures
Entrepreneurialism	←----▸→	Professionalism
Fragmentation	←-◂---→	Integration
Restructuring	←----▸→	Continuity
Flexible service	←-◂---→	Coherent image to customer
Service priorities	←◂----→	Strategic priorities
Departmental autonomy	←◂----→	Corporate responsibility
Service management	←◂----→	Policy management
Chief Executive	←◂----→	Leader

Chief Executive - 17 June 1993

2/13

Left	Scale	Right
Values	←----+→	Controls
Cultural diversity	←-+---→	Cultural direction
Qualitative perf. measures	←----+→	Quantitative perf. measures
Entrepreneurialism	←---+-→	Professionalism
Fragmentation	←-+---→	Integration
Restructuring	←--+--→	Continuity
Flexible service	←-+---→	Coherent image to customer
Service priorities	←-+---→	Strategic priorities
Departmental autonomy	←-+---→	Corporate responsibility
Service management	←-+---→	Policy management
Chief Executive	←-+---→	Leader

Director of Education - 28 July 1993

3/13

Left	Scale	Right
Values	←---+-→	Controls
Cultural diversity	←---+-→	Cultural direction
Qualitative perf. Measures	←---+-→	Quantitative perf. measures
Entrepreneurialism	←---+-→	Professionalism
Fragmentation	←-+---→	Integration
Restructuring	←---+-→	Continuity
Flexible service	←--+--→	Coherent image to customer
Service priorities	←-+---→	Strategic priorities
Departmental autonomy	←+----→	Corporate responsibility
Service management	←+----→	Policy management
Chief Executive	←vacuum→	Leader

Director of Personnel Services - 2 August 1993

London Borough of Northam
Antagonistic pulls

Values	←------◄→	Controls
Cultural diversity	←---◄-→	Cultural direction
Qualitative perf. Measures	←-----◄→	Quantitative perf. measures
Entrepreneurialism	←--+--→	Professionalism
Fragmentation	←--◄--→	Integration
Restructuring	←--◄--→	Continuity
Flexible service	←-----◄→	Coherent image to customer
Service priorities	←-►---→	Strategic priorities
Departmental autonomy	←-►---→	Corporate responsibility
Service management	←-►---→	Policy management
Chief Executive	←-+---→	Leader

Director of Administration and Legal Services - 5 August 1993

Values	←----►→	Controls
Cultural diversity	←◄----→	Cultural direction
Qualitative perf. measures	←---►→	Quantitative perf. measures
Entrepreneurialism	←----►→	Professionalism
Fragmentation	←◄----→	Integration
Restructuring	←----►→	Continuity
Flexible service	←----►→	Coherent image to customer
Service priorities	←◄----→	Strategic priorities
Departmental autonomy	←◄----→	Corporate responsibility
Service management	←◄----→	Policy management
Chief Executive	←----►→	Leader

Director of Technical Services - 5 August 1993

Values	←---◄-→	Controls
Cultural diversity	←--+--→	Cultural direction
Qualitative perf. measures	←-►---→	Quantitative perf. measures
Entrepreneurialism	←---◄-→	Professionalism
Fragmentation	←--►--→	Integration
Restructuring	←--◄--→	Continuity
Flexible service	←-►---→	Coherent image to customer
Service priorities	←---◄-→	Strategic priorities
Departmental autonomy	←--►--→	Corporate responsibility
Service management	←--◄--→	Policy management
Chief Executive	←--+--→	Leader

Director of Finance - 5 August 1993

London Borough of Northam
Antagonistic pulls

7/13

Values	←----▶→	Controls
Cultural diversity	←---┼→	Cultural direction
Qualitative perf. measures	←--┼--→	Quantitative perf. measures
Entrepreneurialism	←---┼→	Professionalism
Fragmentation	←---┼→	Integration
Restructuring	←--◀--→	Continuity
Flexible service	←---┼→	Coherent image to customer
Service priorities	←┼----→	Strategic priorities
Departmental autonomy	←┼----→	Corporate responsibility
Service management	←┼----→	Policy management
Chief Executive	←----┼→	Leader

Director of Land Management – 15 November 1993

8/13

Values	←--◀--→	Controls
Cultural diversity	←--▶--→	Cultural direction
Qualitative perf. measures	←--┼--→	Quantitative perf. measures
Entrepreneurialism	←--┼--→	Professionalism
Fragmentation	←---▶-→	Integration
Restructuring	←-┼---→	Continuity
Flexible service	←--▶--→	Coherent image to customer
Service priorities	←-▶-→	Strategic priorities
Departmental autonomy	←--▶--→	Corporate responsibility
Service management	←-▶---→	Policy management
Chief Executive	←-◀---→	Leader

Chief Executive - 20 December 1993

9/13

Values	←--┼--→	Controls
Cultural diversity	←◀----→	Cultural direction
Qualitative perf. measures	←--┼--→	Quantitative perf. measures
Entrepreneurialism	←◀----→	Professionalism
Fragmentation	←◀----→	Integration
Restructuring	←◀----→	Continuity
Flexible service	←--┼--→	Coherent image to customer
Service priorities	←--┼--→	Strategic priorities
Departmental autonomy	←◀----→	Corporate responsibility
Service management	←---▶-→	Policy management
Chief Executive	←-┼---→	Leader

Director of Administration and Legal Services - 31 January 1994

London Borough of Northam
Antagonistic pulls

Values	←--┼--→	Controls
Cultural diversity	←----►→	Cultural direction
Qualitative perf. measures	←--┼--→	Quantitative perf. measures
Entrepreneurialism	←◄----→	Professionalism
Fragmentation	←----►→	Integration
Restructuring	←◄----→	Continuity
Flexible service	←--┼--→	Coherent image to customer
Service priorities	←--┼--→	Strategic priorities
Departmental autonomy	←----►→	Corporate responsibility
Service management	←--┼--→	Policy management
Chief Executive	←◄----→	Leader

Director of Technical Services - 14 February 1994

Values	←-◄---→	Controls
Cultural diversity	←--►--→	Cultural direction
Qualitative perf. measures	←----►→	Quantitative perf. measures
Entrepreneurialism	←----►→	Professionalism
Fragmentation	←-►---→	Integration
Restructuring	←--┼--→	Continuity
Flexible service	←--┼--→	Coherent image to customer
Service priorities	←--►--→	Strategic priorities
Departmental autonomy	←--►--→	Corporate responsibility
Service management	←--►--→	Policy management
Chief Executive	←-◄---→	Leader

Director of Personal Services - 22 February 1994

Values	←--┼--→	Controls
Cultural diversity	←---►-→	Cultural direction
Qualitative perf. measures	←--┼--→	Quantitative perf. measures
Entrepreneurialism	←-◄---→	Professionalism
Fragmentation	←---►-→	Integration
Restructuring	←-◄---→	Continuity
Flexible service	←--┼--→	Coherent image to customer
Service priorities	←---►-→	Strategic priorities
Departmental autonomy	←---►-→	Corporate responsibility
Service management	←---►-→	Policy management
Chief Executive	←◄----→	Leader

Assistant Director (Chief Executive) - 22 February 1994

London Borough of Northam
Antagonistic pulls

Values	←---◄-→	Controls
Cultural diversity	←--┼--→	Cultural direction
Qualitative perf. measures	←----◄→	Quantitative perf. measures
Entrepreneurialism	←----◄→	Professionalism
Fragmentation	←-►---→	Integration
Restructuring	←◄----→	Continuity
Flexible service	←--┼--→	Coherent image to customer
Service priorities	←--┼--→	Strategic priorities
Departmental autonomy	←►----→	Corporate responsibility
Service management	←--┼--→	Policy management
Chief Executive	←---┼-→	Leader

Chief Public Relations Officer - 29 June 1995

Key:	Explanation
► or ◄	indicates the position and direction in which the respondent perceived the authority to be moving at the time of the survey for each set of 'antagonistic pull' dimensions.
┼	Indicates where the respondent perceived the authority to be at the time of the survey in relation to each set of 'antagonistic pull' dimensions. The use a vertical line in place of an arrow head indicates shows the respondent perceived the authority to be more or less in a static situation and not being 'pulled' (or moving) in the direction of any one of the dimension pairs.

APPENDIX C – LETTER TO CHIEF EXECUTIVE (DESIGNATE) REQUESTING PERMISSSION TO UNDERTAKE RESEARCH PROJECT

Mr MF   *My Address*
Chief Executive Designate
London Borough of Northam
Town Hall
High Road
Northam

24 March 1993

Dear Mr F,

Research Project - Strategy Process in Local Authorities
(with particular reference to the London Borough of Northam)

I am a part-time research student currently working for my PhD with the University of Birmingham's School of Public Policy, (INLOGOV) and now in my second year. Broadly, my proposed area of study has of two main objectives:

a) to identify the strategy processes in a sample of outer London boroughs, and
b) to explain how the strategy processes have arisen.

In learning from the Local Government Chronicle that you had recently been appointed as Mr GP's successor, I saw a special, if not unique opportunity your appointment as Chief Executive could provide, for studying the strategic change process at Northam as it unfolds in a new setting.

I was wondering therefore, if, with your approval, it would be possible for me to do some real-time research at the London Borough of Northam during this and the coming year.

In designing the research to observe the strategy process, it has become increasingly clear that although retrospective case histories are valuable in understanding the context and events leading up to a present strategy, it is only through real-time study that an attempt can be made to identify <u>how</u> the strategy change process take place.

Part of my proposed research methodology for Northam then, would mean undertaking periodic surveys and interviews over the course of a year to 18 months to provide comparative observations over time. These would most likely be at Chief Executive/Director/chief officer level (and if possible, at leading councillor level). I would also want to be given access to the authority's self-reports, and other information relevant to this research eg. committee reports, management team reports, departmental reports, memoranda, etc. In addition, it would be desirable if I could attend meetings wherever possible, eg.committee/management/administrative/reviews, related to this study. I would also be seeking to create a data base of some of the conceptual categories such as strategy formulation, strategy implementation, objective setting, budgeting, performance management, review and reassessment - to include dates of

occurrence, the actor(s) involved, the action, the outcome (if observable) and the source. Mindful of the need to retain confidentiality, I can assure you that any information provided or gleaned from my research would not be published without prior consent.

What I hope to distinguish in my research, which would be of particular significance for Northam is not only 'if' changes have occurred, but to identify, wherever possible 'how' these occurred. I strongly believe that an in-depth project commencing, as it were, with your appointment could provide some rich and rewarding data for comparing 'success' criteria.

I do hope this proposal is of interest to you. If you do feel able to assist me with this research, perhaps we could arrange a mutually convenient time to have an informal chat?

In the meantime, if you require any further information at this stage, please give me a ring at my office (direct line: xxx-xxx xxxx) or alternatively at home on xxxx xxxxxx.

Yours sincerely,

Malcolm Rappaport

APPENDIX D - EXAMPLE OF SEMI-STRUCTURED INTERVIEW
with CHIEF EXECUTIVE

London Borough of Northam
Date 28 September 1995

Strategic Review

1. What do you consider to be the chief strategic process present in Northam now?

2. What would you say are the organisational strengths and weaknesses at Northam now?

3. What, in broad terms are the current political objectives of the authority? How do they differ from the previous administration?

4. In what kinds of ways are these objectives expressed?

5. What do you think are are some of the key strategic issues facing this authority?

6. What, do think, makes them strategic?

7. How would you rate Northam's responsiveness to customers and community needs?

8. How does the authority know?

Strategic exploration

9. How much time do you devote in developing policy?

10. How are you made aware of key issues? Are there any formal processes?

Strategic choice and direction
Are choices being made that give direction to the authority? What are these choices, and what is the process by which they are/or would be made now?

11. How, if at all, are issues being prioritised at Northam?

12. How involved are you in the making of political choices?

13. What are the critieria?

14. What do you see as the political priorities today?

15. How do you see Northam in five years time?

Issue exploration

16.   Is there any scope within the authority yet for experimentation and/or innovation in exploring key issues?

17.   In your view, how does the authority propose to move forward?

Strategic leadership

18. Has your role changed in taking the authority forward strategically?

19. Who are the key players in the process?

Strategic organisational change

20. What organisational changes (departmental, business units) have taken place?

21. Are you involved in this process? If so, how?

Strategic organisational development

22. How are the implications for staff - attitudes, skills and knowledge being dealt with?

23. How receptive do you feel the workforce has been to the changes?

APPENDIX E – DIARY OF INTERVIEWS UNDERTAKEN

No.	Date of Interview		Interviewee's Name	Title
1.	27 May Initial meeting	1993	MF AP PS	Chief Executive Principal Asst. to CE Borough Personnel Officer
2	17 June	1993	MF	Chief Executive
3.	28 July	1993	MF	Chief Executive
4.	28 July	1993	Cllr. RB	Leader of Council
5.	28 July	1993	Cllr. KA	Deputy Leader
6.	02 August	1993	JB	Dir. of Personal Services
7.	02 August	1993	KR	Dir. of Education
8.	05 August	1993	GB	Dir. of Admin. & Legal Services
9.	05 August	1993	MT	Dir. of Finance
10.	05 August	1993	TJ	Dir. of Technical Services
11.	09 September	1993	JB	Dir. of Personal Services
12.	14 September	1993	KR	Dir. of Education
13.	12 October	1993	TJ	Dir. of Technical Services
14.	19 October	1993	GB	Dir. of Admin. & Legal
15.	19 October	1993	JB	Dir. of Personal Services
16.	05 November	1993	MF	Chief Executive
17.	08 November	1993	Cllr KA	Deputy Leader
18.	15 November	1993	BH	Dir. of Land Management
19.	15 November	1993	Cllr RB	Leader of Council
20.	20 December	1993	MF	Chief Executive
21.	25 January	1994	MF	Chief Executive
22.	31 January	1994	GB	Dir. of Admin. & Legal
23.	14 February	1994	TJ	Dir. of Technical Services
24.	22 February	1994	JB	Dir. of Personal Services
25.	22 February	1994	AP	Asst Dir. (Chief Executive)
26.	06 June	1994	MF	Chief Executive
27.	15 November	1994	MF	Chief Executive
28.	13 March	1995	MF	Chief Executive
29.	29 June	1995	MN	Chief Public Relations Officer
30.	29 June	1995	MF	Chief Executive
31.	25 September	1995	MF	Chief Executive

APPENDIX F - THE NEW CHIEF EXECUTIVE'S JOB DESCRIPTION

LONDON BOROUGH OF NORTHAM

JOB DESCRIPTION

JOB TITLE: Chief Executive

REPORTS TO: The Council

PURPOSE:

To be the Council's principal policy adviser, thus requiring a fully effective interface with elected Members, and as Head of the Council's paid service to lead the officers of the Council in the implementation of its policies and the effective management of services

PRINCIPAL ACCOUNTABILITIES:

1. Develop with elected Members and Directors a vision of the Borough's future to provide a framework for policy development and medium term planning.

2. Operate an effective medium term planning and budgeting process to facilitate the review and resolution of Council policies and optimise the allocation of resources.

3. Establish and operate standards of service delivery and systems to monitor departmental performance, to ensure that the residents of Redbridge receive good quality services and value for money from the Council.

4. Ensure that significant issues of importance to Redbridge receive full and proper consideration to achieve the best realisable results for the Borough.

5. Keep the Council's overall management arrangements (including committee and organisation structure together with management philosophy and processes) under review to advise on changes to reflect current and future needs.

6. Ensure that policies and procedures are developed, enforced and reviewed in order to maintain corporate framework of roles, responsibilities and relationships for the effective and efficient management of the Council.

7. Ensure that the Council's policies are properly communicated to the Community and Staff to ensure understanding of the Council's position.

8. Develop relationships with key people in government, business and the community in order to influence views and decisions to Redbridge's benefit.

9.   As Head of the paid service, advise Members on the selection of, line manage Departmental Directors, and lead the Directors Management Board to secure the realisation of Council policies and programmes through council staff.

10.   Oversee the work of the Chief Executive's staffing groups.

11.   To ensure appropriate provision for election arrangements for the Borough and its three constituencies with the management of elections, including the role of Returning Officer, Acting Returning Officer and Deputy Returning Officer as appropriate.

12.   To ensure appropriate emergency plans have been prepared and are capable of implementation.

13.   To ensure that appropriate arrangements are made to support the Mayoralty and the giving of advice as appropriate, including the management of Mayoralty staff.

14.   To undertake such other duties or responsibilities as the Council may from time to time determine.

ce/dp/kuz

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