Strategic Management Accounting and Managerial Decision-Making reconceptualised: towards a collaboratively oriented theory of organizational decision enhancement (ODE)

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This thesis is presented for the degree of Doctor of Philosophy at Murdoch University 2006
I declare that this thesis is my own account of my research and contains as its main content work which has not previously been submitted for a degree at any tertiary education institution.

Signed

David A. Holloway
Abstract

This thesis critically assesses the literature on strategic management accounting that is budgeting and corporate governance and also the managerial decision-making literature (primarily in the areas of strategic planning and change management). It is essentially a theory building and analytical thesis utilising a critical social science approach. The main aim is the construction of a collaborative theory of decision-making and associated methodology that will underpin and explain a more ‘robust’ construction of decision outcomes within an individual organizational context.

In doing so it evaluates and synthesises Habermas’s theory of communicative action with the intention of incorporating key elements as well as insights from Latour, complexity theory and Peirce in relation to doubt-driven inquiry in a proposed collaboratively oriented theory of organizational decision enhancement (ODE). ODE theory is argued to be widely applicable in the decision-making process utilised by organizations (private, public and non-profit). The claims implicit within the theory and its associated decision-making methodology are assessed empirically at the strategic planning level. This was part of an action research project commenced in July 2001 with Tertiary Institution’s current strategic planning round covering the planning time horizon 2003-2007.

ODE theory postulates that effective decision-making in a world of uncertainty is best undertaken in a practical and collaborative group process. The theory, that I have derived, is stated as follows:

Optimal decision-making which a particular group of decision makers can construct in a world of uncertainty and risk is a pragmatic, recursive and democratised process. The process minimises the role of individual power, authority, self-interest and ego. This collaborative approach focuses on the force of the ‘better argument’, utilises constructive conflict (CC) and continuous, conscious, collaborative adaptation (CCCA) and results in the selection and monitoring of a ‘best-option’ decision outcome.

The theory minimises the role of power and authority, focuses on the Habermasian concept of the force of the ‘better argument’, maximises the utility of resistance to change and results in the selection of a ‘best-alternative’ option that is subjected to a rigorous, performance measure-based monitoring feedback loop. In so doing this thesis extends significantly the earlier extant literature on organizational decision-making. It effectively revisits the notion of teams and groups in the organizational context and argues for organizations to seriously consider ‘reengineering’ the decision-making methodology and approach to one that necessitates effective devolution and delegation of decision-making powers. I argue that organizations should allow for and promote a ‘cascade’ effect to let control, power, authority and collective responsibility filter down through the organizational layers.

Effectiveness and not efficiency (falsely perceived as timely) should be the aim of well-constructed decision outcomes. The adaptability and self-organising capability of the workforce requires an inclusive, not exclusive, decision-making methodology to unlock and realise the full future potential of the organization.

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1 The empirical element of the thesis utilises an analysis of an Australian mid-sized research intensive university in the tertiary education sector. The participants’ confidentiality and anonymity are protected by using pseudonyms and ensuring that the organization is referred to as the Tertiary Institution and individual managers that are named are referred to as Senior Manager A, B, and C for example.
To my partner, friend and wife Donell

for all her encouragement, insights, faith, support and love
Acknowledgements

This has been a lengthy journey—both intellectually and in time. The depth of support and encouragement that I have received from all quarters has provided me with the strength to complete this journey.

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<td>Activity Based Budgeting</td>
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<td>ABB</td>
<td>Asea Brown Boveri (company)</td>
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<td>ABC</td>
<td>Activity Based Costing</td>
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<td>AI</td>
<td>Appreciative Inquiry</td>
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<td>ALAR</td>
<td>Action Learning Action Research</td>
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<td>AOU</td>
<td>Academic Organizational Unit</td>
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<td>ASX</td>
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<td>CAS</td>
<td>Complex Adaptive Systems</td>
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<td>CC</td>
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<td>CCCA</td>
<td>Continuous Conscious Collaborative Adaptation</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>CFO</td>
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<td>CSS</td>
<td>Critical Social Science</td>
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<td>DVC</td>
<td>Deputy Vice Chancellor</td>
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<td>EFTSL</td>
<td>Equivalent Full Time Student Load</td>
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<td>FFP</td>
<td>Fitness for Purpose</td>
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<td>FOP</td>
<td>Fitness of Purpose</td>
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<td>GDA</td>
<td>General Decision Assurance</td>
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<td>GE</td>
<td>General Electric (company)</td>
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<td>HECS</td>
<td>Higher Education Contribution Scheme</td>
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<td>ICT</td>
<td>Information Communication Technology</td>
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<td>ISS</td>
<td>Interpretive Social Science</td>
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<td>JIT</td>
<td>Just in Time</td>
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<td>MBS</td>
<td>Murdoch Business School</td>
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<td>MU</td>
<td>Murdoch University</td>
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<td>NPM</td>
<td>New Public Management</td>
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<td>NTEIU</td>
<td>National Tertiary Education Industrial Union</td>
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<tr>
<td>ODE</td>
<td>Organization Decision Enhancement</td>
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<td>OECD</td>
<td>Organization for Economic Co-Operation and</td>
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<td>PAT</td>
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<td>PDM</td>
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<td>QASP</td>
<td>Qualitative Analysis Software Package</td>
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<td>RAPM</td>
<td>Reliance on Accounting Performance Measures</td>
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<td>SEG</td>
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<td>SMA</td>
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<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<td>SWOT</td>
<td>Strengths Weaknesses Opportunities Threats</td>
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<td>TI</td>
<td>Tertiary Institution</td>
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<tr>
<td>TQM</td>
<td>Total Quality Management</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>USA</td>
<td>United States of America</td>
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<td>VBM</td>
<td>Value Based Management</td>
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<td>Vice Chancellor</td>
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1 Chapter - Introduction and Background

1.1 Introduction

Managerial decision-making, in the areas of corporate governance, strategic planning, change management, financial planning, budgeting and general operational decisions, is primarily an individualised, top-down and centralised process. This applies particularly to medium and large organizations in both the private and public sectors (Tourish, 2006; Harley et al, 2005; Holloway & van Rhyn, 2005; Eveline, 2004; Christensen, 2004; Holloway, 2004a, 2004b; Schwartz, 2003, 2002, 2001, 2000; Hughes, 2003; Jensen, 2001, 1993, 1988; Boden, 2001; Core et al, 1999; Williamson, 1999; Stewart, 1997; de Boer & Goedegebuure, 1995; Mintzberg, 1994; Boyd, 1990; Weller & Lewis, 1989; Wolfson, 1984; Jensen & Meckling, 1976; Galbraith, 1967; Berle & Means, 1932). It is best encapsulated by the notion of managerial prerogative. This has developed over time such that senior managers of organizations, private and public, have a perception that they are solely and individually responsible for all the key decisions merely because of the organizational position they occupy.

This is closely connected to the additional desire of senior management to maintain control over strategies, decisions, the future, customers, employees and even markets (Mintzberg, 1994, pp 201-202). This enables top management to feel more comfortable and in charge of what is ‘going on’ in the organization. The individualised managerial approach does not necessarily optimise the decisions that are implemented as a result. I argue in this thesis that a more ‘robust’ and effective set of decisions is reached through a more critical, argument based discourse and collaboratively oriented process (Holloway & van Rhyn, 2005; Holloway, 2004a, 2004b; Holloway & van Rhyn, 2003; Holloway, 2002a, 2002b; Holloway & de Reuck, 2001). The organising principle

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2 Managers may feel that they are (naturally?) individually responsible but the key question is: should they be?
central to this thesis is in two parts. The first is that ‘good’ corporate governance does not guarantee ‘good’ organizational performance. It is a necessary but not sufficient condition. This is because corporate governance enacted at the senior management and board level that arises from the construction of ‘best’ decision outcomes is procedurally-driven (focused on rules, guidelines and steps) whilst organizational performance is content-driven (the quality of the decision outcomes themselves within the larger competitive and economic context). The second part is that a collaboratively oriented decision-making theory and methodology in which power, authority and responsibility is cascaded down through an organization will deliver epistemically more ‘robust’ decision options and outcomes and enhance corporate performance.

This thesis critically assesses the literature on strategic management accounting i.e. corporate governance, financial planning and budgeting and also the managerial decision-making literature primarily in the areas of strategic planning and change management. It is essentially a theory building and analytical rather than an empirical data-driven thesis with a primary aim of constructing a collaborative theory of decision-making and an accompanying methodology that will underpin and explain a more ‘robust’ construction of decision outcomes within an individual organizational context. Since it is fundamentally a theory building study, which extends across the discipline boundaries of management accounting, management, social theory and philosophy, it is reliant on insights and justifications from within those literatures rather than empirical

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3 The converse also holds: that ‘bad’ corporate governance does not necessarily equal ‘bad’ corporate performance. Yu (2004, p. 12) argues that the economic performance of China—registered at 11.2% growth per annum—was the best in the world in the 1990s, although China did not perform well in an international comparison of corporate governance systems and practices.

4 The term ‘robust’ refers to the effectiveness of the majority decision reached collaboratively. The ‘decision’ is reached after an argument-based dialogue. In addition a set of decision vindication criteria are agreed that can then be used to judge its validity and continued relevance. The decision outcome is reached through open debate, discussion and the use of constructive dissent. This avoids the scenario in which more than half the decisions in organizations fail largely because of insufficient participation and ineffective communication (Nutt, 2002).
evidence developed within the thesis itself. Consequently the resulting theory of ODE with its decision-making methodology has a primarily normative dimension. It will be necessary to empirically test the claims of ODE as part of a further, ongoing research programme within a variety of organizational and social contexts as well as regional, national and international frames.

In so doing it evaluates and synthesises complexity theory and the accompanying notion of complex-adaptive systems (Foster, 2000; Sanchez, 1997; French, 1995); Latour’s actor-network theory (1999a, 1999b; 1987); Habermas’s theory of communicative action (1987) with the intention of incorporating key elements of these theoretical developments. It also incorporates insights from Peirce (Misak, 1991; Peirce, 1931) in relation to doubt-driven inquiry within a proposed collectively oriented theory of organizational decision enhancement (ODE). ODE theory is argued to be widely applicable in the decision-making process utilised by organizations (public and private sector) in the emerging and established knowledge economies. The resulting ODE theory—fully explicated and constructed in chapter four—is stated as follows: 5

Optimal decision-making which a particular group of decision makers can construct in a world of uncertainty and risk is a pragmatic, recursive and democratised process. The process minimises the role of individual power, authority, self-interest and ego. This collaborative approach focuses on the force of the ‘better argument’, utilises constructive conflict (CC) and continuous, conscious, collaborative adaptation (CCCA) and results in the selection and monitoring of a ‘best-option’ decision outcome.

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5 The theory building element of this thesis is its primary contribution. ODE theory is my synthesis of the insights derived from across the discipline boundaries of social theory, philosophy, management accounting and management.
The theory and the implicit methodology are assessed in a public sector organizational context in the higher education sector—a case study of Tertiary Institution. This is the primary empirical component of the thesis, which is evaluated in chapters six and seven. Some of the key elements of the collectively oriented decision methodology were used as a part of the process to produce the latest strategic planning outcomes for Tertiary Institution. This was commenced as an action research project in July 2001 and was finally completed in September 2004 (Holloway, 2004c).

ODE theory postulates that effective and more robust decision-making in a world of uncertainty is a pragmatic, recursive and democratised group process. The theory argues that the role of power, authority, self-interest and ego has to be minimised. It focuses on the Habermasian force of the ‘better argument’, maximises the utility of resistance to change and results in the selection of a ‘best-option’ decision alternative that is subjected to a rigorous, performance measure-based monitoring feedback loop.

1.2 Background – Organizational Decision-Making

This section starts with a concise identification of the mainstream models of organizational decision-making then proceeds to analyse recent developments that indicate the potential for a more sustained move towards a collectively oriented approach to decision-making. However, it should be noted that this trend is limited and is not supported by many senior executives who are immersed in belief and value systems such that what they perceive to be ‘key’ decision-making is seen as primarily an executive management function (Shapira, 1997).

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6 The empirical element of the thesis utilises an analysis of an Australian mid-sized research intensive university in the tertiary education sector. The participants’ confidentiality and anonymity are protected by using pseudonyms and ensuring that the organization is referred to as the Tertiary Institution and individual managers that are named are referred to as Senior Manager A, B, and C for example.
1.2.1 Mainstream models of Decision-Making

One can categorise the many different models in the literature into four main models that are individualistic in nature and one that has elements of non-management participation in decision-making. The first can best be described as the rational model and has elements that are modelled on a clinical—and the replication of a ‘scientific’—approach to decision-making. This managerial process requires several procedural steps: identify the problem; construct potential solutions; choose the solution with the highest ‘expected utility’ value; implement the chosen solution; and, evaluate the effectiveness of the decision taken (Kreitner & Kinicki, 1995). Surprisingly so, this individualistic model still pervades and influences modern management approaches to decision-making.

Simon (1979) on the other hand posited an alternative normative ‘satisficing’ model that reflected the real world in his opinion. Complex decision-making does not happen in a rational, scientific process because of the limited ability of individuals to process information (he termed this ‘bounded rationality’). Instead managers utilise rules of thumb and shortcuts that produce a solution that will at least resolve the current problem. This implies that sub-optimal decisions can often be the norm but Simon’s argument is that this more accurately reflects how managers behave in the ‘real’ world.

Cohen, March and Olsen (1989) constructed a significantly different normative approach labelled as the ‘garbage can’ model. They argued that the organizational ‘garbage can’ contained ‘streams’ of problems and sets of solutions generated by participants (managers). Organizations consist of sets of solutions waiting for problems to surface. The ‘participants’ would then take advantage of opportunities to advance their particular solution(s) based primarily on their level of experience and personal
managerial style. The final decision outcome reached is effectively a by-product of this ‘garbage can’ fermentation and contestation process.

Mintzberg and Westley (2001) on the other hand argue for a supplementation of the rational model ‘thinking first’ approach with two additions: ‘seeing’ and ‘doing’. Seeing is the realm of ideas focusing on visions and imagination. This is the art element of decision-making utilised for plotting the future path for the organization. Doing implies learning from doing, in other words actively experimenting to see what works. This is the craft component employed when the problem faced is unique and there are clearly discerned alternative solutions to be weighed up and considered. The thinking approach is best suited to clearly bounded problems where reliable data can be used to construct solutions and implement the selected decision outcome.

Organizations cannot rely on one particular approach but should utilise all three according to Mintzberg and Westley. Seeing for future scenario planning and direction. Thinking for constructing plans to achieve the desired future. Doing to ensure that the organization achieves the envisioned future.

The final model focuses on decision styles that are matched to varying decision situations. These managerial styles range from the autocratic to a group based consensus approach. Vroom and Yetton (1973) and Vroom and Jago (1988) classify this as the Decision-Making Model, which guides managers about the extent to which other participants can be involved by appropriately mapping the characteristics and circumstances of a particular decision situation. They identify five styles стратегies that managers can utilise.

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7 Somehow this ‘visioning’ remains free of critical appraisal.
The first two are autocratic in that the manager(s) alone makes the decision although in the second of these information is garnered from subordinates first. The third and fourth still have the manager ultimately making the decision but only after consulting subordinate staff to an increasing degree prior to reaching the final decision outcome. The last is a group oriented consensus approach. The main drawback to this model is the degree of complexity in deciding which style is appropriate. Managers find it difficult to comprehend and implement.

The main conclusion from this brief overview of the literature is that decision-making is more art than science and the implication for this thesis is how best to maximise and optimise the decision-making process.

### 1.2.2 Potential Paradigm Shifts

Organizations are now at the start, I would argue, of possible paradigm shifts in several areas of their operations. A prime example of a significant challenge facing modern day enterprises is the concept of sustainable business (United Nations, 2005, 2004; Dunphy, 2003, 2000). Dexter Dunphy (2003) argues cogently that Chief Executive Officers (CEOs) are now using terms such as ‘license to operate’ and business process reengineering now has a growing emphasis on factoring in the impact on the natural environment as part of the business and operational planning. He sees this as an exemplar of a major paradigm shift in modern management thinking and also identifies a corresponding need for business schools in tertiary education to follow this trend.

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8 There are however no norms that govern this consultation process except for those generated by the managers themselves.

9 Chapter three contains a comprehensive analysis and critique of organizational decision-making in the key areas of corporate governance; strategic planning; budgeting; and, change management.

10 Dunphy cites Fuji-Xerox in Sydney as a prime example of this rethinking. The firm now no longer sells its equipment but instead now uses a business model that involves leasing and recycling of its products. This not only reduces waste and pressure on landfill but also has resulted in positive improvement in profit outcomes (2003b, pp. 189-190).
A similar potential paradigm shift can be identified in the field of managerial decision-making. There is a growing acceptance of a more collective or team-based approach being used in organizations at the board (governing body) level in the area of corporate governance (Sonnenfeld, 2002). This could be ‘cascaded’ downwards to embrace other higher-level management decisions as well as operational decisions at lower levels within organizations.

The dominance of managerial prerogative is increasingly being questioned particularly with the emergence of organizations that use self-managed teams (Blanchard, Carlos & Randolph, 2001; Purser & Cabana, 1998). Consequently, the main organizational decision-making models outlined in section 1.2 of this chapter are no longer readily applicable in that they assume that managers are the only ones responsible for making all the key decisions. There are few or no models that effectively incorporate a truly participative and collective approach to decision-making in which there is real delegation and devolution of power, authority and responsibility for decision outcomes at lower levels throughout the organization.11

It is also necessary in this contemporary information age to question two dimensions of organizational existence and survival: what is termed the fitness for purpose (FFP) dimension and the fitness of purpose (FOP) dimension. This relates to deeper questioning of the underlying rationale for corporate existence in addition to a more narrow focus on improving quality of decision outcomes and decision-making processes. These notions and their application to this thesis are clarified later in the main body of the thesis.

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11 This does not guarantee successful teamwork. It is always possible that group or team work is still irrational and ineffective. One of the main purposes of this thesis is to reduce the possibility of that occurring.
1.3 Managerial Decision Making and Strategic Management Accounting

The title of this thesis posits an integral relationship between managerial decision-making and strategic management accounting. This section of the chapter explicates the underpinning of that relationship and also clarifies the issue of the selection of the four key areas of organizational decision-making central to this thesis. The four areas analysed in the literature review chapter are: corporate governance; strategic planning; budgeting; and, change management. The purpose here is to make explicit the connection between these two main concepts that are captured in the title of the thesis.

1.3.1 Managerial Decision Making

A key function of management is to make decisions which are necessary because of the implicit roles of setting the organizational strategic direction and operationalising enterprise-based internal coordination and control. Traditionally management was viewed narrowly as a process involving planning, organizing, commanding, controlling and co-ordinating (Fayol, 1949). As argued earlier in the previous section the main models of decision-making that were identified are primarily viewed in the literature (analysed in depth within the literature review chapter) as exclusive to management because of the positional authority and responsibility that such positions are imbued with inside a wide range of organizations both private and public (Tourish, 2006; Harley et al, 2005; Holloway & van Rhyn, 2005; Eeline, 2004; Christensen, 2004; Holloway, 2004a, 2004b; Fayol, 1949; Berle & Means, 1932).

There are two traditionally accepted primary and differentiated management roles: the first is executive management and the second is functional/department (middle) management (Imler, 2006). Imler points out that executive management itself has two functions:
The first is to establish the priorities for the entire organization using a risk based approach…Second, executive management must allocate the resources necessary to accomplish all required activities…Management must receive adequate and appropriate data so priorities and resource allocations can be effectively monitored and corrected when necessary (2006, p. 58).

Executive management as a result tends to have a medium and longer term focus in the strategic context of organizational decision-making. This supports the selection of strategic planning and resource allocation, that is budgeting, as two of the key areas of management decision-making that were chosen as major components of this thesis. Shaw refers to these executive tasks as the making of ‘Big Decisions’ that operationalise the strategic direction decisions taken by the governing body and executive management (2006, pp. 6-8). This, I would argue, also provides support for the choice of corporate governance and change management as the other two key areas of management decision-making.

Corporate governance was selected because I favour the expanded Shaw definition of this concept: “Corporate governance, at its very heart, is all about effective decision-making at all levels of the enterprise” (emphasis added; 2006, p. 6). This does extend the concept beyond the usually accepted but narrower decision-making boundaries of the governing body and executive management. An analysis of the other definitions of this concept is covered in the literature review chapter. Change management, on the other hand, is important because of its focus on reorienting the structure of the overall organization, or parts of it, to align the enterprise more effectively to achieve agreed strategic outcomes and goals: particularly if the goals are not merely oriented to short term cost cutting and downsizing (Gardner, 2004; Tourish & Hargie, 2004a, 2004b; Miller et al, 1997; Black & Gregersen, 1997).

Functional/department (middle) management tasks and roles are focussed on day-to-day operations and therefore the short term element of decision-making activities within
organizations. Traditionally the occupants of these positions of authority are the interface between the working population and executive management. It can be a difficult position to occupy: monitored from above and below. They “…must be able to translate management goals, objectives and information into terms people in the organization can understand and apply” (Imler, 2006, p. 59). One of their key tasks is to implement, monitor and provide oversight of the annual budget allocation for their organizational unit. They are also mainly responsible for workload allocation to employees. Another key role is to provide direct oversight over staff in their daily activities and tasks: they are the prime players—from the employees’ perspective—of the organizational command and control function. I make no distinction in this thesis between these two layers of management because I ultimately advocate a reframing and radical reform of the management and employee mindsets and associated roles towards a collaboratively oriented decision-making methodology.

1.3.2 Strategic Management Accounting

Strategic management accounting (SMA) is a development in the accounting literature that acts as a framework for the various strategic elements in the discipline of management accounting. It is also a reaction—primarily positive—to the ‘relevance lost’ arguments in management accounting in which writers have called for a significant rethinking of the theory and practice of management accounting since the mid 1980s (Cadez, 2006; Hoffjan & Wompener, 2006; Roslender & Hart, 2003; Hoque, 2001; Cravens & Guilding, 2001; Bromwich & Bhimani, 1994; Bhimani & Bromwich, 1992; Drury, 1992; Kaplan & Norton, 1992; Johnson & Kaplan, 1987; Kaplan, 1984; Simmonds, 1981). The literature review chapter has a comprehensive analysis of this ‘relevance lost’ proposition under the heading of ‘budgeting’ and ‘beyond budgeting’.
There is no consensus about a definition for SMA. The earliest writing and definition of the term was by Simmonds—viewed by others in this field as the ‘father’—in 1981 who argued that SMA was “…the provision and analysis of management accounting data about a business and its competitors for use in developing and monitoring business strategy” (1981, p. 26). This perspective was seen as ground breaking because it essentially argued for an externally-focussed role for management accountants. This contrasted strongly with all the earlier conceptions in which the consensus was that management accounting existed for internally-focussed organizational decision-making. However, the definition that best reflects the latest developments is that SMA is a “…generic approach to management accounting for strategic positioning” (Hoffjan & Wompener, 2006, p. 237). This is the definition I have utilised in this thesis.

The literature on SMA has expanded rapidly since its genesis in the early 1980s particularly so in the light of the growing criticism of management accounting and budgeting (Cadez, 2006; Hoffjan & Wompener, 2006; Roslender & Hart, 2003). What is agreed in the literature on SMA is that there are three general characteristics that have emerged over time. The first is the notion of an external focus; the second is that SMA has a long term, forward looking orientation; and, the last is that there is now a provision for the use of both financial and non-financial information for decision-making purposes (Cadez, 2006, p. 282). This last development alters significantly what was the prevailing notion in management accounting: that accounting data or financial numbers was the only real management tool for effective internal organizational decision-making.

The approach that emerged from SMA was the identification of:

An externally oriented approach that entailed collecting data on costs, processes, sales volumes, market shares, cash flows and resource utilisation, for both a business and its competitors. What was being sought was some indication of the relative competitive
position of a business in an industry. Within this competitor position analysis framework, less importance was placed on financial accuracy than upon deriving insights that might inform the future strategy of a business (Roslender & Hart, 2003, p. 256).

The end result is that accounting in this area was expanding beyond its primary discipline base. Bromwich and Bhimani put this best by arguing that:

“Strategic Management Accounting requires that accountants embrace new skills extending beyond their usual areas and co-operate more with general management, corporate strategists, marketing and product development, who may not have a good image of accountants” (1994, p. 130).

The developments in SMA are seen as the accounting equivalent of other techniques such as value-based management (VBM) with its focus on economic profit and the notion of economic value added (EVA) (Stewart, 1994; McTaggart et al, 1994). It is not my intention to explore these areas—since they are not the focus of this thesis—suffice to say that this adds weight to the argument that SMA now transcends the boundaries of accounting, management and marketing.

This evolutionary movement in management accounting is the reason behind the decision to include in the title of the thesis the twin concepts of strategic management accounting with managerial decision-making. The developments outlined above in the accounting literature argue for incorporating insights across the disciplines of accounting, management and marketing into the organizational decision-making process particularly so at the strategic level. It is logical therefore to see these two concepts as interlinked and complementary ideas in the theory and practice of organizational decision-making.

1.3.3 Four Key Areas of Organizational Decision Making

Tourish and Hargie (2004b) take the position that there is a ‘crisis’ in relation to modern management. They argue specifically that:
The agenda faced by managers is crowded to breaking point. These pressures sometimes see organizations fragment rather than cohere. A primary focus on the bottom line has often elbowed other considerations, including communication, to the sidelines. In the process, the theory and practice of management has entered into crisis (2004b, p. 1).

In their analysis they identify a number of failings most of which they state are ignored by current management theorists. These include the most typical management response to perceived difficulties is such that “…most business leaders still instinctively respond to problems with a strong need to command and control” (2004b, p. 5).

They go on to argue that management gurus, consultants and many management initiatives are implemented more in some sort of vain hope that solutions will eventually emerge. The following statement best encapsulates this almost cult-like approach to organizational problems and the decision outcomes that eventuate:

Many management interventions can be likened to the North American rain dance, and indeed are often inspired by a similar desperation for results. Fantastic interventions are enacted and often enjoyed by central characters. The spectacle can also be fascinating for the uninvolved observer. But for all the drama and passion expended in their performance, they exert no appreciable impact on actual outcomes (Tourish & Hargie, 2004b, p. 15).

Their analysis is contained within an edited book titled “Key Issues in Organizational Communication”. Their stated intention is to critically examine the true impact of key current themes in organizational communication for management practice. With such a title it is not surprising that in it they advocate that it is “…effective management of [the] communication process that brings large-scale organizational benefits” (2004b, p. 7).

Additional issues that are canvassed by other contributors in that same text include avoiding the temptation for implementing a short term financial fix through the use of

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12 They identify the following: imbalances in the power relationships of managers with the workforce; lack of empowerment; top down or laissez faire management styles; management misbehaviours and even claims of unbridled greed; too close a relationship between business and government; an over-reliance on a unitary top-down focus to problem solving; and, the use of a continuing series of management initiatives “…devoid of any real sense” (Tourish & Hargie, 2004b, pp. 2-6).
‘downsizing’ in which firing staff provides a false form of economy (Tourish & Hargie, 2004a, 2004b). Valas and Sletta on the other hand focus on attitudes and motivation of management and employees (2004) whilst Hartel, Kibby and Pizer present an in-depth analysis of the functions and outcomes of emotionality in organizations (2004). Tourish and Hargie (2004c) focus on critical upward communication with the encouragement of open and honest feedback from staff at all levels throughout the organization.

The most important of these issues canvassed, I would argue, are twofold. The first is the importance of developments in which employees and other stakeholders increase direct participation in the decision-making process. Deetz and Brown argue for a more effective voice and enhanced participation for employees to improve overall corporate functioning (2004). Finally, there is the importance of organizational culture which can either encourage or discourage employee voice. Pinnington (2004) highlights the pitfalls of a unitary approach to organizational culture because that can lead to an intolerance of diversity and argues for a move that views culture as a plurivocal phenomenon. These developments are aligned closely with the central tenet in this thesis that a collaborative approach to decision-making results in more effective and robust decision outcomes as well as enhanced corporate functioning.

The above section (1.3) has clarified the rationale behind the choice made in this thesis to concentrate on what are argued to be four key areas of organizational decision-making: namely corporate governance; strategic planning; budgeting and resource allocation; and, change management. The literature review (chapter three) will therefore focus on an in-depth analysis of these four main roles, which ‘traditionalists’ would view as the exclusive nature of the management role in organizational decision-making.
1.4       Research Approach

The research approach and informing theoretical framework is introduced in chapter two and covered in greater depth in chapter three. This section provides a short overview of how this topic relates to the thesis.

This study does not take a ‘positivist’ perspective to knowledge in which the world is knowable and factually constructed and researchers study in a disinterested observer fashion ‘what is’ thereby emulating the natural sciences approach to expanding the boundaries of knowledge. Instead it adopts a critical social science approach in which the human component of knowledge is viewed from a Quinian naturalist epistemology. In other words, how we know what we know is not a given. Instead truth and meaning are built through human engagement with the realities of the world. As Crotty argues “meaning is not discovered but constructed” (1998, p.9).

Critical social science is a research methodology within a naturalist epistemology and a critical realist ontology—that I have adopted for this thesis—in which the aim is not just to study the world but to both critique and transform social relations, that is human interactions that go to constructing the social world (Neuman, 2000, p.76). The resulting research outcome(s) is action orientated and focused on empowerment to bring about social change. As Fay stated the purpose is to “…explain a social order in such a way that it becomes itself the catalyst which leads to transformation of this social order” (1987, p. 27). This directly informs the approach taken in this thesis to construct the theory of ODE and the resulting decision-making model.

The research method utilised within the study for the empirical component (Tertiary Institution case study) is the action learning, action research (ALAR) method (Sankaran et al, 2001). This component of the thesis would be classified as emancipatory action

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13 See chapter three for a further exposition of these theoretical positions.
research, where the researcher is an integral part of the process and the end aim is change in the system itself. This type of research, as a technique, focuses on the notion that social science research has some identifiable form of usefulness to society. It is a research approach whereby a group of individuals collaborate with the intent of improving their work processes.

Action research therefore has a critical inquiry edge (Crotty, 1998). The researcher(s) effectively become co-researchers with other people from within the organization with responsibility for the project shared by everyone (Carson et al, 2001, pp. 167-168). In a business or university domain, this tends to encourage new ways of thinking that leads to restructuring processes and attempts to deliver systemic improvements, in this case with respect to the organizational decision-making process.

1.5 Key Definitions

The following is a list of the key definitions used in the thesis. They are compiled to provide an understanding of how these key terms have been selected, interpreted and defined within the scope of this study.

**Action Research**

Action research focuses on the notion that social science research has some identifiable form of usefulness to society. It is a research approach whereby a group of individuals collaborate with the intent of changing and improving their work processes.

**Appreciative Inquiry**

AI is “…about the coevolutionary search for the best in people, their organizations, and the relevant world around them. In its broadest focus, it involves systematic discovery of what gives “life” to a living system when it is most alive, most effective, and most constructively capable in economic, ecological, and human terms…” (Cooperrider and Whitney, 2005, pp. 3-4).

**Autoethnography**

Autoethnography “…epitomizes the reflexive turn of fieldwork for human study by (re)positioning the researcher as an object of inquiry who depicts a site of interest in terms of personal awareness and experience” (Crawford, 1996, p. 167).
Budget

A budget is a “…quantitative expression of a plan of action and an aid to coordination and implementation.” (Horngren & Foster, 1991, p. 5). The budget is one of the main tools utilised in the planning, control and internal cost management decision-making process undertaken within organizations.

Beyond Budgeting

Beyond budgeting is a movement that promulgates the view that budgets have the underlying purpose(s) of predictability and control that are benefits (illusory) for centralised management but are widely resented within organizations and provide little realisable, value-added benefits.

Change Management

Change management refers to the practice within organizations of responding to external and internal pressures by changing procedures, organizational structures, people, business processes, resource utilisation (either one of or all of these) to maximise competitive and/or organizational advantage in the modern turbulent environment.

Constructive Conflict

Constructive conflict refers to proactive and positively focussed decision-making processes in which effective debate allows for the full and robust canvassing of issues and decision alternatives without being restrained by the niceties of striving at all costs for consensus and calls (falsely) for organizational unity and loyalty.

Corporate Governance

Corporate governance is usually accepted as the practice of companies having boards of directors whose role is primarily one of setting broad policy and strategic direction plus oversight and control over senior management and corporate financial performance. For this thesis I am advocating a broader definition “…corporate governance, at its very heart, is all about effective decision making at all levels of the enterprise” (Shaw, 2005, p. 6).

Corporate Psychopath

A corporate psychopath is usually a charismatic individual with destructive self-focussed traits within an organizational context. They are “…cunning, manipulative, untrustworthy, unethical, parasitic and so utterly remorseless. There’s nothing they won’t do, and no one they won’t exploit to get what they want” (Morse, 2004, p.20). The psychopath has a total lack of empathy for others especially their own victims.

Critical Social Science

CSS is a …critical process of inquiry that goes beyond surface illusions to uncover the real structures in the material world in order to help people change conditions and build a better world for themselves (emphasis in original) (Neuman, 2000, p. 76).

Emergent Strategic Planning

Emergent planning is where senior management and the governing body set the broad strategic direction but the specific business strategies to achieve these goals emanates (emerges) from lower down the organizational hierarchy.
Epistemology

Epistemology refers to the way of knowing and carries implicit assumptions in the way we know (or discover) the way the world is. In simpler words it is the theory of knowing—*the way we know what we know.*

Ethnography

Ethnography is a qualitative approach to social research in which researchers (traditionally) observe—usually over a significant length of time—and participate in small-scale social and organizational settings in order to generate detailed descriptions of social and work life which are then interpreted and analysed.

Fitness for Purpose

Fitness for purpose refers to the notion of the corporate entity continually improving its readiness (fitness) for the objectives (purpose) behind its original creation and ongoing existence.

Fitness of Purpose

Fitness of purpose is a more contemporary and a growing notion that can be broadly labelled corporate citizenship and corporate behaviour enacted during the normal course of business. I refer here to an organization’s normative, or moral, dimension in its reason for continued existence which goes beyond the current mainstream narrow focus on profit maximisation and shareholder value to encompass wider social and environmental issues.

Followership

Followership refers to the role of followers in organizations. The typical and traditional notion of a follower is one who supposedly displays a passive and uncritical approach to work as well as lacking initiative and a sense of responsibility for outcomes. Such followers merely perform assigned tasks given them and then stop awaiting the next task assigned to them by a person in positional authority.

Governing Body

A governing body is the most senior governance framework which ensures strategic guidance through the setting of the broad policy and strategic direction in addition to oversight and monitoring of the operational and financial decisions enacted by senior management.

Interpretive Social Science

ISS is … *systematic analysis of socially meaningful action through the direct detailed observation of people in natural settings in order to arrive at understanding and interpretations of how people create and maintain their social worlds* (emphasis in original) (2000, p. 71).

Leadership

Leadership refers to the role of leaders in organizations. A traditional leader is a person in an organizational position of authority whose responsibility is to find effective, pragmatic solutions to organizational problems in which ethics plays no part.
Machiavellianism

This is a concept in which an individual acts in ways detrimental to other individuals in their power and the one displaying these behavioural characteristics deliberately manipulates others in an organization for personal gain and advancement.

Management

Management refers to the process that those persons with designated positional authority within an organization exercise decision-making responsibility to control and coordinate the functions of the enterprise to ensure that the managerially agreed strategic goals and directions are achieved. The traditional approach is a strongly embedded command and control structure.

Management Accounting

Management accounting is the use of privileged accounting data—not available to external users—by organizational decision makers (usually senior and middle management) to inform internal decision-making, both operational and strategic.

Managerialism

Managerialism is the introduction to the public sector of private sector management concepts and approaches. These include the use of mission statements; strategic plans; development of performance indicators; greater use of risk management strategies; performance management of staff and evaluation of resource efficiency and effectiveness in terms of organizational outcomes and objectives.

New Public Management

NPM is the rewording and reconceptualisation of managerialism such that public institutions have to be more accountable for public resources and show that their organisational outcomes are worth the investment of funds by the taxpayer and society.

Ontology

Ontology is the assumptions we make about the way the world is influenced by deep and often unstated personal and intellectual assumptions about the way the real world is. In simpler words the nature of existence or being or things.

Organizational Culture

Organizational culture refers to the ongoing adaptive process that determines what the organizational values and ‘virtues’ are within an enterprise and to what extent these should legitimately inform and influence the operations and financial outcomes of the organization. In this thesis the call is for this to be a shared and participative process.

Participative Decision-Making

PDM is when organizational decision-making authority and responsibility is cascaded down through the hierarchical layers of the enterprise and is usually a collaborative process not tied to organizational managerial positional authority.

Positive Social Science

PSS is as an organized method for combining deductive logic with precise empirical observations of individual behavior in order to discover and confirm a set of
probabilistic causal laws that can be used to predict general patterns of human activity (emphasis in original) (Neuman, 2000, p. 66).

**Research Methodology**

Research methodology is the research design that is utilised to answer a specific research problem and associated research questions.

**Research Method**

Research method(s) is the actual techniques used or steps taken to collect the data pertinent to the research problem and then the process used to analyse that data.

**Strategic Management Accounting**

SMA is a “…generic approach to management accounting for strategic positioning” (Hoffman & Wompener, 2006, p. 237).

**Strategic Organizational Accounting**

SOA is the reconceptualisation of SMA. SMA presumes that strategic decision-making is exclusively a management function. SOA means that collaborative decision-making between the various hierarchical layers of the organization is the norm.

**Strategic Planning**

Strategic planning is where senior management evaluate and analyse the internal and external business environment and construct strategic decision alternatives. The final strategic option is then identified, selected and implemented.

**Theoretical Framework**

This is the philosophical stance that underpins a chosen research methodology, sets out the related research values and provides a guide to ethical research behaviour. The result is a “…frame of thought…[which] provides a means for acquiring knowledge about social phenomena (Couch, 1987, p. 106).

**1.6 Contribution and Limitations**

There are three main contributions made by this thesis. The primary contribution is theory building. I have synthesised theoretical insights from across several discipline boundaries—social theory, philosophy, management accounting and management—into what I would claim is a coherent theory of collaborative decision-making. The secondary contribution is the construction of a collective decision-making methodology.\(^{14}\) The third is the empirical assessment of the claims of ODE theory and

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\(^{14}\) I do not claim that this methodology provides some ultimate practical process for collaborative decision-making procedures. It will need further refinement and development in the light of different organizational structures, sizes and contexts. The thesis is not intended to have a purely practical focus. It does, however, advance the methodology constructed in the last half of chapter three as a serious step in
accompanying methodology in the context of the decision-making processes in a tertiary education organization—Tertiary Institution. In so doing this thesis extends significantly the earlier extant literature on organizational decision-making. It effectively revisits the notion of teams and groups in the organizational context and argues for organizations to seriously consider ‘reengineering’ the decision-making methodology and approach to one that necessitates effective devolution and delegation of decision-making powers. I argue that organizations should allow for and promote a ‘cascade’ effect to let control, power, authority and collective responsibility filter down through the organizational layers.

However, this is not new. Entrekin and Court (2001) clearly point out that this has all been tried since the early 1970s and can even be traced back to much earlier participative experiments and trials. These include “…job redesign, worker participation, cross-functional teams, at-risk compensation, mentoring and transformational leadership” (p. 21). These reengineering projects inevitably did not succeed long term. So what is different now? Entrekin and Court (2001, p. 21) argue

The probable reasons why these recycled ideas occasionally work now, although they were generally unsuccessful then have to do with stability, structure and implementation. The 1970s was a relatively stable environment in which bureaucracies worked reasonably well. These experiments took place in structures that had not changed and were generally tried in isolation rather than in combination…

The authors imply that even now these reengineering efforts are not likely to succeed. The difference however is that the business environment stability that used to prevail no longer exists. Chaotic, turbulent and ever-changing scenarios are now seen as the norm in the modern knowledge economies that have evolved in the past two decades within the modern era of globalization (Hope & Fraser, 1997; Porter, 1990). Organizations need to adapt and change more rapidly in this shifting business and operational
landscape if they are to both survive and achieve their strategic and operational goals and targets. The arguments embedded in complexity theory and the notion of an organization as a complex-adaptive system is gaining ascendancy in management and other business disciplines (Arrow et al, 2000; Foster, 2000; Pilotti, 1999; Innes & Booher, 1999; Sanchez, 1997; Stacey, 1996; Bettis & Prahalad, 1995; Brian, 1994; van de Water & de Vries, 1992; Miller & Holland, 1991). This will be covered in depth in chapter four. In addition, higher levels of education in the workforce, developments in ethical arguments, governance and the exigencies of financial mismanagement and organizational failures are combining to question the current prevailing management decision-making paradigm.

One of the main limitations of this study is the applicability of ODE theory and its accompanying methodology. I do not argue that ODE is applicable across all organizations. It is dependent on such key factors as the prevailing organizational culture; the size of the organization; the mindset and belief systems of executive management; organizational objectives (profit or non-profit oriented); and, the social and organizational context. In addition it is capable of being utilised at differing levels throughout the organization, for example limited to the areas of corporate governance and strategic planning and/or to the more senior and middle layers of management as an exercise in building a more effective team approach to effective decision-making. However, if organizations are to maximise their potential then the extensive use of fully empowered self-managed teams cascaded down through the hierarchical layers is warranted.

A second element of concern is the implication of the lengthy timeframe that will be required to successfully make such an organizational transition. The current chaotic and turbulent global business environment has shorter business and economic cycles (Vago,
Consequently, organizations are under constant pressure to adapt and respond rapidly to these shorter cycles. The result could well be reluctance therefore to engage in a lengthy change cycle process that may be seen as reducing the capacity of the corporate entity to react effectively while the process itself is underway. This concern needs to be addressed as part of the proposed change process itself that this thesis advocates.

The generalisability of this study is also limited since it adopts a primarily analytical/theoretical approach to the issue of collective decision-making. It is not a quantitative data-driven thesis so it does not have the statistical power to extend the findings to the many differing situations and contexts in which organizations are embedded. Furthermore, the empirical component utilises a qualitative research approach that is deliberately confined to one public sector organization—a medium sized, research intensive university—located in a capital city in Australia when assessing the claims of ODE theory and its methodology. This means that it will be necessary to conduct further research to assess the extent to which these findings can be applied across different social and organizational environments.

1.7 Structure of the Thesis

The rest of this thesis is composed of the following chapters. Chapter two details the informing theoretical framework used in this study. It outlines the vital “ologies” that govern knowledge: the philosophical concepts of epistemology and ontology as well as the primary research methodology and research methods used throughout the remaining chapters. The chapter argues and defends the position that this thesis adopts: critical realist ontology, naturalist epistemology, a critical social science research approach and the action learning, action research (ALAR) and autoethnography research methodologies to inform the aims and objectives of this research program. It also
details the research problems and associated research questions central to this thesis in addition to explaining the data collection and interview processes.

Chapter three constitutes an extended critical literature review and analysis. It provides a substantive deep critique of the existing modes of managerial decision-making and provides the basis for the intellectual turn that assembles the conceptual underpinnings of ODE theory, which is explicitly constructed and explained in chapter four. The chapter first analyses the recent developments in corporate and university governance. The significant financial failures and financial mismanagement over the past two decades has highlighted what many feel to be a crisis in governance. The result has been a series of national and international reports that have now developed a significant consistency in their findings. This has enabled the identification of the structural components of an internationally accepted ‘best practice’ model, which is supposed to reduce the privileged role and power of executive management. However, the chapter goes on to argue that governing bodies should operate on a ‘substance over form’ approach that requires the effective use of group decision-making processes and the operation of an effective, social system at the governing body level if any real reform is to be achieved. This is followed by tracing similar developments in the areas of strategic planning, change management and budgeting. The general thrust of these arguments is that managerial hegemony exists at these higher-level decision-making areas, in that managers are solely responsible for organizational decisions. The chapter comes to the conclusion that a particular type of participative decision-making process would enhance the decision outcomes as well as ensuring the ‘real’ involvement, ownership and commitment by employees to the objectives of the organization.

Chapter four explicates the theoretical elements of ODE theory. This postulates that effective and more robust decision-making in a world of uncertainty is a pragmatic,
recursive and democratised collective or group process which has been subjected to open debate and constructive dissent in the framing process. The theory minimises the role of power and authority, focuses instead on the force and use of better argument,\textsuperscript{15} maximises the utility of resistance to change and results in the selection of a ‘best-option’ decision choice which remains open to challenge. The last part of the chapter outlines the accompanying methodology and underlying assumptions/presuppositions in a model that enables ODE theory to be operationalised effectively within organizations.

Chapter five assesses the organizational framework that would act as an enabling force for a number of the key elements of ODE theory as well as the impact of the theory itself. The topics include organizational culture, managership, followership and facilitative leadership in which the management role becomes one of support and coordination for other participants to operationalise collective decision-making. Finally, the difficult pragmatic issues of power, self-interest and ego, that are always present, are covered since they are viewed as negative influences on any move towards effective participative decision-making. The second half of the chapter focuses on how such changes would impact the four key decision domains of corporate governance, strategic planning, budgeting and change management.

Chapters six is the empirical qualitative component of the thesis and chronicles a case study account of the development, acceptance and implementation of the process utilised by Tertiary Institution in its current strategic planning round that commenced in April 2001. The process was (finally?) completed in September 2004 and had as its central aim (initially) the engagement of the various groups within the organizational community, including students, academics, administrators and senior management to engender a higher degree of involvement in and “ownership” of the final outcome(s).

\textsuperscript{15} Chapter four fully explicates this Habermasian notion of the ‘better argument’.
This aim was to enable groups of internal stakeholders a fairer and more equitable engagement and interaction in the crucial decision outcomes. The critical question is whether this was achieved or was the whole exercise one of dramaturgical game playing with the notion of supposed empowerment (bogus?) of the workforce.

Chapter seven extends the case study investigation to include the elements of leadership; managership; followership; and, organizational culture. It uses the insights of the fifteen TI participants—and my own ‘voice’—to assess critically the performance of the organization in these crucial areas. It then finishes with a critical evaluation of managerialism and corporatisation of the tertiary education sector in Australia.

Finally, chapter eight concludes the major findings and implications from the work in this study and evaluates the extent to which the research questions posed in chapter one have been answered. It also highlights the contributions of this thesis as well as assessing the limitations that have bounded the research problems and finishes with the directions and opportunities for future research endeavours in this field.

1.8 Conclusion

The intention of this chapter has been to introduce the reader to the thesis by providing an introduction, background and the main research problems with the concomitant research questions. In addition, the primary contribution was explained as well as the limitations implicit in any research of this nature. A structural outline of the chapters contained in the thesis was also outlined concisely.

In summary, this thesis is concerned with the vexed topic of organizational decision-making. The research program has three main aspects. The first is concerned with a critical analysis of the current prevailing models/methods of decision-making that businesses and organizations adopt. The second focuses on the intellectual ‘putting
together’ of the theoretical elements of ODE theory with its major shift from an individual to a collaborative emphasis in decision-making. An accompanying methodology is also an important part of the second phase. The final phase of the study is the analysis of the process used by Tertiary Institution to finalise its current strategic plan. The thesis argues that the use of just such a collective approach to decision-making has the real potential to unlock and fully utilise the embedded intellectual and knowledge capital in organizations as represented by their employees and staff.
2 Chapter - Theoretical Research Framework; Research Problems and Research Methodology

2.1 Introduction

This chapter is firstly concerned with a deeper exposition of the theoretical underpinnings that inform the research approach embedded within this thesis and within the field of social sciences generally and business disciplines specifically.

The aim is to clarify the selection of the research methodology and methods/techniques that have been used. It starts with epistemology—the assumptions implicit in the way we know (or discover) the way the world is. The next topic is ontology—in simple terms the assumptions we make about the way the world is—influenced primarily by deep and often unstated personal and intellectual assumptions about the way the real world is. This is followed by theoretical frameworks which are the main research paradigms or traditions that are available to social science researchers that flow from the aforesaid epistemological and ontological assumptions. Research methodology on the other hand deals with the specific theory (or theories) that govern the approach to a research problem and associated research questions. Finally, research method(s) is the individual research technique(s) utilised to answer the research questions that we in the research community have posed.

The second part of the chapter details the qualitative research design that has been utilised in this thesis and explains and defends the use of an ethnographic and action research and learning approach. The third part of the chapter explicates the research problems and associated research questions. It then continues on to provide a short background of the empirical case study site: Tertiary Institution. The last sections explain the data collection and the use of the Nud*ist software package as well as the
interview process utilised as a central part of the case study, its findings and subsequent analysis.

The chapter argues and defends the position that this thesis adopts: critical realist ontology, naturalist epistemology, a critical social science research approach and the action learning, action research (ALAR) and autoethnography research methodologies to inform the aims and objectives of this research program.

2.2 Theoretical Underpinnings, Assumptions and Approaches

The aim here is to map and explain the main theoretical approaches in the social sciences (see figure 2.1). Every researcher does bring to a particular inquiry their own view of the world but I intend to make explicit what intellectual positions I have taken from the palette of options available and to explain why I have done so. This I believe provides legitimation for the effective advancement of arguments pertinent to this thesis.
Figure 2.1  Theoretical Approaches – Social Sciences

EPISTEMOLOGY
Theory of knowing
(the way we know what we know)

ONTOGONY
The nature of existence or being or things

THEORETICAL FRAMEWORK

RESEARCH METHODOLOGIES

RESEARCH TECHNIQUES

Objectivism
Quine’s Naturalism
Relativism
Social Constructionism

Realism
Critical Realism
Nominalism

Positivist Social Science
Critical Social Science
Interpretive Social Science

Structural Functionalism
Exchange Theory
Conflict Theory

Post Positivism
Hermeneutic Inquiry
Postmodernism

Naturalistic Inquiry
Phenomenology
Feminism

Critical Theory
Action Research
Ethnography

Quantitative
Archival and Survey data
Field Research
Focus group

Cognitive mapping
Theme identification
Interpretive methods
Historical-Comparative
The philosophical views of the researcher are significant as each research tool or procedure is inextricably embedded in commitments to a version of knowing the world (epistemology) and to a particular version of that world (ontology). A research instrument and method cannot be divorced from its philosophy, for as a research tool it operates only within a given set of assumptions about the nature of society, the nature of human beings, the relationship between the two and how they may be known. The world is tractable to investigation only through tools: they are ultimately dependent on epistemological justifications, whether they are treated as such or not. It is only when this is acknowledged that one begins to realise and comprehend the consequences of the ‘ghost in the machine’.

2.2.1 Epistemology – Social Sciences

Epistemology refers to the way of knowing and carries assumptions implicit in the way we know (or discover) the way the world is. In other words, how knowledge is gained or advanced. It therefore refers to the behaviour of the inquirer/researcher in determining or finding knowledge. Figure 2.1 identifies four epistemologies that are pre-eminent in the social sciences: there are of course other variants in the literature but these are the commonly accepted typologies (Easterby-Smith et al, 2002; Sankaran et al, 2001; Carson et al, 2001; Neumann, 2000; Denzin & Lincoln, 2000; Crotty, 1998; Denzin, 1997; Donellan, 1995; Guba & Lincoln, 1994; Guba, 1990; Denzin, 1989; Lincoln and Guba, 1985; Hirschman, 1985). I will first outline these and then identify and defend the one adopted in this thesis.

The first of these is objectivism. Objectivism has been the dominant epistemology in business disciplines for the past thirty years, more so in the fields of accounting, economics and finance and to a lesser extent in fields such as management and marketing (Easterby-Smith et al, 2002; Carson et al, 2001; Neuman, 2000; Crotty,
Objectivism follows the general tenets of empiricism in that the investigator approaches research in an objective manner and ‘dualism’ is implicit. That is the researcher and the researched are independent, the researcher is disconnected and dispassionate and the research is not affected by the researchers values, leading to the assumption that findings are considered true and generalisable (Guba, 1990; Lincoln & Guba, 1985). According to Hirschman (1985, p. 226) the researcher is a sensitive/thinking scientist who prefers fact(s) and attention to detail, explaining events in logical, abstract terms as a disinterested, impartial observer. Under these assumptions, there is a high level of *a priori* theorizing which can lead to a tendency to “…theorise well in advance of the facts thus allowing for the possibility that the facts that emerge from research studies are distorted to fit a given theory” (Donellan, 1995, p. 82).

The opposite of this is social constructionism or subjectivism. It is the central stance in structuralist, post-structuralist and postmodernist forms of research and endeavour particularly in relation to studies of power and cultural differences. In this intellectual turn knowledge is advanced by assuming that there is no pre-existing reality. We as human beings construct our own meanings and people invent structures (including language) to make sense of what is going on around them. The researcher cannot be separated from the sense-making process and could never adopt the scientific approach of the disinterested, dispassionate observer. It is a reflexive research approach in which as Crotty (1997) argues:

…meaning does not come out of an interplay between subject and object but is imposed on the object by the subject. Here the object as such makes no contribution to the generation of meaning…meaning comes from anything *but* (emphasis in the original) an interaction between the subject and the object to which it ascribed (p. 9).

Reality is understood through ‘perceived’ and constructed knowledge with meaning revolving around language and conversations with other human beings.
The third epistemological viewpoint is the relativist position which does accept that there is a reality which exists independent of the observer and the intellectual task is one of gaining effective access to this reality and being able to describe and communicate this reality to others. To gain access to this reality for Easterby-Smith et al (2002) means:

…that multiple perceptives will normally be adopted, both through ‘triangulation’ of methods and through surveying viewpoints and experiences of large samples of individuals. Even so it is only a matter of probability that the views collected will provide an accurate indication of the underlying situation (p. 34).

The term relativism is appropriate because it acknowledges that in studying human behaviour and the social field phenomena are relative to each other in some ways that are distinct from the scientific method which aims to isolate variables that will then explain causal relationships in an objective manner.

I have grave reservations about objectivism which has a strong anti-metaphysical flavour that combines with a commitment to knowledge of facts systematically discovered, vigorously supported and which is taken supposedly to ground adequate theories. Objectivism recognises only two forms of knowledge as having any claims to the status of knowledge, the empirical and the logical: the empirical represented by natural science and the logical represented by logic and mathematics. The objectivist school of social science attaches a greater level of importance to the empirical. All (human) behaviour is usually explained by a sole exegesis. Utility maximisation, as a narrow form of rationality, is often the main explanation of all motivation and does not permit the falsifiability of the explanation: it is, it can be argued, simply not falsifiable.16 Therefore utility maximisation or opportunism cannot form an acceptable explanation. The lack of falsifiability permits the acceptance of results that are anomalous. The belief

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16 Objectivism implies a reliance on the Popperian and Kuhnian view of science (Rosenberg, 2000). This in turns mandates the critical test of theory to be the test of falsifiability.
by the mainstream in the existence of objective external reality and the resulting demand for empirical, quantitative methodology to identify causal relationships for providing generalisable explanations has restricted the areas of investigation and obscured new research insights. This process of modelling the real world fails to deal with the differing complexities of physical and social realities. It fails to recognise that social reality is not so easily mapped (de Reuck et al, 1994).

I also have concerns about social constructionism. It is a view in which meaningful reality is contingent upon human practices and constructed by interaction between people and their world within a social context. Meaning is not discovered but negotiated and meaning without a human mind is problematical. Effectively before the existence of human consciousness and language the external world holds no meaning at all (Crotty, 1998, pp. 42-43). I would argue that this viewpoint is too idealistic and lays itself open to serious challenge from the advocates of objectivism. I support the notion that meaning is socially constructed but I do not accept the premise that in effect there is no external reality.

I also have qualms about relativist epistemology though it is widely used in the social sciences. The concerns I have about relativism are different to those I have about social constructionism. The relativist position is a stronger one than social constructionism and it is therefore understandable that it has wide acceptance amongst social science researchers. It functions better as a defensible intellectual position because it does not over-focus on the human interpretation of meaning. Under this approach it is accepted that there are observable external phenomena both physical and social: the problem is how to access these in the social world and explain that specific reality to others. It is at this juncture that I have reservations. In a relativistic world the social phenomena leading to a system of beliefs (read truth) are sensitive to the very facts about a group or
even a person. This results in a system of beliefs that is best for a particular group or person but not another. Effectively there are no competing truths or beliefs: they are all equally valid. This approach makes it difficult to map evidence and truth claims against the external world. Epistemic relativism can disconnect good reasoning with true belief. This type of rationale can lead to epistemological nihilism.\(^{17}\)

The position that I support and have adopted for this thesis is Quine’s naturalized epistemology which is a more contemporary and refined version of naturalism (Quine, 1969; 1953). Naturalism in the social sciences is an extension of the authority developed when utilising scientific methods and forms of explanation for what happens in the natural (real) world and one of its most effective advocates in the early nineteenth century was the French philosopher Auguste Comte. Naturalism argues that “…science (and our knowledge acquisition in general) is an element of the natural world amongst everything else” (Philstrom, 2001, p. 228). It is then argued that this can be extended into the human world to provide a sound basis for social reform.

Willard Van Orman Quine was born in America in 1908 and is the most recognised supporter of naturalism in the second half of the twentieth century (Orenstein, 1977). His version has both critical and constructive elements (Quine, 1969; 1953). It does not rely on equating knowledge with certainty under the Descartes tradition. Instead it uses a natural science approach to investigating the sphere of humanly created meanings and cultures. It does this in a way that allows a defeasible explanation of how it is that some beliefs come to be accepted as knowledge. This is the acquisition of knowledge with a human face that one would expect in the social sciences.

\(^{17}\) Nihilism results in a denial of the possibility of justifying claims to knowledge because that requires the existence of universal truths. This cannot be the case because nihilism argues that all claims to knowledge are entirely relativistic and contextual (Crosby, 1988).
There are three ‘worlds’ that exist within the social sciences sphere. There is the ‘private ‘world of the individual; the communal world of the ‘social’; and, the ‘natural’ world of the physical. Naturalized epistemology allows the researcher/thinker to assess the claims and evidence that surface during contemporary investigation(s) to be tested and mapped against the natural and social worlds. This allows for a justification or vindication approach to the acquisition of knowledge. The key notion is to theorise the link between evidence accumulated in an investigation against the various and competing claims of these respective ‘worlds’. The selection between the competing claims is resolved using argument-based dialogue on the basis of whether one particular claim is more reasonable to accept then another. All claims remain under question and challenge dependent on the gathering of further evidence and argument. This may then lead to the selection of another claim having greater weight of justification then the current position that has been accepted. The key difference between naturalized epistemology and objectivism is that the former does allow for a sound basis for ameliorative social reform whilst the latter focuses narrowly on studying only ‘what is’ not ‘what ought to be’ or ‘what could be’.

Naturalized epistemology best reflects my personal beliefs and values as well as my intellectual bias in relation to advancing knowledge in the social sciences. I accept the central tenet that there is an external reality particularly so in the physical world and the scientific universe of ‘physical facts’ but that ‘social facts and explanations’ are socially constructed and dependent on differing claims, evidence and interpretations. These are investigated and analysed using the ‘scientific’ flavour that Quine advocates but this is done with sufficient sensitivity to the key differences between the sciences and the social sciences. This is closely connected with my ontological stance of critical realism that is explicated in the next section in which I will deal with the corresponding
ontological assumptions that map to the four main epistemologies that are explicated above.

2.2.2 Ontology – Social Sciences

Ontology is in simple terms the assumptions we make about the way the world is and influenced primarily by deep and often unstated personal and intellectual assumptions about the way the real world is. In other words, how the researcher views the world. Again, figure 2.1 identifies three ontologies that are dominant in the social sciences: realism; critical realism; and, nominalism (Easterby-Smith et al, 2002; Sankaran et al, 2001; Carson et al, 2001; Neumann, 2000; Denzin & Lincoln, 2000; Crotty, 1998). I will first outline these and then identify and defend the one that I have adopted as integral to a naturalist epistemology.

The first of these is realism. Realism in the sciences takes the position that the world (and the larger universe) is concrete, external and factual and that the truth of scientific laws is independent of the process of discovery itself. The task of the scientist is to construct the appropriate theories (or disprove existing theories) via observation and experiment that will effectively explain and predict the behaviour of these external phenomena (Rosenberg, 2000; Crotty, 1998). A similar label of realism is used in the social sciences, which translates to research approaches where the ontological assumption is a form of ‘naïve’ realism. In this theoretical domain, there is a single reality, which is tangible and accessible. Observable relationships and social facts are determinate, predictable and reductionist (reducing observations to a definable language) where it is considered that variables being investigated have stable meanings (Guba, 1990; Lincoln & Guba, 1985).

In other words realities exist outside or independent of the human mind. This aligns with objectivism as the appropriate epistemology—in which this notion is extended
such that meaning exists in objects independent of human consciousness—in which the researcher/knower assumes the intellectual posture of objective detachment. This supposedly allows that person value freedom to discern how things ‘really are’ and how they ‘really work’ in both the physical and social world. The specific concerns that I raised in the previous section on epistemology remain. It is not an intellectual position that I would support though I understand and acknowledge its appeal to the wider research community. It is still a pre- eminent paradigm.

The opposite end of the spectrum is nominalism. The classical nominalist:

…denies the existence of abstract entities and typically seeks to show that discourse about abstract identities is analysable in terms of discourse about familiar concrete particulars…that talk of universals is about certain linguistic expressions—those with generality of application… (Routledge, 2000, p. 634).

Thus it is the labels and names that one attaches to experiences and events which are crucial. Truth is then dependent on who establishes it whilst ‘facts’ are all effectively human creations. At its most fundamental level adherents of this ontological position deny that objects exist independently of the inquirer. I go back to what I argued earlier in this chapter on pages 33 and 35:

In this intellectual turn knowledge is advanced by assuming that there is no pre-existing reality. We as human beings construct our own meanings and people invent structures (including language) to make sense of what is going on around them. The researcher cannot be separated from the sense-making process and could never adopt the scientific approach of the disinterested, dispassionate observer (pp. 33)…

Effectively before the existence of human consciousness and language the external world holds no meaning at all (Crotty, 1998, pp. 42-43). I would argue that this viewpoint is too idealistic and lays itself open to serious challenge from the advocates of objectivism. I support the notion that meaning is socially constructed but I do not accept the premise that in effect there is no external reality (p. 35).

As is obvious I do not support this ontological viewpoint. There is a need to acknowledge that certain ‘facts’ do exist independently of the human ability to understand, explain and label them. This naturally leads us to the philosophical concept of critical realism: the last of the main ontological viewpoints identified in figure 2.1.
Critical realism—the stance adopted in this thesis—is a variant on transcendental realism in the sciences that was labelled so by Bhaskar and which argues that “…the ultimate objects of scientific inquiry exist and act (for the most part) quite independently of scientists and their activity” (1989, p. 12). This is a response to the concerns raised in the philosophy of science about realism and has a two-pronged approach in answer. The first acknowledges that in scientific endeavour it is often only possible to gather indirect evidence about what is occurring in certain scientific processes: particularly so in physics for example at the quantum level. This is embodied in Weisenberg’s Indeterminacy Principle that:

…states that it is never possible to obtain full and objective information about the state of a body because that act of experimentation itself will determine the state of the phenomenon being studied. Thus any attempt to measure the location of an electron will, for example, affect its velocity (Easterby-Smith et al, 2002, p. 32).

Secondly, having accepted this position it is argued that scientific laws once discovered and developed are absolute and independent of further observations. This is so despite the acceptance of the proposition that scientists are indeed subject to peer pressure and their own social and political networks to enable certain ‘truths’ to become established in the scientific community (Latour & Woolgar, 1979).

In the social sciences this position has been adapted to argue for what is labelled in figure 2.1 as ‘critical realism’. Critical realism begins with the transcendental realism of Bhaskar and then incorporates an interpretive thread from the social sciences (Sayer, 2000). It recognises that social conditions (for example class or wealth) and social facts do exist and have real consequences whether or not they are observed and labelled appropriately by social scientists (Easterby-Smith et al, 2002, p. 33). At the same time there is an acceptance of the notion that these very concepts are human constructions. The assumptions underpinning this position acknowledge that whilst different perceptions of reality exist there is an external physical reality as well as a material
social reality, although this may not be determinable (Laughlin, 1995; Phillips, 1990). This then requires ‘empirical detail’ to uncover the underlying reality thus making any generalisations more meaningful. This empirical detail refers to the data collected—whatever the method may be—that can be associated with human practice (Davis, 1996). There is therefore an essential link between theory and practice as captured by human behaviour, in that the empirical data reflects what is happening from multiple perspectives in order to explain what is happening.

This ontological position is aligned with the naturalist epistemology that together informs this thesis. As a ‘critical realist’ I consider that the observer is an important part of the discovery process. The observer is not ‘dispassionate’ but is ‘passionate’ whilst retaining objectivity through regulating the inquiry by not (overtly) influencing or being (overtly) influenced by the phenomena being studied and through means of techniques and methods (such as triangulating data collection), a position also advocated by the realists. This intellectual turn I would argue does provide an effective ‘middle path’ between the extremes of realism/positivism and nominalism/social constructionism. It best reflects my innate beliefs and values and enables a more proactive and change oriented approach to the research problem(s) posed in the contemporary world. The next section deals with the three theoretical frameworks identified in figure 2.1.

2.2.3 Theoretical Frameworks

Theoretical frameworks refer to the overarching umbrella term that brings together the epistemological and ontological assumptions that inform a particular school of thought and practice in social science research. It is the philosophical stance that underpins a chosen research methodology as well as justifying why one does research in the first
place, sets out the values related to such studies and provides a guide to ethical research behaviour. As Couch puts it:

Each side claims that the frame of thought they promote provides a means for acquiring knowledge about social phenomena, and each regards the efforts of the other as at best misguided…They differ on what phenomena should be attended to, how one is to approach phenomena, and how the phenomena are to be analysed (1987, p. 106).

The first of the three theoretical frameworks is positive social science (PSS). PSS has been the dominant approach in business disciplines especially so in accounting, finance and economics and to a lesser extent in management and marketing. The prevailing methodology in business research has its philosophical roots in the modern: principally positivism and realism. Whilst there has been an ebbing in the domain, the influence has inspired much of the business researchers’ most used scientific instruments: the survey; the questionnaire; statistical models; and, the idea of research as hypothesis testing and theory corroboration. In the accounting discipline for example it is the methodology typically advocated by Ball and Brown (1968) and Watts and Zimmerman (1978). A prime example of this thinking is ‘positive accounting theory’ (PAT) which was heralded as the most viable means of developing an explanatory theory to provide consistent solutions to the numerous and diverse problems that have emerged out of accounting practice.18 Some thirty years have been invested in this type of research: the results have provided little by way of effective substantive theories and practical solutions to contemporary business or accounting problems.

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18 Positive accounting theory borrowed from neo-classical economics and utilises the concepts of that era to promote a methodology. The theories of the classical period are represented in the principle-agent relationship and the concept of efficient capital markets. These assertions are committed to certain narrow assumptions which are problematic. Markets are seen to operate freely, efficiently and equitably, and individuals make rational, utility maximising choices. The primary function of accounting is to facilitate the contracting arrangements to reduce the agency costs of contracting. The importance placed on the role of contracts marginalises considerations of social responsibility and corporate behaviour, whilst organisations are viewed as autonomous and impartial (de Reuck et al, 1994).
PSS has recently become, to a certain extent, a pejorative term which is unfortunate. There are still research questions that are best resolved using a narrower quantitative approach. It represents a position in which social science is seen:

...as an organized method for combining deductive logic with precise empirical observations of individual behavior in order to discover and confirm a set of probabilistic causal laws that can be used to predict general patterns of human activity (emphasis in original) (Neuman, 2000, p. 66).

Utilising such an insight means that researchers in this framework employ rigorously designed and tested questionnaire surveys, experiments, archival data and highly structured interviews to gain precise quantitative data to test specific hypotheses using sophisticated statistical analysis. They seek to provide an empirical methodology—based in the belief of the existence of an objective external reality—to identify causal relationships for providing generalisable explanations and theories that will both explain and predict human interaction and behaviour.

Criticism of this approach exists at two levels I would claim. At the higher it focuses on the notion that this process of modelling the real world fails to deal with the differing complexities of physical and social realities. It fails to recognise that social reality is not so easily mapped. Such a representation of the real world is regularly and steadfastly criticised by a number of philosophers and other social scientists who have repeatedly offered counters to these rigid distinctions between object and subject: I do not intend to delve further into this aspect (Easterby-Smith et al, 2002; Carson et al, 2001; Neuman, 2000; Crotty, 1998; Laughlin, 1995; de Reuck et al, 1994; Phillips, 1990; Guba, 1990; Lincoln & Guba, 1985). Further, PSS attempts to reduce people to mechanistic numbers and statistics and is overly concerned with abstract laws, formulas, theories and generalisations that are not in fact relevant or applicable to the actual lives and behaviours of real people.
At the other end of the spectrum is Interpretive Social Science (ISS). ISS adherents assume a transactional (interactive) and subjective approach to research. The way to interpret what they view as multiple realities is to “…interpret the actions of individuals…and the ways in which individuals give meaning to social phenomena” (Lincoln & Guba, 1985, p. 37). In effect there are multiple constructed realities and no one position has a greater claim for truth then another. Neuman is more specific:

…the interpretive approach is the systematic analysis of socially meaningful action through the direct detailed observation of people in natural settings in order to arrive at understanding and interpretations of how people create and maintain their social worlds (emphasis in original) (2000, p. 71).

Researchers in this field often use participant observation and field research in which the observer spends significant lengthy periods of time in contact with those people being studied with the aim of acquiring an in-depth understanding of how they have created meaning in everyday life. This leads to a process where deeper and deeper levels of understanding and meaning are sought—sometimes in what appears to be a never-ending process—taking into account the social actor’s reasons and social context of action.

This approach holds that social life is based on social interactions and socially constructed meaning systems in which reality is internally experienced and subjective. Social reality or theories of social reality do not exist independent of human consciousness. The critical assumption here is that patterns of human behaviour may exist but this is not due to pre-existing laws that are waiting to be discovered by diligent social scientists. In this realm theory:

…tells a story. Interpretive social science theory describes and interprets how people conduct their daily lives. It contains concepts and limited generalizations, but it does not dramatically depart from the experience and inner reality of the people being studied (Neuman, 2000, p. 73).
This contrasts strikingly with the PSS approach of supposedly value-free, detached observation which seeks to identify universal features of humanity, society and history to derive explanations and predictability. The ISS researcher looks instead for culturally derived and historically situated interpretations of the social life-world (Crotty, 1998).

The strengths of this approach are that this school of thought has resulted in deep and effective critiques of ‘modernism’ and the notion of attempting to construct grand overarching theories in the social sciences (Simons & Billig, 1994). It has been particularly effective at exploring research problems that have delved into issues such as power, culture, construction of the individual and communities, elites and wealth (Neuman, 2000; Crotty, 1998). Its weakness is similar to the key one that can be levelled against PSS which has at its aim the study of ‘what is’ and not what ‘ought to be’. ISS is a system of deep critique and a powerful search for meaning. The result, however, can be a downward hermeneutic spiral that never ends as the researcher seeks deeper and deeper levels of meaning and understanding. Much of the literature, although a form of deep critique, is itself an uncritical form of study (Crotty, 1998. p. 112). By this I mean that it does not have an ultimate aim of change to the status quo—it critiques but does not aim to transform or change social relations and interactions—and does not provide solutions to the deep questions that it poses.

The framework that does inform this thesis is critical social science (CSS). The purpose of CSS is “…to explain a social order in such a way that it becomes itself the catalyst which leads to the transformation of social order” (Fay, 1987, p. 27). Critical inquiry keeps the spotlight on power relationships within society and shares commonality with ISS in that it critiques commonly held assumptions and values resulting in challenges to existing social structures. The underlying aim is to expose social actors to new ways of
understanding and in so doing to take effective action for change. It does not advocate revolution—violent or non-violent—it is instead, I would argue, a form of evolutionary change within society.

Neuman defines CSS as a:

...critical process of inquiry that goes beyond surface illusions to uncover the real structures in the material world in order to help people change conditions and build a better world for themselves (emphasis in original) (2000, p. 76).

CSS adherents argue that social reality has multiple layers which does not differ radically from the ISS perspective and both view social reality as subject to socially created meanings. The difference is that ISS focuses at the micro-level of human interactions and the development of meaning systems whilst CSS acknowledge the importance of subjective meanings but argues that there are real, objective relations that have helped to shape social reality. The CSS focus on the social context is at more of a macro-level historical context.

The crucial element in this approach is the attitude to change in social relations. The different schools of ‘critical inquiry researchers’ do not share the same viewpoint on this issue. Laughlin (1995, p. 76-77) argues that traditional Marxism advocates a high level of change, being frustrated significantly with the status quo in which elites stifle any prospects of real change; German critical theorists, as represented by the Habermasian approach, support a medium mindset about change; and, French critical theorists (based on Foucault) are at the lower end of the change spectrum and usually focussed on localised actions in relation to the exercise of power/knowledge.

The appeal of CSS as the framework to be used in this thesis lies in the fact that it maps a middle path and utilises the strengths of the other available research approaches. It does recognize the importance of empirical data. It also acknowledges the benefits of
applying a variety of research methods which helps to ensure the richness of the data and enhance the reliability and validity of the final analytical results. CSS does not endorse a specific level of social change, in that change will ultimately need to be negotiated and be based on selection between differing policy options as well as being contextually specific. In addition, what does attract me is that this approach advocates the importance of the ‘passionate’ as opposed to the ‘dispassionate’ researcher. I believe this ought to be central to research that is carried out in business disciplines. I do accept that innate beliefs and values may bias the results of an inquiry but rigorous methodological steps can be used to minimise such bias. Part of this rigour would be the selection of an appropriate research methodology and methods or techniques in collecting data which is covered in the next two sections of this chapter.

2.2.4 Research Methodologies

Research methodology is defined by Crotty (1998, p. 3) as “…the strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to desired outcomes.” This appears quite broad and a narrower version sees methodology posited as “…the use of certain ‘rules and procedures’ with different connotations and purposes…so that other people can inspect and evaluate the research” (Carson et al, 2001, p. 1). From my perspective, and simpler again, it is the research design that is utilised to answer a specific research problem and associated research questions. This in the social sciences is embedded—although often not explicitly stated—within one of the three main theoretical frameworks and accompanying epistemological/ontological assumptions.

There are a number of different methodologies as indicated in figure 2.1—this is not intended as an exhaustive list—and they can be readily associated with a specific framework. For example, structural functionalism, conflict theory, exchange theory and
post-positivism would be associated with a PSS approach. Postmodernism, naturalistic inquiry, hermeneutics, phenomenology and ethnography would come under the ISS umbrella whilst CSS encompasses critical theory and action research. Writers within the feminism methodology would likely position it as crossing the boundaries of both ISS and CSS. I do not intend at this point to outline and explain all the different methodologies available to a researcher/inquirer. My choice for this thesis is the use of action research and ethnography with a critical theory edge which I will justify in a later section on research design.

2.2.5 Research Methods

A research method within a methodology has two elements. The first is the actual techniques used or steps taken to collect the data pertinent to the research problem. Once that is collected then it is the process used to analyse that data. Thus it is the activities that researchers employ to ensure that they can accumulate the relevant data and that in itself can be a problematical issue and often central to whether a particular research problem can even be attempted.

There are again a range of methods available within the respective theoretical frameworks. These include quantitative focussed techniques such as questionnaires and survey instruments, highly structured interviews and archival data. Other techniques include cognitive mapping; theme identification; an historical-comparative approach; and, the use of focus groups. This thesis utilises a field research case study approach incorporating an autoethnographic participant observation technique and a semi-structured participant interview method using a judgemental sampling selection process. This is explained in greater depth in the following sections.
2.2.6 Thesis Research Design and Methods

This thesis as stated earlier has a combination of theoretical, analytical and qualitative elements. The qualitative component is a case study of Tertiary Institution (TI) firstly in relation to strategic planning—one of the four key decision domains analysed in chapter three—and secondly focussing on critical elements such as organizational culture, leadership managership and followership. The next part of the chapter deals with what is required in an effective qualitative research design.

2.2.6.1 Qualitative Research

Qualitative research has become more widely accepted in business disciplines as a legitimate form of research design especially in management and marketing and to a lesser extent in accounting, finance and economics. Quantitative researchers focus more on issues of instrument design, measurement and sampling associated with a primarily deductive approach whilst qualitative researchers are more concerned about issues of the richness, depth, texture and feeling of the data because their primarily inductive approach deals with the development of insights and understanding of the meanings contained within the data. As Denzin and Lincoln ably put it:

> Qualitative researchers are more likely than quantitative researchers to confront the constraints of the everyday social world. They see this world in action and embed their findings in it. Quantitative researchers abstract from this world and seldom study it directly. They seek a nomothetic, or etic, science based on probabilities derived from the study of large numbers of randomly selected cases. These kinds of statements stand above and outside the constraints of everyday life. Qualitative researchers are committed to an emic, idiographic, case based position, which directs their attention to the specifics of particular cases (1998, p. 10).

Silverman (2000) and Morgan and Smircich (1980) do however warn of the problems associated with adopting a qualitative approach. In particular, the researchers lack of explanation in communicating their basic assumptions about the subject(s) of their study. Central to this are the criticisms—usually raised by quantitative researchers—surrounding qualitative research generally and case studies specifically. That is, the
validity and reliability of the research. Validity and reliability are concerned with the question, are we measuring what we think we are measuring and are our conclusions consistent? ¹⁹ This is an issue in common for qualitative and quantitative researchers in that both are concerned with questions about the reliability and validity of the data they have collected and are analyzing.

2.2.6.1.1 Reliability

This does not quite have the same meaning as in quantitative research. Usually in a quantitative context reliability is the ability to replicate the study and this can be achieved to the extent that the measures and methods employed in a study can be repeated to a large extent—if not exactly the same—by other researchers in that field. Neuman describes the qualitative focus, however, as being on “…dependability or consistency” (2000, p. 170) in the recording and use of documents, observations and interviews whilst Carson et al focus more on terms such as ‘trustworthiness’—how closely is the respondents’ reality captured—and ‘transparency’—clear descriptions and explanations of rationale behind the interpretation of findings—in the qualitative research process (2000, pp. 67-69). The primary idea is to provide a high level of credibility, dependability and legitimacy to the research process itself and the resulting analysis and findings.

The measurement and recording of data in this thesis has, I would argue, a high level of dependability and the ability to be replicated via a process commonly labelled triangulation. This means that there are a number of different viewpoints and methods used to identify and represent as accurately as possible the phenomena under investigation. In the case study of Tertiary Institution this triangulation of data has meant combining insights gleaned from my own participant observation

¹⁹ Research findings can be reliable without being valid e.g. consistently measuring the wrong phenomenon. However, research findings cannot be valid without being reliable.
(autoethnography), semi-structured interviews with other participants at different levels throughout the organization and access to official documents, electronic recordings and internal email communications. There has also been a triangulation of theory informing the thesis ranging from critical theory, autoethnography, action research and the key elements of ODE theory as an integral part of the analysis.

2.2.6.1.2 Validity

Validity simply means truthful. In the positivist realm this refers to measures utilised in the study corresponding close to reality—as of course perceived by positivists. In qualitative studies the focus is instead on authenticity. This means that not only is triangulation used (multiple perspectives) but that the study does gain access to the actual experiences, as understood by the participants, of their everyday social lives and social relations within the research setting (Easterby-Smith et al, 2002; Carson et al, 2001; Neuman, 2000).

There is a checklist of research quality and therefore authenticity of findings—as operationalised in this thesis—suggested by writers such as Denzin and Lincoln (2000, 1998), Patton (1990), and Lincoln and Guba (1985). These include interviewing participants in the research setting, in this instance within Tertiary Institution; using purposive or judgemental sampling to select participants; having one on one interviews (which were recorded) and informal discussions; prolonged participant observation—as a member of Tertiary Institution academic staff for more than ten years I have extensive experience of events and occurrences within that organizational context; use of field diaries and journals; comparing information and data across different levels of organizational participants; and, ensuring triangulation of data and theory—as outlined within the previous section.
2.2.6.1.3 Case Study and Generalisability

The empirical component of this thesis is a case study of Tertiary Institution in two parts. The first involves the strategic planning process over the period 2001 to 2004 to produce the latest version of the organization’s strategic plan—documented in chapter five. The second involves a longer time horizon and is an analysis of the organizational culture, leadership followership, and management process used in a public sector organization as exemplified by this university—analysed as part of chapter four and again in chapter five.

A case study is one particular form of fieldwork which examines in depth an organization (or series of organizations) over time (Stake, 1995; Yin, 1994; Hamel et al, 1993). Such a study can contain both quantitative as well as qualitative data. The result is a study of a contemporary phenomenon within a dynamically changing real-life context using multiple sources of evidence (Yin, 1994, p. 23). As Stake argues “…we will have a research question, a puzzlement, a need for general understanding and feel that we may get an insight into the question by studying a particular case” (1995, p. 3). A case study approach is appropriate when analysing practical organizational situations, problems and processes. Writers, in business disciplines, have also advocated the use of case studies (Ryan et al, 1992; Eisenhardt; 1989; Scapens, 1992, 1990). These writings outline a rich history of case study research extending back to Selznick’s (1949) work and Pettigrew’s (1973) study of decision making at a British retailer. Qualitative case studies are now appearing more readily in mainstream journals (Barrachina and Verstegen, 2004). They are used usually to answer questions of how and why—in the case of Tertiary Institution one such question would be: How and why has the current strategic plan been implemented in a contemporary Australian university? This is not explained though the usual study of causality—in the more traditional quantitative form.
of analysis—rather it is one of exploration and explanation of meanings, understandings and shared social realities.

A criticism of the case study approach that surfaces regularly in the literature on research processes is the lack of generalisability (Easterby-Smith et al, 2002; Carson et al, 2001; Neuman, 2000; Crotty, 1998; Stake, 1995; Yin, 1994, Hamel et al, 1993). This in positive research refers to the quality of the study in that the selection and analysis of a randomly selected sample has been tested rigorously using high level statistics which is representative of the larger population and therefore the findings are both reliable and valid. In qualitative research this external validity comes from what is known as analytic rather than statistical generalisability. Case researchers themselves tend to be circumspect in this area and rarely claim that their findings could have wide(r) application. However, it should be noted that Lukka and Kasanen (1995) assert that there is greater potential for generalising from business case studies and that the process of generalising (observed phenomena) need not result in a loss of relevance of case findings to real life situations.

Easterby-Smith et al (2002) have suggested four specific principles—based on Silverman (2000)—to minimise the degree of criticism and enhance external validity as follows:

- Refutability is a matter of using Popperian logic and looking for examples which may disconfirm current beliefs; constant comparison follows the principles of grounded theory in looking for new cases and settings which will stretch the current theory; comprehensive data treatment involves carrying out an initial analysis of all the data available before coming up with conclusions; and tabulations imply greater rigour in organizing data and accepting that it can be useful to add up the occurrences of phenomena sometimes (p. 54).

The end result is an expectation that readers of the research are being asked to accept that the rigorousness of the research process itself provides the justification of a claim for authenticity. The claim is ‘look at what I have done and the way I have done it’. It
is the collection and building of that data and analysis of the case over time which allows for the elimination of alternative explanations and comes closest to representing the reality—in the form of significant understandings—of the social world being studied. Ultimately generalisability in the form of authenticity will be enhanced over time by the emergence of similarities and differences in other social and organizational contexts that are also researched and reported in the literature.

2.2.6.2 Autoethnography

Ethnography, sometimes referred to as field research or participant-observation research, is a qualitative approach to social research in which researchers (traditionally) observe—usually over a significant length of time—and participate in small-scale social and organizational settings in order to generate detailed descriptions of social and work life which are then interpreted and analysed (Carson et al, 2001; Neuman, 2000; Denzin & Lincoln, 2000; Denzin, 1997; Gubrium & Holstein, 1997; Crawford, 1996). The methodology usually involves a period of time spent observing people within their own setting, as well as conversational interviews with key informants within this locale. The aim of ethnographic inquiry is to gain a deeper understanding of the meanings and perspectives of the people participating in the research project and to consider these meanings and perspectives against the background of the participants’ worldview, context and/or socio-cultural perspective. The ethnographic process endeavours to uncover “…how situations are being defined by the participants themselves – to identify contextualised meanings and experiences” (Moores, 1996, p. 28).

The predominant case study research method used in this study is field interviews. However, the thesis also uses autoethnographic elements within the analytic and empirical phases whereby themes and issues emerging from the interviews are interpreted with the benefit of—and occasional reference to—my own everyday
organizational experience within Tertiary Institution. “Autoethnography epitomizes the reflexive turn of fieldwork for human study by (re)positioning the researcher as an object of inquiry who depicts a site of interest in terms of personal awareness and experience” (Crawford, 1996, p. 167). Autoethnography has also been variously described as: personal experience narratives (Denzin, 1989); personal ethnography (Crawford, 1996); experiential texts (Denzin, 1997); and, even emotionalism (Gubrium & Holstein, 1997). It is an autobiographical form of field research that connects the personal to the cultural, social and organizational through a peeling back and analysis of multiple layers of consciousness and experiences. Autoethnography is a well recognised and accepted approach to qualitative sociological research but has yet to be utilised to any extent as part of the research methods available within business disciplines. However, a special edition of the journal Culture and Organisation on the topic of organisational autoethnography focussing on leadership—and calling for submissions by the end of October 2005—is in the process of being published (Boyle & Parry, 2005).

I have incorporated autoethnographic elements within this thesis because I do have some concern with what I perceive to be the lack of transparency about subjectivities within the conventional ethnographic process. I am also strongly aware of the private as well as public nature of the university work environment and the associated difficulties of observing authentic work interactions when carrying out participant observations within someone else’s work and public space.

My decision to include an autoethnographic element in this thesis comes partly from my own unease with the notion that ethnographic research is thought of as providing relatively objective accounts and critiques of cultural events and happenings. In my opinion, and others, it is quite likely that the ethnographic researcher may (in his/her
most deluded state) “…be more of a copyist of personal impressions than a chronicler of cultural events” (Crawford, 1996, p. 63). Also, that the expert stance taken by the researcher is often clouded by his/her “…own subjective experiences and implicit knowledge…..Ethnography then becomes autoethnographic because the ethnographer is unavoidably in the ethnography one way or another, manifest in the text, however subtly or obviously” (Crawford, 1996, p. 63). Consequentially, it is likely that a more honest ethnographic experience would occur if the researcher’s experiences and subjectivities are expressed and discussed in relation to the subject matter at hand. In my case these are my experiences and impressions gained over more than ten years of events and developments within the organizational context of Tertiary Institution as an academic.

I have also chosen to include autoethnographic analysis because I would argue that this provides added depth and a varying perspective to the accounts of those organizational participants who were interviewed for this thesis. An autoethnographic approach will add a degree of first hand observation of, and greater analytical depth to, the organizational occurrences within Tertiary Institution in the period related to this thesis. In this respect it can be classified as a form of critical ethnography because as Crotty states the aim is “…to unmask hegemony and address oppressive forces” (1998, p. 12). The objective here is to provide an account in which a collaborative approach to decision-making, as opposed to a ‘top-down’ managerialist decision-making hegemony, becomes more prevalent in organizations.

2.2.6.3 Action Research

Action research has a long history going back to the social scientist Kurt Lewin (1946) who can probably be credited for using the term for the first time. However, most of the grounding and development for this type of research comes from the education
discipline where it is often labelled as either action learning or experiential learning (Tripp & Wilson, 2001; Pedler, 1998). The researcher is an integral part of the research process and the end aim is change in the system itself. It is similar to critical ethnography in that it has a critical inquiry (CSS) edge (Crotty, 1998). The researcher effectively becomes a co-researcher with other people from within the organisation with responsibility for the project shared by everyone (Sankaran et al, 2001; Carson et al, 2001, pp. 167-168). The researcher no longer attempts to maintain distance and separation from the object of the study: quite the contrary the investigator becomes a central and often critical element and driver in the research (Reason & Bradley, 2000; Gronhaug & Olson; 1999). In a business or university domain, this tends to encourage new ways of thinking that leads to restructuring business processes and attempts to deliver systemic improvements.

Action learning and action research of this type focuses on the notion that social science research has some identifiable form of usefulness to society. It is a research approach whereby a group of individuals collaborate with the intent of improving their work processes. As a result it certainly suits the application of this approach to studying and resolving organizational issues and problems. Carson et al (2001, p. 158) define action research in simple terms as “…essentially about a group of people who work together to improve their work processes” (emphasis in original). However, one of the oldest and most sustaining and widely accepted definitions is by Rappoport:

Action research aims to contribute both to the practical concerns of people in an immediate problematic situation and to the goals of social science by a joint collaboration within a mutually acceptable ethical framework (1970, p. 449).

The process encompasses a cycle of planning, acting, observing and ongoing reflection upon what has happened within a project. As Easterby-Smith et al put it there are two main features in action research:
1. A belief that the best way of learning about an organization or social system is through attempting to change it, and this therefore should to some extent be the objective of the action researcher;

2. The belief that those people most likely to be affected by, or involved in implementing, these changes should as far as possible become involved in the research process itself (2002, pp. 43-44).

This explicit change focus is the reason many other researchers—particularly the adherents of either a PSS or ISS theoretical framework approach to investigating research problems—object strongly and argue that action research is not a legitimate form of methodical inquiry. However, a CSS advocate would have no intellectual dilemma in accepting just such an objective.

The value of action research is the enhanced potential to get very close to the reality of a business or organizational situation which goes beyond just developing shared meanings and understandings. It enables a focus on problem solving and the generation of solution sets to specific business problems in a reflective way (Carson et al, 2001, p. 169). In the Tertiary Institution case study of strategic planning this cycle of planning, acting, observing and reflection has taken more than three years. The primary objective in utilising this approach was to shift the traditional planning methodology from a ‘top down’ senior management process to a more collaborative approach expected to deliver a committed and sustained set of strategic direction outcomes. The analysis in chapters five and six will provide evidence that this was the initial aim of senior management and staff who were engaged in the collaborative effort at the time the process started but that this changed later when the new Vice Chancellor took office.

2.2.7 Research Problems and Research Questions

As stated succinctly in chapter 1 (p. 2) the organising principle central to this thesis is in two parts:

The first is that ‘good’ corporate governance does not guarantee ‘good’ organizational performance. It is a necessary but not sufficient condition. This is because corporate
governance enacted at the senior management and board level that arises from the
construction of ‘best’ decision outcomes is procedurally-driven (focussed on rules,
guidelines and steps) whilst organizational performance is content-driven (the quality
of the decision outcomes themselves within the larger competitive and economic
context). The second part is that a collaboratively oriented decision-making theory
and methodology in which power, authority and responsibility is cascaded down
through an organization will deliver epistemically more ‘robust’ decision options and
outcomes and enhance corporate performance.

Consequently, there are two main research problems in this thesis. The first is: How to
construct a theory (ODE) that would explain the construction of epistemologically more
robust (and better/more effective) decision outcomes in those situations in which
teams/groups are used collaboratively at whatever hierarchical level within the
organization? The second part of the first research problem: How to derive an effective
methodology/model that would enable the procedural elements to be identified that
would be central to the pragmatic operation of a collaborative decision-making process?
The second research problem is: How and why has the current strategic plan been
implemented in Tertiary Institution?

Thus, the three primary research questions proposed in this thesis are:

RQ 1) What are the conceptual foundations for a collaboratively oriented theory of
organizational decision enhancement (ODE) that incorporates the concepts of
participation, ownership and democratisation of decision-making processes in
organizations?

RQ 2) What are the procedural parameters, processes and rationality drivers that will
enable the operationalising of a collaborative decision-making model?

RQ 3) To what extent was the construction of the current strategic plan at Tertiary
Institution based on the key elements and procedures embodied in ODE theory and its
associated collaborative decision-making model?
The first set of subsidiary research questions (four, five, six and seven) address the incorporation of insights from Habermas, Latour and complexity theory into ODE theory and the construction of the accompanying decision-making methodology as follows:

SRQ 4) Why and how does ODE theory integrate key elements of Habermas’s theory of Communicative Action?

SRQ 5) Why and how does ODE theory incorporate key constructs from Latour’s Actor-Network theory?

SRQ 6) How does complexity theory and the notion of the organization as a complex-adaptive system impact ODE theory?

SRQ 7) What are the decision-making procedural steps required by the implementation of ODE theory?

Research questions eight, nine and ten focus on the organizational impacts of the resulting decision-making model and methodology that is central to the use of ODE theory within organizations.

SRQ 8) What presuppositions/assumptions underpin an effective collaborative decision-making methodology?

SRQ 9) What are the implications of ODE theory for organizational culture, leadership, managership and followership in contemporary organizations?

SRQ 10) How does the operation of ODE theory deliver more robust and epistemologically sound decision outcomes?
The final question is concerned with the empirical appraisal of ODE theory within an action research case study format in a public sector organizational context.

SRQ 11) To what extent can a field research case study based on the current strategic planning process in Tertiary Institution be assessed against the key elements and claims of ODE theory and collaborative decision-making model?

The answers to, and analysis of, these two research problems and associated research questions is carried out in three phases. The first tackles research problem one, research questions one and two and their associated subsidiary questions (RQ1, RQ2, SRQ4, SRQ5, SRQ6 and SRQ7) which are analysed and completed in chapter four. The second phase—completed in chapters five and six—deals with SRQ8, SRQ9 and SRQ10. Research Question 3 and SRQ11 are written up in chapters six and seven.

2.2.8 Case Study Site, Sampling and Participant Interview Process

Tertiary Institution (TI) is a research intensive medium-sized university in Australia. It is a public university located within one of the country’s capital cities. The University consists of a large number of schools within which there are several discipline groupings. There is a Head of School in charge of the administrative and academic responsibilities within each of these designated academic organizational units (AOUs). The schools are then aggregated into several Divisions under an Executive Dean—each of these Deans has been appointed from within the academic ranks. The university has been growing steadily in student numbers and equivalent full time students over the past two decades. The majority of students are non-school leavers forming nearly sixty percent of the student population (Tertiary Institution, 2005).

In addition there are a number of administrative divisions each managed by a Pro Vice Chancellor. The university has a Vice Chancellor as the top bureaucratic officer of the
institution. S/he is effectively the organizational chief executive officer (CEO). S/he reports to the university governing body headed by the Chancellor who is an eminent member of the public. The University is not unusual or unique in having this type of organizational structure.

2.2.8.1 Data Collection

The sample group for the qualitative case study component of this thesis is fifteen interview participants selected from across the different community groups within Tertiary Institution. They included a mix of students, academic staff, administrative staff and members of senior management—two of the interviewees were members of the senior executive group and two others were senior administrative staff members. The actual interviews were conducted between October 2004 and February 2005.

The sample group is a non-probabilistic purposive or judgemental sampling whereby the participants involved in this study were chosen from the existing organizational networks of the researcher (Neuman, 2000, p. 198). This sampling method used existing social networks and was built upon these relationships. It also allowed me to make what I have termed *opportunistic observations* of happenings that occurred before, during and after interviews. As the participants were known to me, I was often present and interacted with them—in different organizational and social contexts—for extended periods of time which went well beyond the interview times. As a result, I was able to observe the participants in different organizational scenarios over lengthy periods of time.

Respondent data was collected through the use of an in-depth semi structured interview. Each interview was planned to last approximately one hour and each was tape recorded with the written consent of the participant. After each interview was completed the data was transcribed from the tape onto separate word processed documents. The data was
then analysed and coded using qualitative computer software: the package used was NVIVO Nud*ist N6. Nud*ist (version N6) is the computer software that was used to process the qualitative data in this thesis. It is one of a suite of qualitative analysis software packages (QASPs) and has become one of the most popular analytical tools (Easterby-Smith et al, 2002, p. 128). Ross (2003) argues that this QASP allows the researcher to more effectively sort/cod the text, group, compare, link ideas, and finally manage the data. He points out that: “NVIVO20 allows the researcher to organise large amounts of field work data into coherent logical structures...enhances the researcher’s ability to analyse this material rigorously” (Ross, 2003, p. 40). Secondary archival data was also collected from diverse sources such as annual reports; electronic sources; official university minutes; official and publicly available university documents; and, email communications.

The software package NVIVO Nud*ist N6 was used to interrogate and analyse more than 200 pages of fully transcribed data from the fifteen TI interviews that were conducted between October 2004 and January 2005. The package allows the large physical amount of qualitative data derived to be sorted into a ‘hierarchical tree’ structure that enables the researcher to determine and isolate the key themes that have arisen from the interview process.

There were several steps in the analytical process. The first was to transcribe the fifteen interviews: these had lasted from forty five minutes to an hour and a half with the average being one hour in duration. The questions covered were broadly those contained in Appendix 1. The transcribed data was then imported, interview by interview, into the Nud*ist package. The tree structure ultimately selected was based on the four key sections amongst the interview questions: these sections were

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20 NVIVO is the latest version of NUD*IST. It is an abbreviation for NUD*IST VIVO (Ross, 2003).
‘Organizational Culture, Ethos and Values; Strategic Planning; Role of Leadership/Management; and, the Role of Followership. This resulted in the ‘qualitative data’ being organized and interrogated within Nud*ist under sub-categories which were the individual questions integral to each of the four main categories identified above—see Appendix 1. The resulting sorted data was then printed out question by question enabling the key themes to be analysed within each of those four headings and reported in later chapters within this thesis.

The process could have been done manually but the value of this software approach was that all relevant statements, arguments and claims made by the interview participants were readily identified and not mislabelled. This approach allowed myself as the researcher to delineate between the participant statements. I was also able to identify more readily the main commonalities and differences from the different and extensive ‘inputs’ and perceptions of the fifteen interviewees. This approach ensured the key themes were incorporated into the primary analysis of the Tertiary Institution case study.

An additional benefit is the research audit trail this technique provides. Other researchers can readily view both the ‘raw’ data and the subsequent computer generated reports to review the information that has been central to the qualitative component of the thesis. This provides an enhanced opportunity—for parties external to the study—to verify the reliability and validity of both the data and the subsequent analysis.
2.2.8.2 Interviews

All participants interviewed were volunteers and the prime research method was open-ended semi-structured, conversational interviews. This approach can be classified as a variation of conventional anthropological ethnography, which has been adapted to this case study of strategic planning; organizational culture; leadership; followership; and, management at Tertiary Institution.

An interview or conversation with a purpose is an art rather than a skill (Berg, 1995, p. 29). Berg refers to three distinct types of interviews: standardized interviews in which the questions scheduled are formally structured—an approach favoured by PSS advocates; a non-standardized interview which does not have a schedule of formal questions and does not know what primary questions to ask and tends to be highly exploratory in nature; and, a semi-standardized—or semi-structured—interview which allows the researcher to use broadly predetermined questions and topics (1995, p. 33). This thesis used the last type. The semi-structured interview was used to keep the conversation within the framework of the subject of study. The same planned questions were utilised as much as possible to assist the respondent to concentrate on the central issues but additional questions and variations were used depending on the flow of the conversation during the interview (see Appendix 1). In addition, a semi-structured interview gave an opportunity for respondents to raise additional relevant themes.

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21 This style of interviewing is a compromise between unstructured and highly structured interview techniques. While unstructured interviews (those without particular questions) tend to reveal a broad range of information which can be difficult to analyse, highly structured interviews (such as those in a face to face survey) may not elicit any insightful information because the right questions may not have been asked. Thus, the semi structured interview gives the researcher and interviewee some degree of direction while, at the same time, empowering the interviewee to pursue their own agendas—other topics of special interest and/or concern that are related to decision-making at Tertiary Institution.
2.2.8.3 Ethical Considerations

An ethics application was submitted to Tertiary Institution’s Human Research Ethics Committee for this project. Ethical clearance has been given (see Appendices 2 and 3). Each participant was asked for his or her consent to participate in this study. All participants read and signed information and consent forms before commencing their recorded interviews. The purpose of the study was explained to all participants. They were told that they could withdraw from the conversation at any time. The data collection process (from audio recording, to transcription, to the possible inclusion of direct quotes in the thesis document) was explained. The privacy and confidentiality of all participants was assured. Pseudonyms have been used, and any identifiable information has not been included in the final thesis document as required by the TI research approval process (Appendix 3). The researcher will hold all the data collected for five years after the completion of this study.

2.3 Conclusion

This chapter has explicated and grounded the research approach that has been utilised in this thesis. It has outlined the main epistemological and ontological viewpoints as well as the theoretical frameworks, research methodologies, research methods and techniques that are available to researchers in the social sciences to answer problems and questions that they have posited about the social world.

It has provided justification for the choice of a naturalist epistemology and critical realist ontology adopted in this thesis. It has also explained the rationale behind the emphasis for research to change existing social and organizational relations in addition to merely studying ‘what is’. Critical social science researchers have a driving need to have a deeper answer to the ‘so what’ questioning of the motivation(s) for specific research outputs.
It has identified the use of Tertiary Institution as a case study to assess the claims of ODE theory and its associated methodology. That section of the thesis has a qualitative focus in which action research, participant interviews and autoethnography are used as research methods to elicit a deeper understanding of the organizational context of strategic planning and the concomitant elements of culture; ethos; leadership; managership; and, followership within a public sector agency.
3 Chapter - Literature Review - Managerial Decision Making – Current State of Play and Critique

3.1 Introduction

This literature review chapter focuses on senior management decision-making and strategic management accounting in the four main areas of corporate governance, strategic planning, budgeting (which includes decisions about the allocation and management of resources—people and money) and change management. The material canvassed proceeds in, what I consider to be, an order of priority in the scope and importance of these decision-making domains. The final part of the chapter is an overall critique of the current research findings and further intellectual developments that have been proposed in the literature in these four decision domains.

3.2 Aims, Objectives and Focus of the Literature Review

This thesis is primarily analytical and theoretical with the aim of constructing a theory and methodology to positively enhance organizational decision outcomes. The reasoning behind this pragmatic and intellectual ‘turn’ is grounded in the notion that the world is a more uncertain and turbulent place than previously existed in a range of organizational contexts. This is inevitably linked to the amount and pace of change in modern society “…- a rapidly changing world is a more uncertain place (Tourish & Hargie, 2004a, p. xii).

In this environment there is an expanding literature that is repositioning the role and practice of leadership and management. The concept of shared and distributed leadership is growing (Bligh et al, 2006; Pearce, 2004). Raelin (2003b) goes further by claiming that some groups/teams can in fact be leaderless: not because there is no leadership but because that concept is distributed across all members of a team or group.
He argues that the team is not leaderless it is ‘leaderful’. It is full of leadership because everyone shares in the experience of providing leadership.

McCrimmon extends this further by claiming that another form of leadership is not even task oriented. He argues that ‘thought leadership’ is more important than shared or distributed leadership or even leaderful organizations. It is concerned with the championing of new ideas within organizations allowing for the effective gestation of continuous improvement and effective innovation and change:

Thought leadership, by contrast, has none of these managerial overtones of organizing action, executing tasks, making decisions or coordinating effort toward achieving joint goals. Thought leaders are not empowered, not given authority to make decisions. They are, rather, what Hamel (2001) calls revolutionaries, employees who challenge the status quo and press for change. They can demonstrate this form of leadership with no involvement in managing people or task execution, informally or otherwise (2005, p. 1065).

These moves are a radical challenge to the more traditional, position authority conceptions of leadership and management.

One of the other major changes in recent years is the adoption of new information technologies as well as the burgeoning growth of the information-rich internet influence over almost every aspect of corporate life. Knowledge appears to be everywhere but may be hard to harness and deploy effectively (Zorn & Taylor, 2004). It can also be illusory that access to this richness of information can reinforce the view that a traditionalist, top-down approach to decision-making can survive because of the technological ability of senior and middle management to tap into this virtual corporate world any time any place. This raises a serious issue about how organizations will handle this brave new world of knowledge management. The need for organizations to operate and compete effectively in this information age requires reliance on the knowledge, skills experience and judgement of all their people not just those in positions of managerial authority (Dess & Picken, 2000).
Moves towards ideas of empowerment—naturally follow from these developments—in which staff/employees assume some or full measure of autonomy and discretion over what they do and how they do it (Pfeffer, 2001; Asmos & Duchon, 2000; Mirvis, 1997). This does raise a certain paradox. It is common for management consultants and senior management personnel to advocate work approaches that include greater participation and involvement by employees. The subsequent propositions often contain their own internal contradictions because they create programmes “…whose successful implementation depends upon the use of hierarchy, unilateral control, and employee limited freedom” (Argyris, 2001, p. x). Tourish and Hargie cogently argue that this is often limited to those at the top receiving just enough corrective input to the decision-making process. They state that: “A unitarist focus is simply assumed, and a top-down strategy recommended – as part of the attempt to move organizations beyond top-down strategies” (2004b, p. 6).

The primary intent of this literature review therefore is to analyse and map the writings within the current dominant top-down decision-making paradigms, to investigate questions raised and alternatives proposed within each of the mainstream literatures in these areas: corporate governance; strategic planning; budgeting; and, change management. I then provide an overall critique of the current ‘state of play’ within each of these four primary decision-making functions. This provides the additional substantiation to the earlier section (1.3) in chapter one which clarified the interconnection between managerial decision-making and strategic management accounting.

My objective in this chapter is to clearly identify the continuing gaps in the literature and the further developments that will be necessary to construct more robust and
epistemically justifiable organizational decisions. This will provide the underpinnings for the arguments that I will canvass in chapters four and five.

3.3 Managerial Decision-Making Domains: Corporate Governance, Strategic Planning, Budgeting and Change Management

The notion of managerial decision-making prerogative has developed over time such that senior managers of organizations believe they are ultimately responsible for all the key decisions because of the organizational position they occupy. That belief is closely connected to the additional desire of senior management to maintain control over strategies, decisions, the future, customers, employees and even markets (Mintzberg, 1994, pp. 201-202). The top-down approach enables senior management to feel more comfortable and in charge of what is ‘going on’ in the organization. The result is they effectively control the level of decision-making that occurs within an organization but this does not mean that all decision-making needs or has to remain under senior management control.

The first of the four key areas of managerial decision-making—corporate governance—is critically explored in the next section.

3.3.1 Corporate Governance

Corporate governance is a contested arena (Goodjik, 2003; Sonnenfeld, 2002; Korac-Kakabadse et al, 2001; Vinten, 1998). A spectacular series of corporate failures and scandals involving inflated earnings has emerged during the 1990s and the early 2000s.

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These failures include Polly Peck and BCCI in the United Kingdom (UK) in the early part of that period and the latest include Worldcom, Enron and Tyco in the United States (USA) and HIH, Ansett, OneTel and Harris Scarfe in Australia. This has resulted in a perceived legitimacy problem and a “…general crisis in corporate governance” (Bargh, Scott and Smith, 1996, p. 170). A series of reports (government and non-government) in several nations have resulted in supposedly enhanced ‘best-practice’ guidelines and suggestions for changes culminating in recent legislation enacted in the United States—the Sarbannes-Oxley Act in July 2002 (Economist, 2002) aimed at curtailing (misbehaving) senior managers of corporate entities.

Remember, however, the well-known western fable of the Emperor and his new clothes. When the Emperor presented his new raiment to his courtiers first and then went on parade to his adoring public he was richly and loudly complimented on his new wardrobe. Only one person was brave enough to point out in public that the Emperor had in fact no clothes on at all and was stark naked as he paraded down the street. This appears to be a similar story with the ‘new’ corporate governance recommendations and guidelines which may well be a case of mere form rather than substance in the proposed reforms. The verdict is still out I would claim.

There seems to be little consensus in the literature on what corporate governance actually is. Corporate governance has no universally accepted definition but is generally accepted as the practice of companies having boards of directors whose role is primarily one of setting broad policy and strategic direction plus oversight and control over senior management and corporate financial performance (ASX - Australian Stock Exchange, 2003).

This raises problems for those who press for changes to corporate governance. Tricker (1984) noted that: “The governance role is not concerned with running the business per
se, but with giving overall direction to the enterprise…” (p. 6). One of the key United Kingdom corporate governance documents, the Cadbury Report (Cadbury Commission, 1992) defined corporate governance as: “…. the system by which companies are directed and controlled” (para 2.5).

The Organization for Economic Co-operation and Development (OECD) Principles of Corporate Governance (OECD, 1999), in its definition, bring Tricker and Cadbury together:

The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board’s accountability to the company and the shareholders (Principle V).

The ASX definition given above is more specific and detailed, but only refers to the responsibilities of the board whilst this thesis focuses not only on the governing body but also the practices of senior management. Perhaps this range of definitions is the reason why—despite world-wide activity in formulating corporate governance standards and rules—very few of these have been enshrined in a legislative framework. For this section of the thesis I believe that the Marshall et al (2005) definition best ‘fits’ what is reflected in the literature and is what is intended in this thesis. The definition states that corporate governance is: “The strategies, behaviours and virtues of the executives and management of the company to steer the company to managing external risks and sustain performance” (p. 586). They argue:

Largely, it is these activities that form the public perception of good corporate governance. Often, these perceptions run counter to other views of what governance means, particularly when regulators are attempting to prepare legislation to control businesses. However, remember that corporate governance is more than simply a set of structures, control mechanisms, rules and regulations that are used to ‘prove’ how successful or ethical directors have been (p. 277).

This section on corporate governance has a number of main parts. The first analyses the developments of what I term managerial prerogative in the decision-making arena in the private and public sector. The second will analyse international developments in
corporate governance during the 1990s and later in the United Kingdom, United States and Europe. The third will focus on events and changes in the Australian context. The fourth documents the resulting best of the ‘best-practice’ models that have emerged from this reform fervour and discusses whether this has had any impact (negative or positive) on corporate performance. It should be noted that these calls for change are supposed to deliver enhanced transparency and accountability and thereby result in ‘better’ corporate governance. The final part explores the implications for senior managers and both executive and independent directors. It sets the scene for additional considerations and concerns for future endeavours that will be taken further in chapter three in relation to Organization Decision Enhancement (ODE) theory.

3.3.1.1 Managerial Decision-Making Prerogative: Private Sector

The development of the notion of managerial prerogative can be traced back to the evolution of professional management. Ownership of the firm’s equity was separated from control of the firm’s assets by the senior executive through their exercise of the management function. Berle and Means in their seminal treatise (1932) clearly explicated this classical view of the public corporation by tracing historical events in the business domain from the Civil War to the Great Depression in America. Thus management, specifically the chairman of the board, the Chief Executive Officer and other senior executive, effectively assumed control over corporate affairs. In practice it enabled senior executives to have the ultimate say in selecting board members and in defining the role and responsibilities of the boards of directors (Leighton and Thain, 1990).

Jensen and Meckling (1976) explained this view through their (positivist) construct of agency theory which asserts that managers of public corporations, although agents of the shareholders, will act in their own self-interest possibly to the detriment of the
shareholders. Agency theory therefore focuses on constructing contractual mechanisms to limit and/or control this self-interested managerial behaviour. Central to this concept is that board directors who carry out this monitoring function should be independent of management who are in essence being monitored by them23 (Wolfson, 1984; Galbraith, 1967).

More recent arguments by Jensen have focussed on the failure of internal control (via the board) over management (1993) and management’s willingness to sacrifice profitability for growth and size (1988), which are additional exemplars of this notion of self-interested behaviour to the detriment of the long-term interest of the firm. This could be explained by the existence of management compensation packages that incorporate performance bonuses and share options that are linked to profit and size criteria as reflected in share prices. Jensen, despite this condemnatory analysis, does not support external limits being placed on the prerogatives of top management because in his view that would damage economic efficiency, promote greater degree of micro management by the State and interfere with the operation of free capital markets (2001).

A different breakdown is provided from the viewpoint of economic history. Buck and Tull (2000) analyse corporate governance in Japan and Germany after World War Two to provide an overview of the development of corporate governance regimes as “…potentially a miniature controlled ‘laboratory’ social experiment” (p. 119) by the western allies. They classify the Anglo-American corporate governance approach as exit-based founded on the prevailing business cultures of open markets and competitive individualism. This means that market forces discipline is enforced by selling off or exiting a firm’s stock or shares if the corporate governance regime in place is judged to be deficient. If this happens repeatedly then the share price would be depressed to

23 I am not arguing here that agency theory applies also to board members. This application of mainstream thinking and argument applies specifically to the opportunistic behaviour of managers.
potential takeover levels thereby threatening existing senior managers’ jobs. They contrast this with Japan and Germany where:

…important managerial decisions are controlled by the firm’s non-managerial stakeholders. It has been identified as being voice-based with shares and/or places on boards being held by dual-role stakeholders with some existing relationship with the firm, such as banks, suppliers, state or employees (p. 121).

Like Jensen, however, they also argue that there are serious doubts about the ability of governments to influence or effectively curb corporate governance behaviour though legislative means (p. 119).

Another perspective on corporate governance focuses on managerial hegemony. Senior management act as if corporate governance is an unavoidable annoyance with board structures, processes and mechanisms that are mainly ineffectual and primarily symbolic (Wolfson, 1984; Galbraith, 1967). The board of directors is in reality dependent on management for information and is therefore limited to ratifying management decisions and satisfying regulatory requirements for the existence of such governing bodies. The board in effect becomes a passive body filled with friends and colleagues of the senior executive that helps (only?) to initially set and then increase senior management’s monetary compensation (Core et al, 1999).

A different outlook, emerging from the strategic management literature, is the resource dependency perspective, which is a more benign view of the function of the board of directors. As distinct from the agency theory approach, the board of directors works closely with management in a collaborative approach at the broader strategic direction level (Williamson, 1999; Boyd, 1990). The directors, particularly the independent members, bring with them expertise and skills plus the additional bonus of providing contacts and access to external resources that would benefit the firm in the medium to longer term.
3.3.1.2 Managerial Decision-Making Prerogative: Public Sector

Similar managerial viewpoints are evident in public sector organizations, including Universities which are statutory authorities established under their own enabling Acts. Managerialism, the early umbrella term for the reforms that have occurred in the past two decades in this country, involves the introduction to the public sector of private sector concepts and approaches. These include the use of statements of objectives; corporate plans; development of performance indicators; devolution of responsibility; greater use of risk management and (ultimately) evaluation of outcomes and objectives. The result is a shift away from concentrating primarily on accountability to a minister of the crown to a greater emphasis on “...what governments do and how well they do it” (Weller & Lewis, 1989, p.1). The intention of this management reform is to have outcome and achievement oriented public sector organizations maximising value for money in a world of scarce resources. The resulting management decision-making approach is usually a tightly controlled, top-down process.

Despite a large number of critics over the years Hughes (2003) clearly argues that the public sector reforms are not a passing management fad and are here to stay. The current term used is New Public Management (NPM) although it should no longer be called ‘new’ given that it has now been in place for some considerable time. The essence of this viewpoint is that public institutions have to be more accountable for public resources and show that their organizational outcomes are worth the investment of funds by the taxpayer and society. These are positive and necessary changes given that the public funding process is not bottomless. On the negative side, however, is the importation of the corporate notion of a dominant managerial hegemony in which management decides all things organizational. These reforms have also extended to the university sector (Holloway, 2004a; Christensen, 2004; Boden, 2001; Stewart, 1997; de Boer & Goedegebuure, 1995).
In many cases university Vice Chancellors and their senior executive have embraced the NPM approach. As a result collegiality in decision-making has become a pejorative term. The focus instead was, and is, on ‘managers managing’ the institution with the appropriate level of accountability and responsibility for outcomes. This focus is usually embedded in respective delegations and University regulations, although not often reflected in the original university enabling Acts.

One of the strongest exemplars and supporters of this move is Professor Steven Schwartz the ex-Vice Chancellor of Murdoch University in Perth, Western Australia. He moved to Brunel University in London in 2002 and has recently been appointed the Vice Chancellor of Macquarie University in Sydney from early 2006. He has publicly advocated a market-forces approach within higher education and is a wholehearted believer in the managerialist perspective of the role of ‘managers managing’ their organizational domains (Schwartz, 2003, 2002, 2001, 2000). In a paper given at a right wing think tank (Center for Independent Studies) in February 2000 he argued that universities in Australia represented the last of the great socialist enterprises exhibiting “…a centrally controlled, provider-driven mentality” (p. 2).

The answer to this dilemma, according to Schwartz, was to think of students the way hotels think of their customers because this delivered real service: “The people who work in hotels operate in a competitive, market-driven environment. They know their livelihood depends on pleasing their guests and patients and keeping them out of the hands of their competitors” (2000, p.2). The solution is to take the university sector closer to a free market model with students (customers) charged full prices and universities cut loose from regulation. This attitude and approach is, I would argue, supported and reflected in the top-down management decision-making behaviour of
many other Vice Chancellors and senior university executives in Australia\(^\text{24}\) (Eveline, 2004; Holloway, 2004a; Holloway 2004b; de Boer & Goedegebuure, 1995).

Managerialism in universities is dominant but questions remain about its effectiveness. Stewart points out that “University decision-making encourages lots of fights about the little things, while the important decisions – such as shutting down departments or opening a campus in Bangladesh – are made by senior managers who may or may not know what they are doing” (1997, p.36). An international study of University governance and management in mainland Europe and the United Kingdom confirms that these developments are not confined to Australia. This posited that participation, or collaboration, in decision-making is restricted to teaching, teaching policy and research whilst “Top-down decision making is apparent in the case of setting budgetary priorities, the selection of administrators and the formation of long-term policy…” (de Boer & Goedegebuure, 1995, p. 45). Managerial hegemony can be argued to exist in the tertiary sector in Australia and overseas. Given this, and the move towards greater commercialization and corporatisation of Universities, it is necessary to locate what is happening in corporate governance developments and analyse the likely impact of these on both companies and university governing bodies.

### 3.3.1.3 International Developments

There have been a series of inquiries and reports published since the beginning of the 1990s with the aim of identifying changes to corporate governance practices—these all have an FFP dimension referred to earlier in this chapter: the reforms are all procedurally-driven. These have virtually all had the aim of constructing guidelines and principles for the composition, roles and disclosure concepts that ‘should’ be used by

\(^{24}\) This analysis is extended much further in chapter seven and I do argue in that section that it is still possible to utilise ODE theory and collaborative decision-making in the tertiary education context within individual institutions.
the boards of directors in companies around the world. Very few of these have been subsequently enshrined in a legislative framework. This section traces these developments in the United Kingdom, United States and Europe.

3.3.1.3.1 United Kingdom

The failures of Polly Peck and BCCI amongst others led to the first major report in the UK chaired by Sir Adrian Cadbury. The 1992 report contained three major recommendations: the notion of duality—separation of the chairman of the board from the company’s chief executive officer role (a substantial break from the notion of managerial hegemony); the appointment of at least three non-executive (independent) directors to each board; and, the setting up of board sub-committees. These were all viewed as significant recommended ‘best practice’ changes to corporate governance practices existing at the time. However, they did not receive universal acclaim and support.

This was subsequently followed up by a series of reports (Greenbury, 1995; Hempel, 1998; Turnbull, 1999) that between them recommended additional ‘beefing up’ of the role and responsibilities of boards and their directors, both executive and non-executive. The result was a Combined Code of corporate governance for boards, which had an underlying “…philosophy of “comply or explain”…increasingly emulated outside the UK” (Higgs, 2003, p.3). The latest in this series is the UK government commissioned Higgs report (2003), which was specifically tasked to provide an independent review into the role and effectiveness of the non-executive (independent) directors. However, the thrust remained focussed on recommended practices. Higgs argues that the “…brittleness and rigidity of legislation cannot dictate the behaviour, or foster the trust, I believe is fundamental to the effective unitary board and to superior corporate performance” (2003, p. 3).
Higgs repeated again the need for duality, in that the role of chairman and chief executive should be separated. In addition, he recommended that there be a nominated senior independent director and that the independence definition be tightened so that the director is “…independent in character and judgement…” with “…no relationships or circumstances which could affect…the director’s judgement” (2003, p. 81). This is extended by Lipton (2002, p. 135) who argued that an independent director is one who has not been an executive in the past few years; is not a professional adviser; not a supplier or customer; and, has no other significant contractual relationship with the company. These independent directors are required to meet separately at least once a year without the chairman or executive directors present. Further, independent directors should constitute at least half the membership of the board and that the key sub-committee memberships of the board (audit, remuneration and nomination) should comprise solely of independent directors.

These recommendations if incorporated into the Combined Code through the Financial Reporting Council and Financial Services Authority will certainly enhance the role and responsibility of independent directors. The assessment of the degree of independence remains problematical. The question also remains as to whether these enhancements to the role and structure of boards will make any real difference to the (mis)behaviour of senior management.

3.3.1.3.2 United States of America

The most spectacular recent corporate failures have been in the USA. This has been further compounded by the series of companies who have subsequently ‘confessed’ to overstating revenues and/or understating debts in the past two years. This has led to significant disquiet and strong shareholder activism resulting in a political response with the enactment of the Sarbannes-Oxley Act, rushed into law by Congress at the end of
July 2002. The Act requires chief executive officers and chief financial officers to ‘swear’ (in front of a notary) to the correctness of their financial statements (Economist, 2002, p. 11). This was the first nation, so far, to respond to the growing outcries about management corporate misbehaviour by enacting specific legislation to supposedly deal with the problem. It does appear to be a knee-jerk political reaction to be seen publicly at least that ‘something’ is being done.

More recent pronouncements in the USA in this area have followed the earlier UK lead. The Business Roundtable (consisting primarily of the CEOs of American corporations) released a set of governance guidelines first in 1997 and then updated in May 2002 as well as a statement expressing their “…anger at the corporate misdoing in a number of major public firms” (Business Roundtable, 2002, para. 1). This had just been preceded by an Institute of Internal Auditors report (April 2002). Industry and the accounting profession were attempting to stave off direct government intervention but these actions still did not prevent the introduction of the Sarbannes-Oxley Act. This Act now applies to all 14,000 firms listed in the USA including those based overseas (Economist, 2002, p. 49).

A more effective and lasting impact is likely to be the move by the New York Stock Exchange in April 2003 to tighten listing requirements of companies by implementing the governance guidelines produced by its Corporate Accountability and Listing Standard committee (2002). Stock exchanges around the world are acknowledged as having more effective regulatory power over companies because of their ability to delist a company if they do not comply with their listing rules.

3.3.1.3.3 Europe

The recent mainland European approach to this topic is not a great deal different to the events and experiences in the UK and USA. The European Association of Securities
Dealers guidelines (2000) was preceded and influenced by the OECD report (1999) and the contents were not significantly different from the earlier UK and USA principles and recommendations. There is in fact a general international convergence on ‘best-practice’ recommendations particularly with respect to the expanding role of independent directors.

There is, however, a less individualistic and managerial approach to decision-making in companies within Europe. Instead there is a greater willingness to use a more participatory approach and allow enhanced stakeholder, particularly employees and shareholders, involvement in the governance and internal management of companies. This is best illustrated by the practice in the Netherlands and Germany of having two company boards. The Supervisory Board is composed entirely of independent directors representing shareholders and employees. This board (termed the Raad van Commissaren in the Netherlands) monitors and supervises the corporate strategy whilst the board of directors constructs the corporate strategy and carries the ultimate and fiduciary responsibility for the results of the company (Goodjik, 2003, p. 232).

### 3.3.1.4 Australian Context

A similar governance crisis has occurred in Australia. There have been major, and very public, corporate failures ranging from the retail sector (Harris Scarfe), telecommunications (OneTel), aviation (Ansett) and insurance (HIH). This is in addition to well known past failures such as Alan Bond’s Bond Corporation and Christopher Skase’s Qintex Corporation. These outcomes did not generate the same response as the UK (in terms of sponsored reports). Instead Justice Neville Owen was appointed to head up a Royal Commission into the HIH debacle and the Australian Stock Exchange (ASX) produced its own set of listing requirements in this area.
3.3.1.4.1 HIH Royal Commission

The end result of this lengthy inquiry, which provided its final three-volume report in March 2003, was the documenting of significant corporate governance failings. Owen pointed out that it was more than an unfortunate series of mistakes and corporate aberrations that created the debacle: HIH was mismanaged and decisions were ill conceived and executed within an unsound management culture (2003, vol. 1, p.xvi). Yet he did not recommend legislative action. He argued instead that “… any attempt to impose governance systems or structures that are overly prescriptive is fraught with danger. By its very nature corporate governance is not something where ‘one size fits all’…” (vol 1, p. 105).

Owen focussed part of his report on the role of boards and directors and does recommend that the board of directors should actually carry out its role of setting strategic direction and oversight of management, which plainly did not occur with HIH. He specifically pointed out the failings of the independent directors who placed too much reliance (incorrectly) upon management (and executive directors) decision-making and management supplied information. In the end he identified the corporate culture of the organization and the culture of the board itself as having marked shortcomings which he explained is why he does “…not make any formal recommendations” on a corporate governance model or system because he concludes that HIH would on paper not have deviated significantly from ‘best practice’ codes (vol 1, p. 133).

3.3.1.4.2 ASX Corporate Governance Council

The ASX has taken a more proactive stance and formed a plenary council of a number of stakeholder groups (21 in all) including business, the accounting profession, investor groups, company secretaries, company directors and the Law Council in August 2002
The result is a seventy five-page document detailing ten principles and comprehensive guidelines about operationalising ‘best practice’ corporate governance. This has given it effective regulatory weight in the same way as the UK “comply or explain” approach. ASX listing rule 4.10 requires companies from 1 January 2003 to disclose in their annual reports the extent to which they have followed these best practice recommendations (2003, p. 5).

The ten principles are: lay solid foundations for management and oversight; structure the board to add value; promote ethical and responsible decision-making; safeguard integrity in financial reporting; make timely and balanced disclosure; respect the rights of shareholders; recognise and manage risk; encourage enhanced performance; remunerate fairly and responsibly; and, recognise the legitimate interests of stakeholders. None of these effectively address the Justice Owen concerns about a ‘paper exercise’ and the ability of senior management to merely look like they are doing ‘the right things’. Most if not all of these can be met without necessarily changing the level of business risk or the degree of corporate misbehaviour or even outright failure.

### 3.3.1.4.3 Harris Scarfe Example

In the case of this company, which collapsed in 2001, the trial of the CEO and Chairman of the board Adam Trescowthick (on thirty seven charges) heard allegations that a pattern of financial misinformation given to the board commenced in March 1998. This was alleged to be deliberate and false inflation of gross profit and financial returns and continued until the January 2001. The amount overstated was $46 million over six years.

The charges allege that the Chairman forced the Finance Director Allan Hodgson to produce these misleading financial statements and outcomes. In an earlier trial in June
of 2002 Hodgson was jailed for six years after pleading guilty to making false accounting entries to comply with the CEO’s request (McGuire, 2003, p. 37).

3.3.1.4.4 Corporations Law Reform - CLERP 9 Requirements

Australian federal government intervention has resulted in the Corporate Law Economic Reform Program (Audit Reform & Corporate Disclosure, CLERP 9) Bill being released for comment on 8 October 2003. It has subsequently passed through Parliament (late in June 2004) and had a commencement date of 1 July 2004. The primary objectives of the Act involve promoting transparency, accountability and enhancing shareholders rights. According to the Department of Treasury it will augment auditor independence, achieve better disclosure outcomes and improve enforcement arrangements for corporate misbehaviour (Treasury, 2003). CLERP 9 does, however, propose to extend the reform processes beyond the narrow boundaries of the corporate governance recommendations and principles produced internationally and in this country.

The business media and popular press attention and reaction have focussed primarily on the proposed provisions which enhance directors’ responsibilities and the additional shareholders rights in relation to executive remuneration packages. In future shareholders will be able to comment on, and take a non-binding vote on the mandated remuneration disclosures for executives and directors (Dawes, 2003). Comments at industry forums and from the accounting profession have been generally positive about the contents of the Bill with concerns focussing primarily on the issue of continuous disclosure and associated penalties for companies that do not comply with this requirement (Brown, 2003; Anonymous, 2002).

One of the more important provisions, I would argue, relates to the need for the annual directors’ report to include a more detailed operating and financial review of the company’s performance. This is to be sufficiently detailed to enable shareholders and
others to make an informed assessment of the company’s current position and future strategies. In addition, the legislative requirement for CEOs and CFOs to make a formal written declaration to the board of directors that the annual financial statements are ‘true and fair’ takes Australia down the USA path of the Sarbannes-Oxley Act. It would certainly have a sobering and salutary effect on company senior executives if, in future corporate failures, some senior management personnel are taken away in manacles in the back of police vehicles if this provision is breached.

### 3.3.1.5 World’s Best Practice Corporate Governance Model

One can distil a world’s best practice model from the above developments and pronouncements made across the different nation state jurisdictions. Such a construct would supposedly deliver better governance and one would expect better corporate performance via enhanced decision-making processes. However, I should highlight that this also requires epistemically optimal procedures but also note and acknowledge that such procedures and the resulting decision(s) need sound theoretical underpinning which is the purpose of ODE theory and its decision-making methodology.

The elements that would be part of such a best practice model would start with the most critical role identified by all the reports and recommendations. The chair of the board would be a non-executive position with enhanced responsibilities in relation to decision-making, management oversight and information gathering: this would also have expanded legal responsibility beyond that expected of other independent directors. The structure of the rest of the board would then compose of executive and independent directors with the majority of the membership being non-executive. One of these would also be a designated senior independent director separate from the chair. The independent members would chair and fill exclusively the membership of the key sub-committees (audit, remuneration and nomination). Again this would be expected to
enhance the management oversight role as well as better comply with the fiduciary duty expected of independent directors.

The other essentials would include a publicly available code that would explicate the governance/ethics protocols to be used by the board; a relatively small sized board (the average is eleven directors); a professionally designed and conducted induction training for new directors as well as ongoing professional development; independent directors to have at least two three-year terms to retain appropriate corporate knowledge; a tighter definition of independence for prospective directors to avoid conflicts of interest; and, an appropriate range of board directors ages and skill sets including financial, industry knowledge, strategic skills and representation of immediate community and general society interests.

It is highly questionable as to whether this ‘one size fits all’ approach will be effective. Smaller sized public companies may well not benefit from such tight prescriptive requirements that will clearly add to their governance structures and costs (Brayshaw, 2003). Indeed Australia may not have sufficient numbers of suitably qualified potential independent board members. One cannot legislate and require governance reforms that in the end are dependent on ‘real’ behavioural changes at the board level and need more than a form over substance approach. In addition, it is still problematic whether good governance structures necessarily correlate with good corporate performance.

3.3.1.6 Good Governance versus Good Corporate Performance

An increasing body of research is concluding that there is no or only weak connections between corporate performance and best practice elements of good corporate governance. This is particularly so in relation to elements such as size of boards, percentage of independent directors and duality of chair and CEO. Edwards argues that:
…there is a U-shaped relationship between size and performance: the addition of members adds to the skill mix…. it is not numbers per se which are important but the effective integration of the skills and knowledge base of the board with the company’s needs at any given time (2003a, p. 29).

Empirical tests of board attributes have been carried out in a number of countries—these studies have all adopted a positivist research methodology approach. In the UK, a study of the impact of companies applying the Cadbury committee recommendations analysed 115 companies between 1992 and 1995 and found little evidence of corporate improvement (Laing & Weir, 1999). A USA study by Bhagat and Black concluded that there was no correlation between long term firm performance and board composition specifically in relation to the board majority being independent directors (2002, p. 232). A Canadian study Allaire and Firsirotu (2003) found—in a survey of Canadian companies—that the twenty-five Canadian companies with the best governance scores performed more poorly than the twenty-five companies with the worst governance scores.

Also Leblanc (2003) pointed out that several studies have failed to show a definite relationship between board structure and company financial performance. Researchers have not yet proved that good boards contribute positively to company profits. Sonnenfeld (2002) points out that both good and bad companies have adopted the “right” corporate governance practices and many good companies have not. Following ‘good governance’ practices does not automatically produce good boards or good corporate performance. This is supported by a research study on corporate governance in China which argues that widespread ‘bad’ corporate governance has not adversely affected the country’s economic performance. For example the economic performance of China registered at 11.2% as the best in the world in the 1990s, although China did

25 Attributes include composition—size of boards and mix of directors; characteristics—directors’ backgrounds and skill sets; structure—board organization and information flow; and, process—decision-making activities and the conduct of board meetings (Korac-Kakabadse et al, 2001, p. 25).
not perform well in the area of corporate governance systems and practices (Yu, 2004, p. 12).

Furthermore, a comparative study of USA, UK and Netherlands listed companies also found weak correlations but did point out that there is an over-focus in the extant literature on measuring the financial dimensions of company performance (Maassen, 1999). Finally, in Australia Kiel (2002) studied the top 348 companies listed on the ASX and found little link between board size and composition and company performance and identified instead human capital factors especially board members mix of skills and knowledge as being important for firm success.

The literature cited in the previous paragraphs in this section suggests that whilst sound board structures and process are important they are not by or of themselves sufficient to ensure enhanced corporate performance. This is complicated further when one considers the organizational and individual ‘cultural’ mindset in relation to decision-making that is prevalent amongst the majority of senior executive echelons in both the private and public sectors.

3.3.1.7 Implications and Future Directions

The current conventional wisdom would appear to be inadequate: corporate governance needs to be reconceptualised and reconstructed. Sound board structures and processes may be necessary, but not sufficient, conditions for effective firm performance. The concern is that senior management can use a ‘form over substance’ approach and still operate as if the board function is an unavoidable annoyance and unnecessary intervention into their managerial prerogative to be the key decision-makers in the organization. If there are no effective changes in the reform process—in terms of reducing corporate failures and senior management misbehaviour—then firms can
expect other nations to follow the USA lead and initiate a formal and tough legislative response to this crisis.

3.3.1.7.1 Healthy Boardroom Culture – Sonnenfeld Seminal Paper (2002)

There is one key response in the literature that does propose an interesting and sound approach to the dilemmas posed in the corporate governance arena. The study has a normative approach focussing on ‘what ought to be’ rather than the usual positivist approach of studying ‘what is.’ Sonnenfeld, in this seminal paper, identifies one particular positive response to this conundrum. It is not the rules and regulations that count but the way people work together that is vital. Therefore, what distinguishes exemplary (effective) boards is that they are robust, effective social systems (2002, p. 108). In other words they exhibit a healthy boardroom culture. Justice Owen (HIH) would certainly support such a response. Jack Welch, ex CEO of General Electric also advocates this approach as opposed to a tighter set of governance rules: “The characteristics you want are integrity, common sense and willingness to speak out” (Gottliebsen, 2003, p. 21). The key issue is how to operationalise and deliver on such commendable notions.

The vital elements to construct such a culture include creating a climate of trust and candour with access to relevant information; effective teamwork which avoids groupthink and social loafing; encouragement of open dissent and debate; directors changing roles regularly; individual accountability of directors for their roles to the rest of the board; and, regular reflection and evaluation of the board’s own performance (Sonnenfeld, 2002, pp. 109-112). In particular the need for active debate and open questioning of management is seen as central to this ‘healthy’ process. These claims now need to be tested empirically.
3.3.1.8 Corporate Governance Summary

If boards continue to be dysfunctional and managerial hegemony (top down decision-making where senior managers make all the decisions) continues to be the dominant paradigm in organizations and major corporate failures continue then the consequences will be self-evident. Government will respond even more stringently to the resulting public outcries with intensive legislative programs tightening further the rules and regulations of corporate governance.

Private and public sector organizations need to ensure that boards of directors meetings do not become ‘rubber-stamping’ exercises and implement both form and substance changes distilled from the best practice governance recommendations. They should also create a ‘healthy’ boardroom culture that encourages open and effective debate using an argument-based dialogue, free ranging discussion(s) and constructive dissent. It is also essential that organizations give serious thought to implementing reforms to internal governance that allows for greater participation and involvement in decision-making.

The next major section of this literature review focuses on another key area of managerial decision-making—strategic planning. This has a primary senior management responsibility focus and also a FFP procedurally-driven reform dimension with a literature that has been influenced by the positivist research methodology. Strategic planning is seen by most organizations as one of the critical responsibilities of the senior executive of an organization.
3.3.2 Strategic Planning

Traditional strategic planning is problematical. Strategic planning is often a corporate managerialist, top-down model operating usually in an economic rationalist framework. The prevailing process has come under increasing scrutiny and critique from a growing and diverse range of authors and consultants (Holloway, 2004a; Entrekin & Court, 2001; Desai, 2000; Wright, Dyer & Takla, 1999; Mulhare, 1999; Gan, 1998; Mintzberg, 1994) who advocate a shift towards an emergent approach to planning issues.

3.3.2.1 Traditional/Intentional Strategic Planning

The approach invariably taken is captured in the following statement in Bartol et al.

“*Top management* [emphasis added], in consultation with the board of directors and middle management, develop strategic plans. They typically cover a time horizon of three to five years or more into the future.” (2001, pp. 185-186). The two key elements identified here are, firstly, the pivotal and often perceived as the exclusive role, right and responsibility of top management and, secondly, the extended time frame of such plans.

Mintzberg, one of the leading gurus in the field, identifies that the literature on planning has “…literally hundreds of models of a process by which strategy could supposedly be formally developed and operationalized” (1994, p. 35). However, he argues that these are all built on the same conceptual framework. This basic model requires an external and internal appraisal of the organization: strengths, weaknesses, threats and

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opportunities (SWOT analysis). This then feeds the strategy creation process followed by evaluation and choice amongst strategic alternatives and then implementation of the chosen strategy. Mintzberg goes on to clearly state that there are three basic premises. These premises and the basic model have dominated the planning landscape but are now being questioned and challenged as being irrelevant within those organizations identified as high performing and dynamic within the increasingly, globalised information age (Garratt, 2000; Wright et al, 1999; Mintzberg, 1994).

3.3.2.1 Traditional Strategic Planning Critique

The traditional model is built on deep, unstated assumptions that the business and wider environment is knowable, stable and predictable. In this scenario strategic plans can be drawn up that are based on reliable forecasts; they can be formalized effectively; they can be implemented and monitored; and, management can then focus on building the organizational structure and ability to implement these business plans (Entrekin & Court, 2001). However, as Tertiary Institution itself has discovered the model does not operate well in chaotic, rapidly changing environments that are increasingly unforecastable with the end result that intended plans become unsustainable and undeliverable (Wright et al, 1999).

Traditional planning causes a tension and conflict because of the desire in most organizations to “…retain the stability that planning brings to an organization—planning’s main contribution—while enabling it to respond quickly to external changes in the environment—planning’s main nemesis” (Mintzberg, 1994, p. 184). It is closely connected to the additional desire of senior management to maintain control over

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27 1. Strategy formation should be controlled and conscious as well as a formalized and elaborated process, decomposed into distinct steps, each delineated by checklists and supported by techniques. 2. Responsibility for the overall process rests with the chief executive in principle; responsibility for its execution rests with the staff planners in practice. 3. Strategies come out of this process fully developed, typically as generic positions, to be explicated so that they can then be implemented through detailed attention to objectives, budgets, programs and operating plans of various kinds (1994, p. 42).
strategies, decisions, the future, customers, employees and even markets (Mintzberg, 1994, pp. 201-202). This enables top management to feel more comfortable and in charge of what is ‘going on’ in the organization.

The primary concerns of the critics is that the intentional approach with its deterministic emphasis has the unintended consequence(s) of limiting flexibility and organizational learning, stifling innovation and creativity and locking in organizations to unrealistically long planning horizons (Entrekin & Court, 2001; Garratt, 2000; Desai, 2000; Wright et al, 1999; Bryson, 1995; Mintzberg, 1994). The main fallacies that have been identified include the assumption that the world would remain relatively unchanged during the relatively lengthy planning process; that hard data could be dealt with in a detached and disinterested observer way; and, that strategies should, and could, be formalized and implemented in a (positivistic) rational and orderly sense (Boyett & Boyett, 1998, pp. 192-194). This has lead to calls for reform that have been labelled by advocates in the mainstream as emergent strategic planning.

3.3.2.2 Emergent Strategic Planning

A part of the management literature (Garratt, 2000; Boyett & Boyett, 1998; Hesselbein, Goldsmith & Beckhard, 1997) now argues that contemporary, high-performing organizations28 adopt management approaches that value the people at work and focus on the gains to be added by the knowledge/intellectual capital that comprises 80% or more of the total value of the organization (Hope & Fraser, 1997). The elements for success that these authors agree on are the extensive use of work teams from senior executive teams downwards through the organization; emphasis on flexibility, adaptability and learning; strong support for innovation and creativity; performance

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28 Examples of high-performance organizations in this context primarily derived from American corporate experiences include AT&T Credit Corporation; Federal Express; Weyerhauser; Motorola; Kodak; Hewlett-Packard; GE Appliances; Eli Lilly and Knight-Ridder (Boyett & Boyett, 1998, pp.138-139). Similar experiences exist of course in other parts of the world particularly in Europe.
rewards being team-based; information shared openly; managers acting in a facilitative role and the atmosphere being the equivalent of working in a small business (Garratt, 2000, pp. 133-138). The end result is a move to spread responsibility and decision-making powers down through the organizational layers.

The accounting literature also features claims that planning and in particular control should not remain the exclusive domain of senior management. Otley points out that:

> We are increasingly concerned with matters of managerial and organizational development, as well as more conventional areas such as performance measurement. In essence we are having [emphasis added] to move from a hierarchical, top-down approach to control to one where self-control, innovation and empowerment are of at least equal importance. The controller is no longer embedded in the higher reaches of the organization; the control function needs to be embedded at all levels. Only in such a way can the contemporary organization survive in its rapidly changing environment (1994, pp. 297-298).

These calls in the literature are advocating significant changes to the way organizations respond to management issues and practices at both the strategic and operational decision-making levels.

One of the results of this paradigm shift is the evolution of the ‘emergent’ school in strategic planning. With emergent strategies, senior management and the governing body still sets the broad strategic direction but the specific business strategies emanate (emerge) from lower down the organizational hierarchy. These arise from decisions made by those ‘closer to the coalface’ and are thereby better focussed and have an enhanced likelihood of achieving the business objectives and aims. Entrekin & Court (2001, p. 14) use the analogy of an airline flight where planes veer from the true course up to “...98 per cent of the time, but they still arrive at their destination because the pilot makes frequent small [emphasis added] corrections” (2001, p. 14).

My primary concern with this ‘move’ is that it may mean that power and decision-making does not become diffused or collective in nature. It could more readily result in
lower level managers and supervisors being given greater control and power over their subordinates. This is evident in systematic studies such as Wilson (1994) which surveyed the strategic planning practices of nearly fifty corporations in a number of countries. It revealed a change and a move in planning responsibility from centralised staff positions to line managers and a decentralisation of strategic planning to lower level business units with more attention paid to changing market, competitive and technological environments. There was also less reliance on traditional single techniques or mechanistic models and greater use of approaches such as scenario planning. This is replicated by industry body publications such as the American Productivity and Quality Center (1996) report on reforming strategic planning. A variation on this theme is provided by Cummings (2002) who argues for an ‘inside-out’ internal workforce approach to strategy rather than relying on external experts in the form of academics or consultants. It is clear that organizations are increasingly combining both top-down and bottom-up processes with a strong emphasis on using the planning process as a means of establishing performance targets for divisions and business units.

What this literature confirms, however, is my earlier concern that ‘managers’ are still in control of the process but just at lower levels within the organization. This move is admirable but there is a need for an alternative form of empowerment that is more likely to deliver ‘ownership’ and ‘responsibility’ for decision-making to work groups embedded throughout an organization.

This change, however, does signal a move away from reliance on formalised strategic planning towards building “strategic agility” in which organizational capability is built

29 Cummings argues that “…individual organizations: firstly, focus on their own unique ethical stance or ethos secondly, using this to inspire strategic differentiation; and finally, using this to guide change from within” (2002, p. 11, emphasis in original).
through acknowledging the worth of the embedded intellectual/knowledge capital. This results in more people-focussed systems that effectively enhance organizational learning, speed, flexibility, innovation and creativity.\textsuperscript{30} Such a change is a challenge and a threat to traditional management roles. Strategically agile organizations are essentially self-organizing systems that progress and succeed through wider use of initiative and self-control with little or no need for intervention from senior management.\textsuperscript{31} Their role becomes one of facilitation and championing the new decision-making paradigm (Entrekin & Court, 2001; Wright et al, 1999; Rowley, Lujan & Dolence, 1997; Hax & Majluf, 1996; Gouillart, 1995; Mintzberg, 1994).

3.3.2.3 Strategic Planning Summary

Under the ‘emergent’ school of thought, strategic planning would change focus and operate in an enhanced, facilitative way to enable ‘lower’ levels within organizations to evaluate alternative strategic decision options on an ongoing basis. The problem appears that the call is centred on the need for ‘ongoing’ planning and there does not exist an epistemically sound mechanism for constructing appropriate ‘triggers’ that would justify the revisiting of earlier decisions. I would argue that doubt in the form of real concern or serious questioning of previously constructed decisions should be the ‘trigger’ for a serious review and the forging of new strategic and tactical decisions. The organizationally selected decision option should remain continually under review and subject to ongoing vindication.

The following section assesses the third key element of managerial decision-making hegemony focussed on in this thesis and that is the issue of budgeting. This literature is

\textsuperscript{30} These concepts and notions are elucidated in the second half of chapter four and extended in the analysis within chapter five—they are central elements within ODE theory and methodology.

\textsuperscript{31} This raises the need to address the capacity and capability of lower level employees and staff to engage in strategic issues that emanate from outside the organization. This is addressed in chapters four and five when analysing the implications of ODE theory and methodology for organizations.
based almost exclusively in the accounting discipline and the academic papers have a strong positivist research flavour with research questions posed and answered utilising quantitative data and techniques. The section on ‘beyond budgeting’ studies have advocates based mainly in practitioner literature which has a normative dimension arguing for what ‘ought to be’ and not just researching ‘what is’.

### 3.3.3 Budgeting 32

Management accounting has an internal organizational focus whereas financial accounting has an external orientation in providing accounting data for decision-making to various groups of outside users. Bazley et al state that management accounting is “…primarily directed towards providing information of specific use to managers” (1999, p. 5), a party inside an organization. This information consists primarily of accounting data and is used extensively in the construction of a budget. The budget is one of the main tools utilised in the planning, control and cost management decision-making process undertaken within organizations. The importance of the resource allocation process (money and people) and its centrality in the other three key decision domains means that this part of the literature review is physically (and intellectually) the largest of the four decision-making areas.

The topic of budgets is a contentious issue with academics, entrepreneurs and senior business managers voicing concerns over the relevance and widespread use of budgets and other accounting-based, cost management techniques (Heller, 2000; Macintosh, 1998; Johnson & Kaplan, 1987; Kaplan, 1983). Shields (1998) points out that the past two decades have seen the emergence of a significant body of literature, scholarly and

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32 Part of the material in this section of chapter three on budgeting has been published in a refereed conference publication. The paper was: Holloway, D. A. and De Reuck J. (2001), “Beyond a Traditional Budgeting Orientation: Towards a commitment to General Decision Assurance (GDA)”, Asia Pacific Interdisciplinary Research in Accounting Conference, July, Adelaide, pp. 1-21.
from practice, which is devoted to providing evidence that traditional management accounting ideas and techniques are no longer as effective in the contemporary business environment. This perceived deficiency becomes more acute when one examines the literature elucidating the evolution of the new age of the information revolution (the third wave) and the development of the knowledge economy in the emerging ‘dot.com’ world (Hope & Fraser, 1997; Porter, 1990).

The initial response during the 1980s and 1990s to these concerns has been the introduction of more supposedly sophisticated techniques such as activity-based costing (ABC), value based measurement (VBM), total quality management (TQM), just-in-time (JIT) and the balanced scorecard as well as new terminology such as cost drivers and value chains. There is little evidence of a questioning of the underlying purposes of management accounting practices in relation to strategic management, product and service costing and operational decision-making. It is my belief that very few people have reflected adequately on the degree to which the management data, though being presented to its audience as unquestionably relevant, embody, albeit inchoately, the imprint of historical strategic and operational decision-making.

This section has two main parts: firstly, an evaluation of the main elements of traditional management accounting literature which explicates the evolutionary movements towards supposedly ‘better’ budgeting practices; secondly, an evaluation of the claims of the advocates of radical reform, that is the abandonment of budgets altogether.

3.3.3.1 Management Accounting and Budgeting

Management accounting has a long history, which subsequently evolved into the perceived management control problematic that emerged in the 1950s as organizations became larger and more complex. The focus of management accounting appears to be
on issues such as planning, control and decision-making in the strategic and operational management contexts i.e. conditional truths (Roslender, 1992; Scapens, 1991). The transition to the age of information economics problematises the management control approach initially conceived to address labour deviants but now functioning as a decision monitoring and control system. Modern mainstream management accounting texts have therefore focussed primarily on the techniques and processes involved in the context of supporting internal decision-making that fulfils organizational goals as envisioned by senior management (Bazley et al, 1999; Peirson & Ramsay, 1996; Horngren & Foster, 1991). The emphasis is on the practical nature of this part of accounting with little space being devoted to theoretical developments and concerns (Scapens, 1991). It is this gap between theory and practice that is a prime concern.

The advent of the revised management accounting perspective in the 1950s meant that distinctions were being made between strategic planning and operational management. Strategic planning was/is seen as a long-term process with its concomitant elements of determining from the organization’s corporate vision its strategic objectives. From the palette of strategic options for achieving the objectives, a selection of the most feasible course of action and the implementation of appropriate decisions intended to operationalise the achievement of these objectives/goals/outcomes/targets is made. Operational management was/is focussed on the short term with a strong emphasis on day-to-day control and oversight of the activities of the organization to ensure the success of the earlier strategic planning round. A critical tool in this cycle was the development and widespread use of the budget as an executive device crucial to ensure that management decisions were widely promulgated, enacted and reviewed throughout
Thus conceptualised a budget in effect polices compliance, deepening the risk of unchallenged commitment to possibly failing strategies.

The budget is the preferred management technique for monitoring the outcome(s) of the planning process. Bazley et al (1999) identify six main purposes underlying the importance and widespread use of the budget that are mainly concerned with compulsion, oversight and effectively the overarching perceived need for senior management to exercise centralised control over the organization. Budgets are viewed by executive management as a vital and functional tool. The topic of budgets, budget setting and in particular the study of the behaviour of subordinate managers has been extensively researched and published in the extant literature such that Brownell and Dunk (1991, p. 703) claimed that this was “…the only organized critical mass of empirical work in management accounting…”

3.3.3.2 Developments in the Budgeting Literature

The initial seminal study in this area was a major study of factory supervisors in four production firms by Chris Argyris, an industrial psychologist, titled “The Impact of Budgets on People” (1952) which revealed concerns about the possible dysfunctional effects of budgets. The results indicated the importance of employees and subordinate supervisors resisting (through negative attitudes) the constrictions placed on them by budgets. Indeed the existence of budgetary controls themselves could in fact provoke the dysfunctional behaviour. The types of resulting dysfunction included possible

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33 A budget is defined by Horngren and Foster as a “…quantitative expression of a plan of action and an aid to coordination and implementation.” (1991, p. 5).

34 The Bazley et al list of purposes of budgets includes: 1) to compel planning 2) to co-ordinate functions within an organization 3) as a form of communication 4) to provide a basis for responsibility accounting 5) to provide a basis for a control mechanism and 6) to motivate employees (1999, pp. 530-531).

35 Hartmann (2000) refers to this body of research as the RAPM literature i.e. the reliance placed by senior management on a construct labelled Reliance on Accounting Performance Measures (RAPM) with the evaluative criteria quantitatively constructed in accounting and financial terms.
exploitation of the workforce; deflecting potential criticism of senior management; portraying of accountants as the enemy of workforces; and, the construction of budgets becoming a mere ritual exercise. It highlighted the need to include the human behaviour dimension as well as the technical aspects of budgets in future empirical research. Central to the analysis of the dysfunctional behaviour identified by Argyris is the need for the construction of a legitimating framework for group decision-making that secures the group’s ‘buy-in’ or ownership of the decision outcomes reached.

Another seminal study in this area by Hopwood (1972) and a further paper by Otley (1978) had conflicting results. Hopwood focussed on ‘supervisory style’ as distinct from the Argyris ‘budget pressure’ construct being the prime cause of dysfunctional behaviour induced by the use of budgets to evaluate the performance of subordinate managers. The Hopwood study found evidence that this review and evaluation process, utilising budget targets, negatively impacted upon managers’ job attitudes and exacerbated job tension; and, could lead to poor or negative decision-making and/or data manipulation to mitigate budgetary impacts. However, the subsequent study by Otley (1978) found no significant evidence of negative impacts on job tension or social relations attributable to the use of budgets by superior managers as an evaluative process. These contrasting findings acted as a spur and an incentive to other researchers to investigate this contradictory phenomenon rapidly expanding the extant literature in this area. The majority of these papers utilised a contingency perspective emanating from contingency theory, as initially applied in the management discipline, in order to apply contextual variables that would help to explain and account for the contradictory outcomes of the Hopwood and Otley studies.36

36 Bazley et al describe contingency theory in terms of differing types of organizations require differing types of accounting data to function effectively and that these contingent factors can be grouped under technological, environmental and structural categories (1999, p. 396).
Otley and Hopwood also followed up these original papers with a body of research work to investigate the initial research outcomes more deeply. Hopwood in 1974 carried out an empirical analysis of three styles of the managerial use of budgeted accounting data for performance evaluation utilising a questionnaire approach but only at one Chicago-based company site. However, the subsequent bulk of his later work (examples being 1978a; 1978b; 1980; 1983; 1985; and 1987) was either more case-based or a series of reflections on the organizational context of accounting and the social significance of accounting. Little of that subsequent body of work was concerned with the mainstream accounting research focus on sophisticated statistical analysis of narrowly bounded research questions into the nature and practice of budgeting. Otley’s subsequent work (examples being 1980; 1994 and 1999 and with co-authors: Berry, 1980; Fakiolas, 2000 & Pollanen, 2000) was also less oriented to empirical statistical analysis and more reflective about the contingency theoretical framework employed; changing approaches to management control and performance evaluation; and, also a critical appraisal of the body of literature in this area with a view to refining the research approaches adopted by other authors in the field.

However, a recent paper by Hartmann (2000) comprehensively reviewed this large body of research and raised a number of critical concerns. The study effectively followed on from an earlier study by Briers and Hirst (1990) that had critically evaluated 31 studies concluding that theory development had been limited and piecemeal and that there was an overemphasis on the role of statistical analysis. Hartmann’s analysis identifies the concentration by this body of literature on contingency-based studies that had investigated a wide range of different factors including national culture; environmental characteristics; strategic considerations; subordinates’ task uncertainty; superior-subordinate relations; locus of job control; and, personality factors. The body of research although large is beset by significant methodological and theoretical challenges.

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which contradict the Brownell and Dunk (1991) claim of an *organised* critical mass of research. The focus of most studies was statistical testing (as Briers and Hirst had earlier concluded) of the contingent variables as well as attempting to replicate earlier studies (usually with low levels of success). However, as Hartmann points out, there is no unity in the empirical measurement of the Reliance On Accounting Performance Measurement (RAPM) construct nor is it clearly explained in the conceptual management control literature (2000, pp. 466-467). Another concern is the lack of advice to management about possible ‘better’ organizational practice, instead the literature focuses on attempting to explain accounting phenomena: this distinction also features in the wider debate about normative (prescriptive) accounting research versus positive accounting which supposedly studies what is *actually happening* (italics added; Hartmann, 2000, p. 468). The methodological inconsistencies as well as the lack of pragmatically oriented solutions are major problems.

The underdeveloped theoretical foundations of this body of literature are of greater concern with neither an underlying theory of RAPM emerging from the past thirty years of research nor a clear understanding and consistent application of the contingency theory approach. Many studies do not identify either the theoretical approach being used to inform their investigations or a theoretical reason advanced for the particular contingency approach selected (Hartmann, 2000; Otley & Fakiolas, 2000; Briers & Hirst, 1990).

Shields and Shields (1998) raise similar concerns in their meta-analysis of 47 participative budgeting articles. Participative budgeting is where a manager has some influence on the budget outcome(s) on which (s)he will be judged and is advanced as a positive approach to reducing the degree of management dysfunction. They identify the theoretical literature that underpins the reasons for the existence of participative
budgeting as being economic (superior-subordinate information asymmetry), psychological (value attainment, cognitive and motivation effects) and sociological (organizational contingency variables). They conclude that the failure to find support for particular hypotheses is the result of insufficient or imprecise theory or faulty methodology.

Other significant concerns have also been raised in the literature. Kaplan (1983) and Johnson and Kaplan (1987) argued a ‘relevance lost’ thesis where traditional management accounting techniques no longer had relevance in the modern business and manufacturing environment. They were not advocating the dismantling of the importance of budgets rather that the problem was with inappropriately specified costing techniques, an overemphasis on purely accounting data and incentive schemes that were overly focussed on short-term financial measures.

3.3.3.3 Alternative Research Approaches to Management Accounting and Budgeting

Management accounting research has also been conducted by individual or small groups of researchers that have been informed by alternative theoretical insights gleaned from social theory or philosophical programs antithetical to the mainly positivist positions adopted by mainstream accounting researchers. Roslender (1992) labels the four main streams of this research output as being the interactionist perspective, labour process (Marxist) perspective, critical theory and the Foucauldian perspective. Macintosh (1994, p. 7) identifies nearly twenty different frameworks that have been applied to the study of management accounting and control systems.

Puxty (1993) on the other hand analyses the range of traditions that could be employed by accounting researchers. These vary from the technical, empirical approach; systems perspective; micro-sociological theories; radical critiques; the intellectual outputs of
Foucault and Derrida and finally the possibility of pragmatic reconstruction using Habermas and his theory of communicative action. Whilst, Chua et al (1989) identify eight separate theoretical perspectives that can be utilised to research management control issues. They have deliberately titled these as ‘Critique In Concept’ and ‘Critique In Action’ (italics added, pp. vii and viii) rather than employ the more widely accepted terms ‘theory’ and ‘evidence’ to avoid what they claim would be two errors “...first, the error of claiming that theories and evidence are separate methodological stages and second, the error of implying that evidence is theory free” (p. 5).

The common element of these critically oriented research outputs is a general call not to be limited by dominant theoretical paradigms and to consider concepts of multi-theoretical or multivocality approaches to research issues and questions. Deegan (2000, p. 412) points out that researchers adopting a critical perspective are primarily focused on highlighting inequities in society rather than providing direct solutions. Otley (1999, p. 363) argues that different “… approaches, most notable those based on critical theory, have been used to study other aspects of the role and use of accounting systems, but have tended to concentrate on sectional interest rather than on overall control.” Therefore, no united position has been adopted on the central contentious issue of the continuing use of budgets and the management control problematic. The critiques of the mainstream accounting literature are rich and powerful but are limited in that they offer little or no practical solutions to the issue of tools and techniques to support internal organizational decision-making processes.

3.3.3.4 Possible Solutions from within the Mainstream Literature

The solution(s) offered by the ‘Relevance Lost’ advocates such as Kaplan, Johnson, Cooper and Norton are greater technical sophistication, the use of new terminology (e.g. cost drivers and value chains) and the development of multiple indicators, accounting
and non-accounting, including quality; continuous improvement; innovation; degree of teamwork; partnerships; set-up times; and, flexibility. This has been labelled the balanced scorecard (Kaplan & Norton, 1992). Another of the planks of this new movement is activity-based costing (ABC) where “…the final product costs are “built up” from the costs of specific activities undergone” (Horngren & Foster, 1991, p. 150). Organizationally specified activities are the building blocks for compiling the costs of other cost objects.

Hartmann (2000) does argue that the future outlook is not that pessimistic. His premise requires a rethinking of the question of uncertainty in that there is no support in the literature for the notion that uncertainty has a negative impact on the appropriateness of RAPM. He argues that future research efforts need to focus on a number of key issues. Firstly, the investigation of the different role of accounting performance measures in different organizational contexts; secondly, to investigate the meaning of appropriateness itself; thirdly, the need of theory for the appropriateness of RAPM under uncertainty for the evaluator of subordinate performance; fourthly, investigation of RAPM under different forms of uncertainty; and finally, further investigation of the impact of uncertainty on the subordinate manager. What decision-making under conditions of uncertainty foregrounds, I argue, is an increased recognition of the inflexibility of budget imperatives. It should instead concentrate the mind on the need for decision flexibility; what has been referred to as the “adaptive decisiveness” of good decision outcomes (de Reuck et al., 2002; 2000; 1999).

Otley and Fakiolas (2000) are more upbeat about the future of RAPM research with the title of their paper going on to read “… dead end or new beginning?” They argue, “…performance measurement and the use of performance measures in performance evaluation are still key management issues” (2000, p. 509). Their approach is to focus
on the construction of better measurement instruments to detect the more distinct dimensions of performance evaluative styles that have emerged in the literature. The paper’s focus is therefore to better define or measure RAPM but they do not engage with one of the central tenets of Briers and Hirst (1990) and Hartmann (2000) critiques that identified the piecemeal nature of theoretical development in this area. They do, however acknowledge that “… changes in organizational control practice that have emerged in the last decade…cast doubt on the current role [emphasis added] of accounting-based performance measurement techniques.” (p. 508).

Mainstream writers are certainly consistent in their belief that budgets are here to stay and that they will remain a central plank in organizational decision-making with accounting-based measures still playing a major role. There is acknowledgment that the role of multiple performance indicators will need to be assessed critically and the claim is that the range of concerns represents a challenge and not a threat to this body of management accounting research.

3.3.3.5 Beyond Budgeting

A radical solution has, however, been advocated and put into practice by a number of businesses (from a practitioner as opposed to an academic perspective) and that is the abandonment of budgets as a management tool. This movement has led to the formation of the Beyond Budgeting Round Table in 1998, a part of the Consortium for Advanced Manufacturing, (with membership of over 50 companies and organizations throughout the world37) which initially focussed on research into companies who had

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37 The BBRT web-site identifies a diverse group of organizations that it lists as sponsoring the research work in this area and has membership groups set up or being set up in Scandinavia, Germany, France and Switzerland in Europe and in North America, Canada, South Africa, Australia and New Zealand. They include a majority of the Big 4 accounting firms e.g. KPMG, Price WaterhouseCoopers, Arthur Andersen and Ernst and Young. Other organizations (not an exhaustive list) include Accenture, Annheuser Busch, ABB, ACCO Europe, Cadbury Schweppes, De Beers, National Power, Siemens, Sainsburys, SKF,
already successfully implemented this radical strategy. The arguments raised focussed on the widespread dissatisfaction with traditional budgeting systems with budgets perceived to be significant barriers to devolution and more effective management\(^38\) (BBRT, 2001; Heller, 2000; Thomas, 2000; Oldman & Mills, 1999; Hope & Fraser, 1997; Hope & Hope, 1997).

The primary concern of the group is that budgets have the underlying purpose(s) of predictability and control that are benefits (illusory) for centralised management but are widely resented within organizations and provide little realisable, value-added benefits. Such wholesale abolition of the information generated by accounting-based budget systems is clearly premature, though a re-examination is called for, if only to bring more clearly into focus their historical strategic and operational presence. The resentment within organizations reflects, I argue, both cognitive and psychological origins. The psychological grounded in the normal dislike intelligent humans feel when their decision-making capacity—and hence their autonomy—are curtailed, while the cognitive are grounded in the recognition that the data items are not obviously appropriate to the field of relevance projected by current problem domains. Both sources of resentment will be addressed later in the thesis.

This abandonment approach has been pioneered by companies in Scandinavian countries that had initially commenced with experiments encouraging the operation of group oriented decision-making teamwork amongst employees in companies such as Volvo; and, then extended to extensive devolution of decision-making within bounded

\footnotesize{Standard Life, Texas Instruments, Thames Waters, United Engineering and the Valmet Corporation (BBRT, 2001).}

\(^{38}\) Thomas (2000, p. 73) identifies ten reasons for the need to abandon budgets: 1) enforces top-down control over the workforce; 2) constrains knowledge workers; 3) encourages incremental spending; 4) time spent justifying last year’s budget; 5) political infighting over future budgets; 6) obsolete plans lock in organizations; 7) discourages forecasting and fast responses; 8) creates unrealistic targets; 9) discourages learning from competitors’ benchmarks; and, 10) discourages non-financial measures of success.
domains but not including investment and strategic decisions and major changes to management practices, control and oversight functions (Heller, 2000; Hope & Fraser, 1997). The replacement of budgets by market-based targets, internal and competitor benchmarks are central to this approach as well as wholesale changes to corporate culture and management thinking.

The best exemplar of this approach is a Swedish bank, Svenska Hadelsbanken, which has had thirty years of experience in this area. The bank started the ‘radical’ change process in 1970 and then finally abandoned the use of budgets altogether in 1979. It is the pragmatic success of such organizations with their culture of devolved decision-making, thrift and continuous improvement that has elicited widespread interest in this so-called ‘experiment’. Svenska Hadelsbanken is Sweden’s largest bank. The 1999 financial results showed a 21% return on equity compared to its domestic competitors’ of 12.5%, an expense ratio of 45% percent the lowest of large European banks (most of which are around 70% or higher), and top of the list of customer-satisfaction surveys in Sweden (Thomas, 2000). It is a highly successful organization.

An underlying belief—as voiced by the chief executive officers of organizations such as Svenska Handelsbanken and others such as Asea Brown Boveri (ABB), General Electric (GE) and Ikea—is that budgets are an ‘unnecessary evil’, a ‘bane’ to the corporate world and antithetical to simplicity and common sense. This is especially so in planning and strategic direction (BBRT, 2001; Thomas, 2000; Heller, 2000). The use of budgets creates a “…budget bureaucratic complex.” This claim was made by Jan Wallander (CEO of Svenska Handelsbanken) to label the vehement opposition he encountered from those internal employees who felt that budgets were an integral part of the business process. They were therefore fiercely protective of the budget system.
when he did propose the organizational dismantling of the budgeting process (Thomas, 2000, p. 73).

This group of CEOs and other advocates have concluded that budgets overemphasise and institutionalise the elements of centralised command and control at the expense of flexibility, innovation and organizational responsiveness to new challenges. They claim that it also helps to create dissatisfaction, compartmentalises information and inculcates barriers to knowledge sharing as well as devaluing the importance of people in the workforce. In addition the budget process takes up too much time for those involved in its construction with estimates that time saved without the existence of budgets would be in the order of twenty percent (Thomas, 2000, p. 72). They conclude that budgets as traditionally mandated are no longer appropriate to the modern business environment.

Asea Brown Boveri (ABB), General Electric (GE) and Ikea are other prime examples of this radical approach, which they see as appropriate in what Braim (1998), Foray and Lundvall (1996) and Porter (1990) term the new knowledge economy whilst Hope and Fraser (1997) refer to this new age of business as the third wave. Characteristic of this is the paradigm shift in corporate thinking that has resulted in most companies determining that the greater part of their market value is in their knowledge/intellectual capital. GE and ABB have more than 80% of their value in knowledge or intellectual capital vital in the new economies where service, speed, quality, innovation and information sharing are the hallmarks (Hope & Fraser, 1997, p. 20).

A number of businesses are following the example of Svenska Handelsbanken with companies such as Air Liquide, Bull, Borealis, Schlumberger, Carnaud Metalbox, Boots, Volvo and SKF implementing similar reforms (BBRT, 2001). This path is not for all given that surveys show that more than 99% of businesses in Europe still operate with traditional budgeting systems and some companies that attempted this type of
reform have abandoned their efforts (Hope & Fraser, 1997). However, it is argued that organizations in the service sector and those closely connected to the ‘dot.com’ world will experience sustained pressures that may well mandate serious consideration of just such an option (Oldman & Mills, 1999).

This movement is predicated on an argument that the changed approach to decision-making and management of organizations ‘works’ but there exists no underlying, coherent theoretical framework that would provide the required degree of legitimation to sustain the overall ‘reform’ process in the longer term. However, the movement cannot be ignored and deserves to be taken seriously even though the group’s radical solution of abandoning budgets totally is not one that I would support unequivocally.

3.3.3.6 Budgeting Shortcomings and Possible Developments – Seminal Paper (Hansen, Otley and Van der Stede, 2003)

This seminal paper by Hansen et al (2003) is titled “Practice Developments in Budgeting: An Overview and Research Perspective” published in the Journal of Management Accounting Research. It is a comprehensive literature review of proposals to resolve perceived and actual shortcomings of traditional budgeting practices employed in organizations. One is the practitioner-led perspective that favours abandoning budgets as detailed in the previous section and the second is put forward by those academics who propose ‘improvements’ to the existing budgeting process.

The paper has a powerful introduction to the topic:

Budgeting is the cornerstone of the management control process in nearly all organizations, but despite its widespread use, it is far from perfect. Practitioners express concerns about using budgets for planning and performance evaluation. The practitioners argue that budgets impede the allocation of organizational resources to their best uses and encourage myopic decision making and other dysfunctional games (emphasis in the original). They attribute these problems, in part to traditional budgeting’s financial, top-down, command-and-control orientation as embedded in annual budget planning and performance evaluation processes (2003, p. 95).
The paper identifies twelve dysfunctional behaviours or weaknesses of the budgetary control process. These findings are supplemented by Selto and Widener (2001) who reviewed nearly 2000 research and practitioner articles in management accounting. They pointed out that more research than practitioner articles existed on the topic of participative budgeting because it presents interesting theoretical issues but this literature has generated little practical interest in the business world. In other words, academics enjoy the intellectual challenges that this field provides but there has been little practitioner interest in the topic or the published research. This schism, in my judgement, between academics and practitioners is extensive.

In the United States more than ninety-seven percent of organizations employ a formal budgeting process (Hansen et al, 2003, p. 97). A primary reason advanced is that budgets are deeply engrained in an organization’s culture and fabric and that: “They remain a centrally coordinated activity (often the only one) within the business” (Neely et al, 2001, p. 9). On the other hand, in Europe a survey of Finnish firms revealed that only twenty five percent have stayed within the traditional budgeting system, whilst fourteen percent were in the process of abandoning budgets and the remaining seventy one percent were actively reforming the budgeting process (Ekholm & Wallin, 2001).

The Hansen et al paper analyses two main reform approaches that have been put forward to resolve these concerns. The first is the Activity Based Budgeting (ABB) mainstream approach which “…focuses on generating a budget from an activity based model, as opposed to the traditional product-market, responsibility center, or

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39 “1. Budgets are time-consuming to put together; 2. Budgets constrain responsiveness and are often a barrier to change; 3. Budgets are rarely strategically focused and often contradictory; 4. Budgets add little value, especially given the time required to prepare them; 5. Budgets concentrate on cost-reduction and not value creation; 6. Budgets strengthen vertical command-and-control; 7. Budgets do not reflect the emerging network structures that organizations are adopting; 8. Budgets encourage gaming and adverse behaviors; 9. Budgets are developed and updated too infrequently, usually annually; 10. Budgets are based on unsupported assumptions and guesswork; 11. Budgets reinforce departmental barriers rather than encourage knowledge sharing; and 12. Budgets make people feel undervalued” (Hansen et al, 2003, p. 96)
departmental focus” (2003, p. 98). This approach argues that budgeting can still serve a primary planning role and just needs to ensure that the budgeting process is connected effectively to the underlying operational model of the organization. The advocates of ABB do acknowledge that there is an inability to do adequate planning in uncertain business environments, which in itself makes the organizational budget itself less useful.

The other approach documented is the Beyond Budgeting (BB) plan, which is primarily practitioner-led. This is more of a performance evaluation approach that utilises hindsight. In this way “…rather than financial targets set at the beginning of the period targets are adjusted by looking back and incorporating the actual operating and economic circumstances during the period” (Hansen et al, 2003, p. 101). This reduces the level of tension between senior managers ‘desirable’ targets versus what lower-level managers believe is feasible. The main emphasis is to abandon the senior executive control elements inherent in the traditional budgeting paradigm.

The authors point out that BB advocates argue for a different performance evaluation regime that incorporates both financial and non-financial measures (both quantitative and non-quantitative). Further, that organizations need to embrace decentralisation strategies that utilise employee empowerment as a critical plank of reform. As Hansen et al succinctly state this means a “…shift from results control…to controls based on employee selection, corporate visions and values…” (2003, p. 103). It is also a move towards using “…visioning (emphasis in original) lever-of-control…” where the focus of the control system “…is moved towards the more diffuse areas of mission, vision, and organizational culture (emphasis added)” (2003, p. 103).

The authors do attempt to salvage the main body of the academic literature—understandable since they themselves have been amongst the major contributors over
the years—on participative budgeting by calling for further research on these two practitioner-led perspectives on the budgeting process. In effect, they are arguing for academics to abandon their more esoteric, intellectual puzzles that are highly quantitative and challenging but obscure research projects in favour of those that will have an impact on business practices. They wish to reduce the degree of schism between the two communities and call for synergies to be developed between practice and research. They conclude with the following

Although the two practice approaches that we describe suggest their own unique research opportunities, their common themes perhaps represent the most compelling areas for research. For example, both stress the importance of environmental turbulence as a dominant factor in budget design and use; both suggest that budgeting does not operate in isolation of many other organizational practices, and thus, should be studied as part of an organizational package; (emphasis in the original) and both emphasize the importance of expanding budgeting research to incorporate the behavior of middle and lower-level managers. These are underresearched areas and deserving of more attention (2003, p. 110).

3.3.3.7 Budgeting Summary

I do not advocate the total abandonment of budgets although the notion is instinctively appealing given the contested nature and role of traditional budgets identified in the review of the extant literature above with its overemphasis on predictability and control. I do, however, question deeply the current primacy of accounting-based budget data in organizational decision-making. I am sympathetic to the calls by those who propose that accounting data that is utilised in the decision process be supplemented by the use of performance measures that include internal and external benchmarks. If this does not occur, then the radical reform movement that does propose the total abolition of budgets will continue to build what could be an irresistible surge of momentum.

If organizations are to take cognisance, recognise and derive benefit from the existing high levels of knowledge or intellectual capital within the entity then organizational decision-making, at the strategic and operational levels, should not be the exclusive domain of specific individuals or very small, elite (and exclusive) groups. Effectiveness
not efficiency should be the goal of well-grounded and sound decision outcomes. The adaptability and self-organising potential of the entity’s agents (i.e. employees) has to be harnessed by an inclusive rather than an exclusive decision-making methodology.

However, the adoption of such an approach in itself requires significant organizational and management culture shifts. This naturally constitutes a major change in the internal organizational environment necessitating a thoughtful, caring and inclusive ‘change management’ process if implementation problems are to be avoided.

The next section therefore canvasses the area of change management—the fourth and final area of managerial decision-making dominance—and often critical to an organization’s ability to adapt and survive as the result of both internal drivers for change and larger externally driven changes in the economic, political and social context. Again, there is a dominance of papers and studies utilising a positivist research approach with an FFP procedurally-driven dimension of mainstream calls for reform particularly in the area of managing and minimising resistance to change.

3.3.4 Change Management

Increasingly the subjects of pressure for greater accountability and organizational change, one of the primary roles of leaders and senior executives in both the private and the public sector is to be proactive “change agents”—managing the change process in an urgent and dynamic, as well as presumably an effective manner. However, the implementation of any change envisaged is often problematical for various reasons including issues of (misuse of) power, resistance, emotional reaction and plain fear (Hay

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& Hartel, 2000; Smith, 1998; Kimberley, 1998). Managers need to be aware of this and the need to act sensitively and empathically if the planned change process is to succeed.

Successful change management requires, I argue, active staff/employee involvement and ownership of the process to nurture real engagement with the outcome(s) and to enhance authorship of, and commitment to, the final results. This will help to minimize both open and ‘subterranean’ resistance to change, which Maurer argues is the “…little-recognised but critically important contributor” to the failure of many change efforts (1996, p. 56).

This section has three parts. The first analyses the prevailing decision-making mindset and change management practice(s) utilised by organizations, public and private. The second analyses calls to rethink the notion of resistance as a positive rather than a negative force during the change process. The third part analyse two seminal papers (Miller et al, 1997; and, Black & Gregersen, 1997) in this field.

3.3.4.1 Change Management in Practice: the Dominant Paradigm

The usual top-down change management approach has been the dominant paradigm for a number of decades. The focus in the literature is on managing the transition and specifically overcoming resistance to change (Gardner, 2004; Kotter & Cohen, 2002; Hay & Hartel, 2000; Maurer 1996; Tichy, 1983; Quinn, 1978; March & Simon, 1958). Senior managers “worry a lot” about change but too few of these concerns are focussed on building effective rapport with staff affected. Much of the focus is instead with providing legitimate justification for the need for the change.

Change in the contemporary business environment is inevitable but the key concern is how the modern organization handles that change, or intention to change, process. The contemporary literature presents an emphasis where there is open acknowledgment that
change will encounter barriers of resistance and there is a need to overcome that resistance.\textsuperscript{41} This concern is significant because the literature is fully cognizant of power and self-interest issues that can taint and effectively corrupt the process of change management such that the end outcome(s) are problematical.\textsuperscript{42} There is a hint of manipulation in the “how to” practitioner/consultant literature as it first highlights the concerns then provides the prescribed formulae to enable managers to successfully pursue change strategies (Gardner, 2004; Miller et al, 1997; Black & Gregersen, 1997). These remain primarily top-down processes that effectively disempower those who are affected. The change can be a form of \textit{fait accompli} with options for staff that reduces to the basic choice of either accept the change(s) or leave the organization.

Resistance to change—once seen as inevitable—when manifested can be resolved through a number of mechanisms. Chang and Wiebe (1996) in their study of implementing innovative technical initiatives have identified three processes to overcome barriers to change that exist at the individual, group, intergroup and organizational levels. These include education and training to explain the need for change and reduce fear of the unknown; sponsorship of the process by key individuals who then persuade others; and, alignment of incentives such that systems and structures reward and reinforce effective change. Argyris and Kaplan’s (1994) study of the implementation of activity based costing also reported similar mechanisms. One of the latest monographs (Graetz et al, 2002) devotes several chapters to the need for being aware of and managing resistance but still clearly reveals that despite all this valiant management effort:

\textsuperscript{41} Resistance amongst staff can be categorized as psychological because of the uncertainty involved; systemic in that there is a perception of likely disadvantage; institutionalized when the belief is that the change is unnecessary; and, cultural if the change challenges dominant beliefs and attitudes (Graetz et al, 2002, p. 260).

\textsuperscript{42} Maurer (1996) argues that one-half to two thirds of all major corporate change efforts fail and that often these are because of resistance to change.
Many more organizations fail to overcome resistance than succeed. While some experience a meteoric rise over resistance, some continue to struggle quietly and others fold unexpectedly. The history of change management in Australian organizations would probably read more like a punctuated equilibrium (emphasis added) (p. 268).

There is a need for an approach to change management that is both acceptable ethically and that has high(er) success rates for those organizations that find themselves having to negotiate the shoals and reefs of the change process.

3.3.4.2 Utilisation of Resistance

There are also calls to rethink the negative notion of resistance that prevails in the literature (Waldersee & Griffi ths, 1997; Clarke, 1994; Kanter et al, 1992; Carnall, 1990). Waddell and Sohal (1998, p. 5) argue that one should consider the utility of resistance in “…injecting energy into the change process” and that it “…encourages the search for alternative methods and outcomes in order to synthesise the conflicting opinions that may exist.” This means that resistance can be a positive force and a critical source of innovation during a change process to ensure that many more possibilities are examined and evaluated closely.43 What I advocate in this thesis is to recast the notion of resistance so that it is viewed instead as the active encouragement of constructive conflict. This avoids what can happen if overt resistance is itself merely resisted and battered down by senior managers. The resistance then can become more intense and covert effectively derailing the change process.

3.3.4.3 Warnings and Possible Solutions from within the Mainstream Literature—Seminal Papers (Miller et al, 1997; Black and Gregersen, 1997)

The “how to” practitioner literature with its normative and prescriptive edge centralising organizational power, authority and decision-making in the hands of senior management requires an alteration and shift in focus if an effective participative change process is to

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43 As Maurer (1996, p. 56) succinctly puts it, “Resistance is what keeps us from attaching ourselves to every boneheaded idea that comes along.”
be adopted. Miller et al (1997) in a paper titled “Creative Chaos versus Munificent Momentum: The Schism between Normative and Academic Views of Organizational Change” warn that the practitioner perspective is overly optimistic about the likelihood of success in the change process.

3.3.4.3.1 Likelihood of Organizational Transformation Success?

The Millet al (1997) paper is a literature review, which identifies and warns that there are major inconsistencies between the practitioner and the empirical/theoretical academic literatures. The contrasts are striking. Underlying both schools of thought is that the contemporary business world is no longer a stable and knowable environment. Instead, businesses struggle for survival:

…in a business world of unpredictable and accelerating turbulence. Dramatic changes in the realms of geopolitics, consumer and financial markets, technology, government policy and legislation, macro-economic stability and capital flows, corporate organizational forms and practices, and the politics of the environment are only some of the factors which contribute to transform the world of international business (Kiernan, 1993 cited in Miller et al, 1997, p. 72).

The practitioner school incorporates two assumptions unquestioningly in their view of the world. Firstly that change is necessary and good and quite normal. Secondly that change can be managed and controlled successfully usually from the top echelons of the organization. Consequently, organizations are exhorted to “learn to dance” (Kanter, 1989) or to “thrive on chaos” (Peters, 1987). They are also encouraged to become “learning organizations” (Senge, 1990) and to make themselves more “responsive and organic” (Nadler and Tushman, 1989). Constant change becomes normal. Indeed, if you do not succeed in handing change then you will fail to survive. However, this literature overlooks (almost deliberately) the dangers and difficulties inherent in the change process.

This overt optimism results in what Miller et al describe as the practitioner viewpoint in which organizations are conceived as “…as “loosely coupled” systems whose
departments, routines and programs may change independently of one another” (1997, p. 73). In addition, senior managers are seen as having the appropriative information to carry out organizational change in a reasonable, systematic and rational way. This represents, I would argue, an engineering and technocratic perspective of the change process. In some ways this is to be expected in that consultants/practitioners gain their living by marketing their abilities to help managers with their change management tasks and will therefore almost always speak and sell themselves to managers in terms that comfort rather than disturb and offers the preservation of privilege and power. (An exception is James Champy, 1995, who explained the failure of many reengineering initiatives as the unwillingness of senior executives to cede power). The academic literature is more apt to describe the long, arduous and largely uncontrollable processes of change. It is also more frank in drawing its politically unpalatable implications (1997, p. 75).

Practitioners advocate solutions that enable executives to boost the legitimacy of their organization and themselves. These normative frameworks avoid the sensitive and grey areas of imbalances in power, self-interest and ego and instead, although embracing change and transformation, are comforting for managers because of the assurances of predictability, simplicity and semi-guarantees of success.

The barriers or difficulties identified by change Miller et al are fourfold. Typical organizations are thematic and tightly configured in which goals, policies and routines are closely intertwined. Managers rarely have full knowledge available to them nor do they automatically process information rationally relying instead on past successes and formulae to guide them despite evidence to the contrary. There are also organizational political barriers because major change threatens the current status quo in the key areas of managerial rewards, reputations and the power of the executive elite. Finally, normative external pressures construct prevailing organizational modes and institutions that militate against innovative organizational transformation. Organizations are in that
sense interdependent with their contemporaries and competitors and their existing forms of organization types and routines.

The key points to enhance success that change agents need to be cognizant of according to Miller et al are as follows:

1. It is necessary to acknowledge that managed transformational change is much harder to achieve than is often claimed. There is a need for a greater level of caution.
2. It is necessary to pay attention to the political aspect of change. Power relationships and the competing and diverse interest groups need to be taken into account seriously.
3. It is necessary to pay more attention to the costs of change. If change alters core competencies or structures then the benefits must significantly outweigh the costs of change.
4. It is useful to consider the benefits of stability. This includes existing reliability in delivering products, stable corporate and brand images, economies of scale. Again, the benefits of change need to be substantial and real.
5. It is necessary to acknowledge that there is no one best way of approaching change. Organizational context and other internal and external factors must be taken into account (1997, pp. 76-77).

Therefore, change processes can succeed, but such change is very difficult and is rarely easy to achieve nor does it happen through formulaic prescription. It also exposes the organization to considerable risks. The need for change must be paramount for an organization to take this path. This is even more so the case when in it comes to what Miller et al describe as ‘quantum change’. This is large-scale change involving multifaceted transformation and reengineering that sets the whole organization on a revised path in its strategy, structure and culture particularly so if this is an entirely new direction (p. 71).

Miller et al however conclude effectively on a positive note that

In each intervention it will be necessary to take into account the exigencies of the particular situation and to consider who has the power and the will to change, what is the level of company resources, how urgent is the need for change, how experienced is the organization in changing, and how flexible are its processes and technologies. The process of change cannot be programmed; it has to be flexible and responsive in capitalizing on opportunities (1997, p. 77).
3.3.4.3.2 **Participative Change Management**

Another seminal paper by Black and Gregersen (1997) analysed and brought together the major findings in the academic literature on participative decision-making (PDM). The earlier PDM literature has had a long history of debate with at least five major reviews of the literature over the past fifteen years. Those reviews had rejected the viewpoint that PDM was a unidimensional construct and instead had identified six specific dimensions of PDM being rationale, structure, form, issues, decision processes and degree of involvement (Cotton et al, 1988; Wagner & Gooding, 1987a, b; Miller & Monge, 1986; Locke & Schweiger, 1979; Dachler & Wilpert, 1978).

The Black and Gregersen paper extended these findings by testing PDM using a multidimensional view that examined the degree of integration of participation (involvement) and decision-making processes and their relationship with job satisfaction and job performance. This empirical, quantitative study was an analysis of 395 questionnaires returned by employees across five locations of one medium-sized, multinational manufacturing organization in the north-eastern United States. An ‘employee involvement group’ program had been implemented in each of the five manufacturing plants during the previous four years. The data generated were subjected to the usual mainstream hypothesis testing and multiple regression analysis techniques with the dependent variables being work satisfaction and performance.

In the study, there was clear evidence that individuals with above-average involvement in all five decision processes tested had satisfaction and performance levels significantly higher than other employees. These results clearly identified that the greater the degree (or depth) of employee involvement in these five key decision-making processes (identifying problems; generating alternatives; selecting solutions; planning implementation; and, evaluating results) the greater the level of job satisfaction and job
performance. It should be noted that this refers to individual employees perceptions for worker participation. Specifically they go on to argue

…that involvement in generating alternatives and planning implementation are powerful means of capturing current knowledge and skills that increase decision quality and of enhancing effort to performance expectations and their impact on current motivation and performance (1997, p. 873).

This and other similar studies (Witt et al, 2000; Tremblay et al, 2000; Latham et al, 1994; Pearson, 1991) have clearly and empirically validated the organizational benefits of participation in decision-making.

This paper goes on to identify two practical implications. The first is that PDM practices work but specifically that three of the five decision processes give the best results for satisfaction and performance, these being involvement in generating alternatives, planning implementation and evaluating results. Secondly, that

…if choices in involvement in decision-making do not have to be made, then a high level of involvement in all five process can lead to a higher satisfaction and performance than involvement in four to none of these processes (1997, p. 876)

3.3.4.4 Change Management Summary

What is clear is that the key role of senior managers to be the primary change agents and to successfully manage the change process effectively is highly problematical. The best approach to change management is one that actively involves all staff/employees in an organization whether private or public, large or small. This approach allows full ownership of, and engagement in, the process and outcomes and minimises the need to overcome resistance to change so often prevalent in traditional change literature.

The next section provides a final critique of these four main decision-making domains. It provides the agenda for what will be developed as the proposed theory of organizational decision enhancement (ODE) which focuses on organizational culture,
leadership and followership as well as the implications for practice in the four decision-making domains.

3.4 Critique in Summary

My aim in this section—as stated in the introduction to the chapter—is to provide an integrating critique of the literature in the four key managerial decision-making domains of corporate governance, strategic planning, budgeting and change management. The idea is to identify the positive and negative elements that will have to be dealt with in chapters four and five. This will effectively map out the continuing gaps in the literature that are militating against the development of a methodology to deliver more robust and epistemically sound organizational decision outcomes.

The notion of managerial hegemony—dominance by management of the decision-making process—is evident in the literature reviewed in this chapter. It has always been the case in private sector profit-oriented organizations. In addition, the past twenty years has seen the importation of New Public Management and ‘managerialism’—market forces approach to management of organizations—into the public and non-profit sectors in Australia and other parts of the world. It is important to note that none of these approaches in either the private or public sectors involves stakeholder groups (particularly internal stakeholders) in the decision-making process. They focus exclusively on the relationship (positive or negative) between middle management, senior management and the governing bodies (boards of directors). The mainstream theories espoused do not even include the shareholders as a primary stakeholder group in the decision-making arena. This is a serious deficiency. In chapter four I argue strongly for the involvement of a wider set of stakeholders in the governing process of organizations.
A change in the whole management approach towards a more participative and facilitative style, I argue, would be a positive and necessary step. Goodjik (2003) posits such a stakeholder model of collaboration with management in the decision-making process throughout the organization extending through to strategic planning. He states: “The stakeholder model assumes a partnership between management and stakeholders, a partnership seen as a real dynamic and changing process of dialogue” (2003, p. 225). The major stakeholder group to be directly involved in this context would be employees. This would improve internal governance and organizational culture and act as a precondition for improved overall governance allowing for more effective value creation for the firm. This will help to provide an impetus to improve overall corporate performance outcomes.

In an earlier paper I made a call for organizational employees/staff to be involved closely in the strategic planning process and also in the operational decision-making areas in both the public sector and the private sector. In that study of University strategic planning I argued for a move that would ensure that “…decision-making powers are cascaded down through the layers of the organization…” (Holloway, 2004a, pp. 481-482). The result would be an inclusive, not exclusive, decision-making methodology that taps into the adaptability and self-organising capability of the workforce and helps to unleash the full potential of the organization.

Such a ‘turn’ requires the development of an appropriate theory and accompanying methodology to enable the selection of the most feasible decision option(s) that should be based on a rigorous, argument-based epistemic ‘best option’ process developed within a more collectively oriented framework. The selected decision option would remain open to challenge and made conditional on the achievement of an agreed decision-verification criteria set when implemented. This process would also ensure
that the ‘best option’ decision is thereby continually under review and subject to ongoing vindication.

In the area of budgeting—central to all the other key decision domains because of the resource allocation and resource control elements—I question strongly the notion of the *primacy* of accounting data in organizational decision-making as exemplified by the dominance of the budget in the management oversight and organizational performance evaluation process. A theory of Organizational Decision Enhancement (ODE) is proposed instead (in chapter four) which provides, I argue, a more pragmatic, cognitively sound and collectively oriented decision-making methodology that can deliver more robust decision outcomes with an enhanced epistemic justification. The theory has the potential for the budgeting dimension to have an integral and more proactive role in a collaborative decision-making process rather than the current emphasis on management control and performance evaluation.

While such extensive devolution of decision-making, concomitant with the abandonment of budgets as an exclusive management tool, does remove the constraints managerial control imposes on the problem solving abilities of other members of the organizational workforce it does so, I argue, at the cost of an informed unity of purpose. What is also required is an approach that delivers the same optimising of the human capital available to the organization. At the same time constructing a unity of purpose forged and vindicated through the utilisation of procedures that are acknowledged to be both procedurally (FFP) and morally (FOP) legitimate. I shall further argue, in chapters four and five, that such a unity of purpose need not require an intellectual conformity of belief; just as a political system can have a unity of purpose while allowing for continuing diversity of opinion.
The issues of barriers to knowledge, information flows and decision-making processes and the concomitant frustration of human potential lie at the heart of contemporary concerns. The path that seeks to finesse such barriers through radical devolution while securing maximal individual freedom has the potential to incur the profound penalty of foreclosing—prematurely I feel—on other decision management options that would keep the notion of collaborative team-work centred across the range of the organization. Individuals and teams throughout an organization need to remain capable of accessing the facilitative power (Barnes, 1997, 1988) available when knowledge is comprehensively distributed across the relevant social fields. This initiates a synergetic, cognitive dynamic that delivers optimal epistemically justified decision outcomes for the organization.

The common theme and positive elements across the literature in these four key decision domains is the open acknowledgement of the need for ongoing and urgent reform. In each of the four main literatures there is a dominant consensus that the traditional approaches no longer suffice in the present and future chaotic and turbulent business and social environments. The problem is that the suggested solutions in mainstream literatures have a narrow fitness for purpose, procedurally-driven dimension. The focus is exclusively on changing practical techniques and methods that do not go far enough. Given the theoretical underpinnings that inform these writings this is not unexpected. The literatures are trapped within self-imposed constraints. There are very few calls for truly significant changes in relation to decision-making responsibilities being devolved away from senior management—in many cases the calls are for greater management control over strategic direction(s) and decisions.

The message is also clear in the Miller et al (1997) paper that such a level of ‘quantum change’ is seen as being too daunting for organizations. I would argue that the blocks to
such a perceived radical move are also related to certain negative variables. These revolve around disparity in three key areas: unequal imbalance in managerial power; unhealthy imbalance in managerial self-interest; and, unwholesome imbalance in managerial ego. Miller et al (1997) identify clearly that major change threatens the current status quo in fundamental areas of managerial rewards, reputations and power of the executive elite.

Therefore, in chapter four I focus on a theory and methodology for collaborative decision-making—the FFP dimension. However, it is necessary in chapter four to delineate what will be necessary for such a move to be implemented in either new or existing organizations. The focus will be on required transformations in the areas of organizational culture, ethos and ethics; leadership; managership; followership; and, empowerment—a combination of the FFP and FOP dimensions. I will also highlight and analyse the impacts that these changes will have on the four decision domains of corporate governance, strategic planning, budgeting and change management.

3.5 Conclusion

The intention of this chapter has been to introduce the reader to the main literatures central to this thesis in the four primary senior management decision-making domains of corporate governance; strategic planning; budgeting and the allocation of resources; and, change management. The main part of the chapter began with the literature on corporate governance. Corporate governance focuses on the role of governing bodies whose role is primarily one of setting broad organizational policy and strategic direction plus oversight and control over senior management and corporate financial performance. Private and public sector organizations need to ensure that governing body meetings do not become captured by senior management. They need to be more than mere ‘rubber-stamping’ exercises and implement both form and substance
procedural changes distilled from ‘best practice’ governance recommendations. They need to also create and facilitate a ‘healthy’ boardroom teamwork culture that encourages debate and constructive dissent.

Strategic planning is an important organizational function which also needs effective reform. This is usually a top-down decision-making process in which senior management sets the main planning targets, objectives and direction for the organization. It has come under significant criticism from the ‘emergent’ school of thought. Any reform process should enable the selection of the most feasible strategic alternative based on a rigorous, argument-based epistemic ‘best option’ process developed within a more collectively oriented framework. The selected option would remain open to challenge and made conditional on the achievement of an agreed decision-verification criteria set when it is implemented.

The third domain reviewed was budgeting and the allocation of resources. Budgeting has also been a powerful tool used by senior management to enforce planning decisions and exercise tight control from the centre over the whole organization, large or small. There have been extensive calls for reform including radical advocation of the total abandonment of budgets as an organizational mechanism. Organizations need to embrace decentralisation strategies that utilise employee empowerment as a critical plank of reform. As Hansen et al succinctly state this means a “…shift from results control…to controls based on employee selection, corporate visions and values…” (2003, p. 103).

The final review in the chapter was the change management literature. This revealed that change in the context of a contemporary and chaotic business environment is inevitable but the key concern is how the modern organization handles that change, or intention to change, process. What is clear is that the key role of senior managers to be
the primary and only change agents and to successfully manage the change process effectively is highly problematical. The best approach to change management is one that actively involves all staff/employees in an organization whether private or public, large or small. This approach would allow full ownership of, and engagement in, the process and outcomes and minimises the need to overcome resistance to change so often prevalent in the traditional change management literature.

The next chapter explicates the main components of the collaboratively oriented theory of Organizational Decision Enhancement (ODE) which is procedurally-driven and has an organizational FFP focus. The aim is to construct a theory and associated decision-making methodology that will construct, sustain and deliver epistemically robust decision outcomes.
4 Chapter – Theory of Organizational Decision Enhancement (ODE)

4.1 Theory of Organizational Decision Enhancement (ODE)

This chapter has two main parts. The first explores and explicates two notions that are central to this thesis: fitness for purpose (FFP) and fitness of purpose (FOP). They are concerned with questions related to the creation and the continued existence of organizations both private and public.

This second half of the chapter focuses now on the construction of ODE theory and its associated team/group procedural methodology. Section 4.3.1 summarises the foundations of the theory and then sets out the theory itself—highlighted in italics. This is followed in the subsequent sections by an analysis of the main theoretical components to the theory. The procedurally-driven component that explores how the theory is operationalised—in group decision-making settings and scenarios—is detailed in the last part of the chapter.

4.2 Fitness for Purpose and Fitness of Purpose

Two key points need to be made at this juncture about the focus of this thesis. The first refers to what the literature terms the fitness for purpose (FFP) dimension for contemporary organizations. In simpler terms it refers to the notion of the corporate entity continually improving its readiness (fitness) for the objectives (purpose) behind its original creation and ongoing existence. In other words, organizations will strive to improve decision outcomes, be more competitive, get larger or be defeated in a business sense and fail.

This relates, I would argue, to organizational quality processes which are intended to produce sound senior management decision outcomes and ensure economic effectiveness and efficiency of the organization. Usually these are connected to the
priorities explicated in strategic plans and objectives with the focus being on maximising corporate performance. This is usually defined in terms of narrow economic rationalist criteria often limited to profit maximisation and the significant enhancement of shareholder value (Bakan, 2004; Dunphy, 2003; Dunphy et al, 2000). The result is often an over-focus on short term (financial) outcomes which will deliver results for both internal and external stakeholders (i.e. managers and shareholders primarily) in the immediate measurable future—in this scenario long term is anything more than four quarters in the future. From a share market perspective this means ensuring maximum incoming cash flows that will drive up the share market price of a particular corporation’s stock. In a public or non-profit organization this focus shifts such that the managerial motive is to minimise cost and maximise, as well as diversify, revenue sources and cash inflows.

The main aim of FFP is to deliver the best possible decisions constructed from sound decision-making processes. I would contend that this cannot remain as only a top-down senior executive responsibility within contemporary organizations. A collaborative and participative decision-making process, I would argue, will deliver a more robust fitness for purpose outcome (Holloway & van Rhyn, 2005; Holloway 2004a; Holloway 2004b; van Rhyn & Holloway, 2004). This naturally results in a focus within the thesis on a procedurally-driven (i.e. appropriately derived rules, guidelines and steps) process to ensure the ‘best constructed’ decision outcomes.

A note of caution is necessary here. Organizations cannot guarantee the actual quality of decision outcomes by merely improving decision-making processes. The ‘best’ decisions that are capable of being constructed may still be questionable in terms of the ultimate quality of the decision. These organizational ‘best’ decisions need not only a robust procedurally-driven (FFP) component during their construction but also a
content-driven element in which a set of agreed criteria are used to test the quality of the decision(s) reached.

The second key point is the fitness of purpose (FOP) dimension which is more fundamental and potentially confrontational for organizations both private and public. Again in simpler terms this is a more contemporary and a growing notion that can be broadly labelled corporate citizenship and corporate behaviour enacted during the normal course of business. Corporate action rather than rhetoric is important to judge the level of organizational FOP.

I refer here to an organization’s normative, or moral, dimension in its reason for continued existence which goes beyond the current mainstream narrow focus on profit maximisation and shareholder value to encompass wider social and environmental issues. The upshot is a search for greater meaning and purpose in our organizational lives and a growing concern about current standard commercial exploitation rationales. This is forcing organizations to face some fundamental issues and growing calls for changes in commercial practices. These vary from issues such as sustainability and mitigating negative corporate environmental impacts (Dunphy et al, 2003); triple bottom line reporting (Deegan, 2005, 2000); employee participation (Black & Gregersen, 1997); social and equity impacts (Eveline, 2004); and, even questions of soul and spirit in organizational leadership (Bolman & Deal, 2001). This is part of a broader movement that can be categorized either as corporate citizenship or corporate social and environmental responsibility.

These issues have historically been seen by economists to be externalities (in particular these were seen as costs that are not in the control of or ‘owned’ by companies which can then be ignored in the calculation of profit figures) and not legitimate concerns for organizations (Friedman, 1991, 1961). This mindset is no longer so dominant.
Developments have even surfaced at the United Nations (UN) with the setting up of the UN Global Compact project launched in July 2000 which asks corporate participants to sign up to and uphold ten principles relating to human rights, labour rights, the environment and non-corrupt business conduct (United Nations, 2005, 2004). It effectively provides a legitimating umbrella for the broader corporate social responsibility movement even though the ‘sign up’ rate has been lower than expected especially amongst United States based corporations (Blair et al, 2004, ¶2). This movement requires organizations to question and reframe their prevailing organizational values, cultures, ethics and ethos (Bakan, 2004). *Fitness of purpose* is a pressing question for organizations to face in the immediate to long term future.

These two key elements lead to the primary organizing principle that is central to this thesis which is in two distinct parts. Firstly, I argue that ‘good’ corporate governance does not guarantee the delivery of ‘good’ organizational performance. It is a necessary but not sufficient condition. This is because corporate governance enacted at the senior management and board level that arises from the construction of ‘best’ decision outcomes is procedurally-driven (focused on rules, guidelines and steps) whilst organizational performance is content-driven (the quality of the decision outcomes themselves within the larger competitive and economic context). This also leads to the questioning of the motives that ‘drive’ organizations that is both their fitness for purpose and their fitness of purpose. The second part is that a collaboratively oriented decision-making theory and methodology in which power, authority and responsibility is cascaded down through an organization will deliver epistemically more ‘robust’ decision options and outcomes and enhance corporate performance.

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44 The Global Compact “…is a voluntary international corporate citizenship network initiated to support the participation of both the private sector and other social actors to advance responsible corporate citizenship and universal social and environmental principles to meet the challenges of globalization” (United Nations, 2005, ¶1)
This thesis will focus on FFP in this chapter—the procedurally-driven decision-making methodology component—whilst chapter five will focus on FOP issues including the proposed reframing of organizational culture, values, ethics, leadership, followership and empowerment.

4.3 Organizational Decision-Making and ODE Theory

The genesis for ODE is located in the ground breaking work by de Reuck et al (2002, 2000 and 1999) on what they labelled ‘command methodology’ and ‘general decision assurance’ in the decision conferencing literature on strategic planning. Decision conferencing is explained as:

…an intensive two-day session attended by a group of people who are concerned about some complex, messy issue facing their organization. The group is aided by at least two people from outside the organization, a facilitator and a decision analyst, who are experienced in working with groups. The facilitator helps the participants to structure their discussions, think creatively and imaginatively about the problem, identify the issues, model the problem and interpret the results. The analyst helps the facilitator and attends to the computer modelling. The purposes of the conference are to generate a shared understanding of the issues and a commitment to action (Phillips cited in de Reuck et al, 1999, p. 196).

Their approach argued for the use of organizational groups utilising procedures to enhance decision outcomes and ensure—through a notion of epistemic respect\(^{45}\) within the group—authentic commitment to the decision(s) reached resulting in improved ownership of organizational purposes; decision flexibility; increased rationality based around the acceptance of superior arguments; ‘best bet’ outcomes; facilitation of change management; and, a methodology that acted as a legitimating device within the organization (de Reuck et al, 2000, pp. 10-12). These are arguments that I fully support but still need further extension both theoretically and procedurally to provide an effective platform to reframe and restructure the prevailing organizational decision-making process. The arguments posited by the authors do remained focussed within the

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\(^{45}\) Epistemic respect refers to the respect “…of one for another in the group” and means that members within the groups allow the ‘conversations and debates’ to be open and authentic with no dismissing of individual reasoning or contributions and thereby developing mutual trust (de Reuck et al, 2000, p. 10).
decision conferencing domain where decisions are reached with the support of external assistance and the use of information communication technology (ICT) in the form of decision support software. I argue that ICT support for decision-making only provides additional internalised legitimation of a group’s final decision outcomes though I do accept that it provides members with greater intellectual certainty.

The group decision-making procedures entailed within this ‘command methodology’ and ‘general decision assurance’ were developed over the three connected papers. The primary theoretical elements that are central to these arguments come from Peirce with his notion of doubt-driven inquiry and also Habermas’ argument based discourse with minimisation of power relations between members of a group. I have incorporated the use of these insights from Peirce and Habermas into ODE theory but I have also extended this original work by utilising theoretical elements from Latour’s actor-network theory as well as complexity theory and the notion of an organization as a complex adaptive system. I would argue that this provides ODE theory with a stronger theoretical foundation.

My other concern with the writings of de Reuck et al (2002, 2000, 1999) is that implicit in their work is that the groups assembled to solve the organizational ‘issue’ or strategic planning dilemma are inevitably drawn exclusively from the management echelons of the organization. There is no input allowed apparently from other ‘lower’ members of the hierarchically stratified workforce. This effectively continues to perpetuate a traditional managerial hegemony of the decision-making process. Secondly, such groups are only a one-off venture which is the nature of decision conferencing itself with its two-day meeting format. I would advocate strongly both the use of shorter term groups but also longer term teams which are then cascaded down—in terms of power,
authority and responsibility for making decisions—through the organizational layers to maximise human input to decision-making, large and small.

ODE theory takes the form of a conditional imperative delivering optimal epistemic justification for group decision making under conditions of uncertainty and risk. I argue that such a theory fully optimises the intelligence and creativity available to group decision-making, with the resultant decision outcomes characterised by the key elements of flexibility and decisiveness. As a consequence ODE theory is stated as follows:

> **Optimal decision-making which a particular group of decision makers can construct in a world of uncertainty and risk is a pragmatic, recursive and democratised process. The process minimises the role of individual power, authority, self-interest and ego. This collaborative approach focuses on the force of the ‘better argument’, utilises constructive conflict (CC) and continuous, conscious, collaborative adaptation (CCCA) and results in the selection and monitoring of a ‘best-option’ decision outcome.**

The next section will analyse in depth the theoretical elements that are fundamental to ODE theory which has a **fitness for purpose** (FFP) dimension because its aim is to improve the **quality** of the decision-making process that contemporary organizations use. It does not question the underlying objectives or the rationale for the existence of an organization—its **fitness of purpose** (FOP) dimension. It can of course be used as an effective tool for an organization to reframe or redefine the fundamental purpose(s) for its continued existence and ongoing success. This FOP dimension will be explored further in chapter four.
4.3.1  Theoretical Elements of ODE Theory

There are four main theoretical and critical elements to ODE theory. They include Latour’s actor-network theory; Peirce and his notion of doubt-driven inquiry; Habermas and the concept of argument based discourse free from overt coercion; and, complexity theory and the view of an organization as a complex-adaptive system. The analysis starts with the insights of Latour.

4.3.1.1  Latour and Actor-Network Theory

Latour and his co-author Woolgar in their 1979 monograph titled Laboratory Life: The Social Construction of Scientific Facts can be credited with as significant a contribution as Popper’s (1959) argument of the need for falsifiability\(^{46}\) in the sciences and Kuhn’s (1962) notion of paradigms.\(^{47}\) In that work they studied the evolution of scientific ideas particularly in laboratories and asserted that ideas only gain acceptance as being true after extensive debate often tied closely to scientific careers and egos of the key personalities. It established the notion of the importance of scientists working within social and political networks. This was followed by equal groundbreaking work—with another writer Michel Callon—that resulted in the construction of actor-network theory (Latour, 1999a, 1999b and 1987; Callon, 1999, 1998, 1995, 1986).

The actor-network approach analyses socio-technical groupings of actors and actants and attempts to explain the nature of the relationships between all the elements of the larger ensemble or network whether these be computers, people, machines and even institutions. All entities within the network are endowed with the ability to act and

\(^{46}\) Falsifiability refers to the notion that scientific theories do not conclusively prove the truth of a scientific law. Popper’s solution was that one should always look for evidence to disprove a theory, in other words to prove it false rather than always searching for confirmatory evidence.

\(^{47}\) Kuhn argued that usual scientific progress was in small, incremental steps extending what is already known (existing paradigm) until a major new discovery produces an extensive revolution in scientific thought and all existing theories are questioned and recast. The new theories and insights create a paradigm shift in scientific world viewpoints.
given the label of ‘actant’ (Callon, 1995). Thus one has social action via circulating, relational networks made up of people, inscriptions and machines. There is then no need to make dualistic distinctions such as agency/structure, actor/system, human/non-human or technical/scientific. Instead there is what appears to be a seamless web of technical and social factors at play in creating social reality (Latour, 1999a, p. 204). No one actor dominates because there is interaction between innumerable actors, actants, inscriptions and objects that circulate and act as intermediaries in actor worlds.

The actor is however not constricted by the network nor framed by it in fixed ways. Instead both actor and network are two sides of the same changeable coin (Callon, 1998, p. 8). Indeed people are able to interact, update, inform, revise, debate and even contest the framing process. This malleable reality is constructed via a process that Callon termed framing as follows:

Framing is an operation used to define agents (an individual person or groups of persons) who are clearly distinct and dissociated from one another. It also allows for the definition of objects, goods and merchandise which are perfectly identifiable and can be separated not only from other goods, but also from the actors involved, for instance in their conception, production, circulation or use. It is owing to this framing that the market can exist and distinct agents and distinct goods can be brought into play. Without this framing that state of the world can not be described and listed and, consequently, the effects of different conceivable actions cannot be anticipated (1998, p. 17).

Callon illustrates this by giving a simple example of an economic transaction of a car changing ownership. Strict framing has allowed this transaction to proceed by the creation of three distinct parts—the car, the buyer and the seller. The buyer and seller’s rights and obligations are framed in certain ways usually through an inscription device such as a written contract. The car is in effect free from ties to other people and objects thus allowing its ownership to be changed (Callon, 1998).

For framing to be possible actors must be willing to be disentangled from other actor-worlds so that they can then be part of the network to be framed. This transformation
then becomes part of a ‘translation network’ which constitutes a ‘socio-nature’ which weaves together technical devices, statements, techniques and human beings (Callon, 1995, pp. 50 and 58). Neither human nor non-human elements are privileged in this process but technology is in effect endowed with an active role in shaping human societies. Translation networks are not limited to the worlds of ideas and the sphere of social relations and they allow actants to play a passive role in one set of interactions but an active one in another context. It also limits the notion of technological determinism and overcomes the problem of the reification of technology. Technology is merely one part of a larger network.

These insights provide effective legitimation for both ‘command methodology’ as envisaged by de Reuck et al (2002, 2000, 1999) and also for ODE theory because of the integral notion that networks are made up of a seamless web of actors, actants, inscriptions, machines, computers, objects and institutions. In this way this interaction of humans and non-humans in a collaborative decision-making process that recreates new organizational realities that are framed by actor-network theory allows for a powerfully effective world viewpoint to be theorised and operationalised.

4.3.1.2 Peirce and Doubt-Driven Inquiry

I am utilising in ODE theory and methodology a modification of C. S. Peirce’s account of social inquiry. Pierce is viewed as the ‘father’ of pragmatism—the philosophical postulate that meanings of concepts must be based on the collective relationship of actions of which they are part—and through the further work of Cooley and Mead (Mortensen, 2000, pp. 111-115) is seen as central to sociological theory on collective social action focussed on problem-solving. This social interaction among actors (agents) is viewed as a collective notion where real problems that are encountered are
handled as part of the flow of actions. Pragmatism does have a scientific theory approach which is based on realist ontology (Misak, 1991; Peirce, 1955, 1931).

Another major contribution by Peirce is his development of the concept of abduction as a contrast to both deductive and inductive reasoning. Abduction is a process of syntheses amongst an individual’s or group’s sensitising concepts to construct meaning and understanding which is based primarily on observation and experience. The sensitising concepts that are used make up our analytical schemes and therefore the ways we humans map the dynamics of the realities in the external world (Turner, 1987, p. 162). This is the way people use their existing mental models to make sense of their real world experiences. In simpler terms words abductive reasoning occurs when one constructs a hypothesis as an explanation of facts after they have been discovered. The abductive approach can be illustrated in the following way.

The surprising fact, C, is observed. The hypothesis, A, is capable of explaining C. Thus, there is reason to suppose that A is true. (Tursman, 1987; Peirce, 1955).

The notion of pragmatism is incorporated in ODE, via a modification of Peirce, which sees a need for a pragmatic edge to problem-solving collectively in an organizational context. I do not, however, accept Peirce’s notions of ‘truth’ because they are grounded in a realist ontology. Nevertheless, his contributions to reasoning and pragmatism are significant.

However, the most important component for ODE is the Peircean notion of doubt-driven inquiry. I therefore take seriously Peirce's injunction not to “…pretend to doubt in philosophy what we do not doubt in our hearts” (quoted in Sheriff, 1989, p. 141) and so accept that only real concerns about decisions already reached and implemented
would initiate a new round of decision-making inquiry. As argued cogently in de Reuck et al:

Taking our lead from Peirce’s [6] insight that “Doubt…stimulates us to enquiry until it is destroyed”, we believe that it is the presence of doubt that should drive the new round of planning and the resolution of doubt that brings it to its natural end, to be reinvigorated when the ‘eternal vigilance’ that is the hallmark of strategic thinking discovers new grounds for doubt. “Doubt’ for Peirce “is a condition between ignorance and belief, and it can only arise legitimately after belief is attained” [7] (2002, p. 143).

4.3.1.3 Habermas48 and Argument Based Discourse

There are three main elements to Habermas’ theory of communicative action relevant to this thesis. The first is that rationality is viewed as a communicative process of argument-based conversation(s) or dialogue with action oriented to developing shared understanding and consensus. The second is that the dialogue should occur openly and be free from domination (i.e. no coercive power relations in force). Finally, social action is based on rational (communicative), purposive calculations including the actions of other actors oriented to goals specified a priori (Habermas, 1987).

If one aims, as Habermas does, at shared understanding as an outcome of social inquiry one runs the risk that such a convergence of diverse views to secure a shared understanding could be coerced by what appears to be a benign subscription to a theory of truth. Rationality is here conceived of as, by dint of communal intellectual exploration, a systematic method for removing error, allowing the decision-making group a continued approximation to the final truth. Deep correspondence theory assumptions underlie this way of conceptualising the nature of social inquiry. Held as a metaphysical article of faith, such correspondence theories of truth stubbornly resist coherent theoretical formulation. The contemporary naturalistic ethos precludes theorists from invoking such transcendental principles of reason.

48 Habermas’ work, including calls for its incorporation more widely in critical accounting research, is documented comprehensively in Laughlin (1987), Broadbent and Laughlin (1997) and Lodh and Gaffikin (1997).
Epistemological relativities, especially under the conditions of high risk and uncertainty that attach to most business decision-making suggest such routes to shared understanding may be marked more by a subtly coerced cooption than by epistemically driven convergence. Such cooption introduces a central problem, that of compliance, as it emerges in social inquiry leading to decision-making. Traditional conceptions of leadership ‘naturalise’ these structures of compliance. Submission is often disguised as thoughtful acknowledgment of the prerogatives of leadership. The vital role of resister is thus denied to members of the decision-making group that has, as one of its consequences, the disconnection between decision taking and the genuine acceptance of responsibility. Such common patterns of intellectual subservience exact a high toll from the decision-making group’s intellectual capital. It also exacerbates the problem of the management of subsequent organizational changes, as the group’s avowed agreement was not sincerely won. If the collaborative decision-making procedures lack perceived legitimacy then the original commitment by all members of the group to a commonality of purpose is itself inauthentically given.

It is important to note here that a commitment to a common purpose by a group does not entail that all members of the group should agree unequivocally to the decisions reached by the group. ‘Common purpose’, as I understand the term, refers to the common commitment of the group to support the legitimately determined decision outcomes of the group. It does not entail that group members must share an understanding of either the problems confronting the group or of the solutions finally chosen by the group. The former personal issue is one of abiding by one’s commitments while the latter cognitive issue remains one of intellectual integrity.

The paramount concern here is about legitimacy. Authentic agreement is unavailable under any conditions of coercion including that of reaching total consensus within a
group. The key role of the critic or devil’s advocate is necessary otherwise there could be a disconnection between decision taking and the need for a collective acceptance of responsibility for decision outcomes reached utilising the above communication process. It also encourages the group to revisit decisions and thereby consider well-thought out alternatives (originally discarded) when reasonably grounded doubt emerges about the majority decisions that were taken and implemented.

Authentic agreement is also unavailable under conditions of domination. The dominating structures of deep power (class, race, gender) are the most corrosive forms of noise systematically distorting the communicative environment of social inquiry. Clearly such dimensions of power need be recognised and eliminated. The strength of a social conception of rationality is undermined by the subtle privileging of first-person perspectives through the valorisation of certain speaking positions. It is to a limited social conception of rationality that I wish to lay claim (see for example, Baergen, 1995, pp. 3-46). Groups appeal to standards internal to their grouping for the adjudication of competing claims of justification and truth. Claims, in the context of social inquiry, to a privileged access to truth, function dogmatically and frustrate the conditions of open inquiry that ODE theory and methodology advances. The ODE approach is capable, I shall argue, of generating the necessary decision quality assurance required of decisions made by groups under conditions of uncertainty and risk.

4.3.1.4 Complexity Theory and Complex Adaptive Systems

Complexity theory originated in the natural sciences but is being increasingly utilised in the analysis of social systems because the complexity approach sees no “…duality between man and nature” (Waldrop, 1992, p. 333). Complexity theory literature is still developing. There does not yet exist an unambiguous definition of complexity itself. The complexity approach argues that complex systems mimic organisms in their
behaviour within uncertain ever-changing environments, and that the organism can adapt and change in response to the information that it gathers from its environment (Capra, 1996). This learning occurs through the interaction of individual “agents” (usually non-intelligent or ‘dumb’) who when aggregated as a whole can then display collective intelligence, learning capacity and ability to adapt and even be innovative.

The initial use of this seemingly radical worldview of systems and their evolution in business disciplines is in the field of economics to help challenge neo-classical assumptions and approaches to rationality and the interaction of individuals in society. A growing body of research in the economics literature views economies and economic phenomena as complex adaptive systems exhibiting emergent behaviour (Arrow et al, 2000; Foster, 2000; Pilotti, 1999; Brian, 1994; Miller & Holland, 1991). This development has been replicated in the finance discipline with calls to study financial markets as complex adaptive systems (Mouck, 2000). There is also an emerging and strong argument that extends this concept to viewing individual organizations (firms) as complex adaptive systems, a notion with which I concur (Foster, 2000; Sanchez, 1997; French, 1995). In addition, the management field has also seen an expanding body of research utilising these insights especially in the area of decision-making (Innes & Booher, 1999; Sanchez, 1997; Stacey, 1996; Bettis & Prahalad, 1995; van de Water & de Vries, 1992).

4.3.1.4.1 Key Features of Complex Adaptive Systems (CAS)

1. Systems are complex if there are a large number of independent “agents” interacting with each other in a great many ways e.g. billions of interconnected neurons that make up the human brain or the many (millions/billions) of mutually interdependent individuals that make up a human society.
2. The richness of these interactions allows the system as a whole to undergo *spontaneous self-organisation*. The example in economics is the collective interaction of individuals who in their myriad buying and selling acts to satisfy their own material needs thereby construct a system known as an economy or even flying birds that adapt to their neighbours, unconsciously organising and creating a flock. The important point is that this happens without necessarily anything or anyone being in charge or consciously planning the outcome. These groups of agents effectively transcend themselves and acquire collective properties that could be classified as life, thought and even purpose that they might never have possessed or exercised individually.

3. These complex self-organising systems are *adaptive* in an organized sense actively turning events and occurrences to their own advantage effectively responding to feedback, changing their actions and learning from experience. Species evolve for better survival in changing environments and in the social sphere so do corporations, industries and societies.

4. These systems behave in a *dynamic* way but do not display chaotic tendencies. They are not static complex objects such as “…computer chips or snowflakes, which are merely complicated. Complex systems are more spontaneous, more disorderly, more alive than that.” (Waldrop, 1992, p. 12). Holland (1998) refers to this as the hallmark of “emergence” where much can emerge from little. Emergence is the idea that simple elements operating under a limited set of simple, straightforward rules can somehow through trial, error and interaction produce persistent and systematic patterns quite different from the original. Agents that can operate, collect and incorporate resources and generate new variants are the ones that create systems more likely to adapt and survive: those that cannot or do not effectively become extinct. The system as a whole becomes increasingly competent and adaptive.
5. Finally, systems that display these complex adaptive elements operate on the edge of chaos. “The edge of chaos is where life has enough stability to sustain itself and enough creativity to deserve the name of life” (Waldrop, 1992, p. 12). The environments in which these systems find themselves are unstable but not totally chaotic. Chaotic systems do not produce lasting productive patterns because very minor changes can create system-wide distortions, turbulence and very intricate behaviour. However very stable environments only create equilibrium situations in which change rarely occurs and, if major changes do occur, adaptation is highly unlikely because it is not the norm. The edge of chaos enables systems to change activity patterns, challenge the status quo and perform at higher levels because the components of the system never get locked into place nor quite dissolve into extreme turbulence. This of course presupposes that the “agents” in the system are effectively networked and share the information flows about what is occurring around them in their environment.

4.3.1.4.2 Critique of CAS in Management Literature

The most relevant example for this thesis is in the management literature—because it incorporates both complex adaptive systems and the Habermasian communicative rationality approach—is the article by Innes and Booher (1999) on developing effective consensus amongst stakeholders in long-range planning decisions. The article focuses on the construction of more effective decision-making. Innes and Booher argue that the use of consensus building as a way of negotiating outcomes amongst stakeholders, faced with complex and controversial planning and policy tasks, can be effective if it results in agreement and action through a connecting and communicative process with others, allowing for ways to cope with uncertainty and rapid change(s) in contemporary society.
This can be better achieved, so they argue, by employing the insights from complexity theory and (Habermasian) communicative rationality. They argue that a set of process and outcome criteria that they have produced can be used in a way that minimises power, requires relevant information to be shared openly and equally and allows for the building of trust and shared understanding. This process can then be used to produce increasingly sophisticated solutions to complex planning tasks and thereby “…people can trade self-defeating patterns of conflict for ones that empower them to engage in adaptive and rewarding actions.” (Innes and Booher, 1999, p. 422).

I have several concerns with the Innes and Booher approach. The first is that their argument relies on the need to develop *shared understanding and consensus* amongst stakeholders. This is the same failing, I would argue, that applies to Habermas’ theory of communicative action in that there is little room for thoughtful resistance or well-articulated alternative decision outcomes that could function as a kind of fallback mechanism should the group endorsed decision prove, in the light of subsequent experience, to be inadequate. I would argue that even an agreed mid-point or compromise position adopted as a psychologically motivated trade ignores the epistemic cost that such a trade necessarily incurs. My own solution will not be seeking, nor will it necessarily deliver, converging views. Finally, there is no mechanism available to prevent the too-early development of an ‘alpha argument’ (de Reuck et al, 2002, p. 145). This is an argument—see later section for details—that, through its early emergence in the course of the inquiry develops a momentum of group support which later more thoughtful contributions prove incapable of resisting. In other words Innes and Booher do not allow for both divergent as well as convergent thinking in their proposed criteria for consensus building. Their methodology is less able to cope with, or even identify, what could possibly be emerging commitments to failing strategies.
The final note of caution I have is that the complex adaptive systems (CAS) approach in the diverse disciplinary-based literature to date mainly emphasises material from the natural sciences and does not have a clear explanation for the interaction of intelligent “agents” acting consciously for change. It also focuses strongly on the adaptation, learning and successful evolutionary nature of the CAS process, which means it implies that mere survival in the game is in itself a “good” outcome. The central and valuable intuitions the debate embodies, involving on the one hand, as they do, a concern about excessive stability and predictability with its concomitant bias against change and adaptability while, on the other, the recognition that complex-adaptive elements operate on the edge of chaos, correctly identify the two key challenges a collaborative decision-making methodology faces: providing decisive outcomes while still maintaining adaptability. Where the debate is deficient, however, is in the crucial arena of epistemology. The dynamism that the system requires to make it self-correcting is without a theorised decision search strategy. It is precisely here where the epistemic limitations of the socio-biological terminology reveal themselves most that ODE theory delivers, I believe, the required decision search strategy.49

The normative critical dimension that finds expression in the notion of self-correction must be articulated within both a naturalistic and a methodologically sound conception of group inquiry and processes. Such a relativistic approach to group inquiry requires theorists to accept a disequilibrium model of rationality and not the usual neo-classical economics self-interested, utility maximisation viewpoint of what is rational human behaviour. Decision vindication and validation is achieved when collaborative social inquiry is subject to carefully thought-out procedural constraints.

49 Complexity theory and the notion of complex adaptive systems is incorporated into ODE theory via the key concept of CCCA—continuous, conscious, collaborative adaptation. This is explained more fully in chapter four.
4.3.2 ODE Procedural Methodology

In this sense the epistemic debate does operate on “the edge of chaos” in so far as the stability generated by the commitment to the majority ‘best option’ position remains tensioned by the presence of the decision alternatives, which anticipates the possibility of a new round of decision-making. This occurs at the earliest signs of well-grounded doubt concerning the decisions taken; preventing unforeseen commitment to what could ultimately be failing strategies.

Thus stability and adaptability are fused procedurally when governed by an ODE methodology. An epistemically informed procedural pathway pragmatically determines, under the constraints above, a maximally self-correcting process of decision-making. It is important to note at this point that “the edge of chaos”, thus interpreted, is affected within a disequilibrium conception of rationality in whose field a group initiated search program is procedurally realised. This decision methodology should, with due regard for the domains of responsibility, be cascaded down throughout an organization’s successive layers of deliberative and decision-making functions. See figure 4.1 on the next page for a diagrammatic representation of the proposed decision-making model.
Figure 4.1 ODE Procedural Methodology

Phase One
- Doubt and Analysis
  - Vindication criteria
  - Decision review
  - Monitoring internal and external environments
  - Targets achieved?

Phase Two
- Minimised Power
- Self-interest and Ego
  - Argument based discourse
  - Force of ‘better argument’
  - Constructive Conflict
  - CCCA
  - Co-evolutionary

Phase Three
- Decision Implementation and Commitment
  - ‘Best Option’ decision
  - Keep decision alternatives
  - Authentic commitment
  - Mutual trust
  - Authority and responsibility

Phase Four
- Decision Monitoring and Adaptation
  - ‘Best Option’ decision
  - Keep decision alternatives
  - Authentic commitment
  - Mutual trust
  - Authority and responsibility

4.3.2.1 ODE Procedural Stages

The stages that ODE utilises is not that different from other decision-making procedures used either individually or collectively—as in de Reuck et al (2002, 2000, 1999)—but it is I would argue more refined and intellectually legitimate than the others. There are four main phases that are an essential part of an ongoing circular and recursive method as illustrated in figure 4.1. These are explained below to provide an overall ‘snapshot’ of the whole decision-making process. Additional clarification and analysis of the details, essential components and perceived group problems is then provided in the final sections of the chapter.

There are similarities in the adapted Holloway model when compared to the Cowan (2004, p. 56) model and the de Reuck et al (2002, p. 114) model. The primary one is that each model is a circular, recursive and organizational learning process. Each model also incorporates four primary phases in the decision-making process: environmental analysis; decision selection; decision implementation and monitoring; and, decision review (in other words the effectiveness of the decision in reaching its stated goals).

The Cowan model however emphasises the importance of organizational ‘control’ (2004, p. 55) and still views the process as primarily a senior management task and role. It does not countenance a participative decision-making process. The de Reuck et al model also focuses on the primary decision area of strategic planning and although it advocates the use of groups/teams these are also exclusively drawn from within the managerial ranks of the organization.

The main contributions of the adapted model as envisaged within this thesis are fourfold in nature. The first is that the decision-making process is cascaded down through an organization: individual positional authority and responsibility is no longer so predominant. The other elements incorporated—and therefore the distinctive
contribution that this model makes to the literature—have resulted in this model differing from Cowan and de Reuck et al in three additional areas. Each of these is explained in detail in the following sections of this chapter. The first is the use of the concept of constructive conflict; the second is the notion of continuous, conscious, collaborative adaptation; and, the third is the idea of a co-evolutionary decision construction process. The end result is the combination of a bottom up and top-down set of decision-making procedures. These concepts are also analysed further in the subsequent two chapters of the thesis within the context of implied changes to organizational culture; leadership; management mindsets; and, employee/staff mindsets.

4.3.2.1.1 Phase One

The first phase of the adapted model commences in one of two ways. There is either a need to revisit previous decisions or a need to resolve a new scenario facing the organization at whatever level within the corporate entity that occurs. Both are driven by the Peircean notion of doubt-driven inquiry. This leads to a deep questioning of the current status quo and an identification of a requirement to reassess and resolve the situation facing the organization.

This initial analysis can be carried out in several ways depending on the extent and seriousness of the decision facing that part of the corporate entity. If the situation warrants a major review or decision then the classical use of SWOT (identification of strengths, weaknesses, opportunities and threats) analysis can be used. Brainstorming; cognitive mapping; and, decision support software analytical mapping can also be utilised but it could as easily be a simple group discussion of the current organizational conundrum. This can only work if information is shared openly and equally throughout the organization. The situation that Wheatley describes below has to be avoided:
We have no desire to let information roam about promiscuously, procreating where it will, creating chaos. Management’s task is to enforce control, to keep information contained, to pass it down in such a way that no newness occurs. Information chastity belts are a central management function (emphasis added). The last thing we need is information running loose in our organization…

But if information is to function as a source of organizational vitality, we must abandon our dark clouds of control and trust in its need for free movement, even in our organizations. Information is necessary for new order, an order we do not impose, but order nonetheless. All of life uses information this way (Wheatley, 1999, p. 97).

In the end the objectives, targets, aims and risks are finally clarified to the satisfaction of the group thereby providing a common focus for the collaborative melding of minds to construct an agreed decision solution. This first high level phase can be short if the ‘problem’ is not a major one. If it does have significant strategic import then this could take significantly longer particularly if external analysis is also deemed to be a necessary input to and part of the process.

4.3.2.1.2 Phase Two

This phase requires the group members to draw upon their collective experience and problem resolving capabilities that enables the identification of a series of decision alternatives that can be brought to bear on the current situation. This is a particular strength of ODE because it enables collective as opposed to individual creative forces to be unleashed. This will inevitably provide a richer depth of analysis and meaning in a Latourian sense of a seamless web of a ‘translation network’ to the organizational ‘problem’.

During this phase the use of the Habermasian force of ‘better argument’ comes to the fore and this has to be done in a way that enables different voices within the group to be heard and acknowledged. There is no silencing of voices. The communication channels between the group members must remain open and operationalised in what I term the effective use of ‘constructive conflict’ in which dissent, divergent views and alternative views are encouraged and even rewarded to help develop sets of decision
options. Debate is open, vigorous and challenging. This group process is co-evolutionary and also applies a concept that I have labelled as continuous, collaborative, conscious adaptation (CCCA).

4.3.2.1.3 Phase Three
The next phase requires the group of inquirers to select what is felt to be the ‘best option’ decision without discarding any of the decision alternatives derived during the debating phase. It is vital that the group also decides on a set of agreed criteria to both rank and then evaluate (vindicate) the success or failure of the various decision options available for selection. These criteria can be any combination of quantitative and qualitative factors sufficient to allow such a determination to be made.

The procedure for such a ‘best option’ choice does not have to be through a total group consensus. It is sufficient for this to be accepted as a simple majority vote—if a vote becomes necessary. It is a fallacy to expect that there should be group consensus: in fact such an expectation can lead to sub-optimal decision-making. It is important though, if there is not a consensus that the members of the group accept, that there is now a commitment to the selected decision option such that:

The minority who might remain unconvinced of the choice made by the majority are obliged by a notion of cabinet responsibility, accepted at the outset of the procedures by the entire group as a condition of good faith, to pursue its realisation with the best will possible (de Reuck et al, 2002, p. 145).

Embedded within this approach is that the group also accepts the responsibility as well as having the authority for constructing the final decision outcome. This means that later on if required they accept a collective ‘blame’ for any negative or harmful results for the organization. This will only work if it is based on the premise that there is a prevailing belief and set of values that the best learning in an organization occurs through the making of mistakes which is then taken into account in subsequent
decision-making. A culture of fear and retribution cannot be allowed to exist. Instead a thoughtful degree of risk-taking is encouraged. This will only work if there is mutual trust, mutual respect and openness—in addition to open information flow—from top to bottom within the organization.

4.3.2.1.4 Phase Four

The final phase involves the monitoring of the implemented decision using the set of previously agreed criteria which effectively *vindicates* the ‘best option’ decision. This review is best carried out by those group members who formed part of the minority view if there had not been an initial consensus on the final decision. In this way the selected decision will be given the closest scrutiny. It is a critical component in ODE methodology.

This is usually the part that is often overlooked in other decision-making methodologies because it may well surface an ongoing problem with a decision. In an individually oriented senior management decision-making process that means the person responsible may no longer be associated with success which can naturally be seen as detrimental to further career advancement. In traditional hierarchical organizations there is often a prevailing fear of failure. This is because of perceived disastrous consequences for an individual when things go wrong. This is usually reinforced by what has actually happened to other people in the organization in similar scenarios. That thinking is not relevant within the proposed ODE procedures.\(^{50}\)

Taking a lead from Peirce decisions, once reached and taken by the group, are settled only until confronted again by well-grounded doubt emerging from the decision verification processes put in place to monitor the consequences of previous decisions.

\(^{50}\) For this to hold true would require explicit validation by senior management. This issue is dealt with further in chapter four when analysing changes to corporate culture, leadership and managership.
Doubt in the form of failed expectations drives inquiry, in so far as it unsettles previous decisions, thereby motivating a new process of inquiry aimed at deriving new, and more effective, decision outcomes. These new decisions then have to be evaluated in terms of the degree to which they address the shortcomings of the prior decisions they will be replacing.

Thus, the ‘best option’ decision remains in force whilst there is an ongoing low level monitoring of internal and external environments relevant to that organization. The final question(s) asked are whether the targets, aims and objectives agreed to in phase one have been achieved. If the answer is in the affirmative then as Peirce advocates an organizational status quo now remains in place unless an appropriate level of ‘doubt’ surfaces or a significant trigger is raised by internal and external environmental monitoring. If that happens than the circular, recursive element of ODE methodology is activated and phase one is recommenced.

4.3.2.2 Additional ODE Procedural Elements

There are also additional considerations that need to be taken into account in operationalising a group decision-making methodology. Firstly, I would not endorse a requirement that debate over various decision options proceed until a full consensus agreement is reached. Such a demand usually functions coercively. There will always be though, at the point where perceived opportunity costs outweigh the perceived value of further inquiry, the need to make a timely decision. A simple or special majority voting mechanism can trigger this decision but this temporal pressure cannot be seen to be prematurely foreclosing on other well-justified minority positions. A truth-driven, zero sum logic has no place here. Future exigencies might prove the majority decisions taken to be unfortunate ones and the minority views forged in the cooperative enterprise of reaching good decisions could then come into their own.
I argue that diversity of opinion is vital to good decision-making and in the context of vigorous argumentation the opinions not selected by the consensus mechanism still warrant preservation. The availability of these discarded decision options (of alternative but rigorously argued decision options) is what lends the potential for adaptability of the actual decisions taken. Using a pragmatically conceived procedural rationality allows the debate to continue until the moment of decision is reached at which point the chosen judgments (made under the simple/special majority voting mechanism) become the ‘best option’ decisions of which that particular group of inquirers is capable. The decision point always remains context specific and introduces a notion that I have termed “rational luck” (analogous to the “moral luck” of ethical theorists). Rational luck refers to the unknown future utility that a debate beyond the decision point might have delivered. It also marks the non-epistemic nature of the cost benefit pressures that lead to the termination of a particular debate. This again stresses the importance of preserving the canvassed, but not ultimately accepted, thoughtful views of minority positions within the team/group.

Decisions of course can be justified by standards other than epistemic, for instance they may variously satisfy legal or moral standards. So a decision can be legally justified but not epistemically justified. ODE theory thus delivers epistemic quality assurance subject only to the voluntary limitations groups impose upon themselves as they determine the standards of legal or moral justification they wish simultaneously to satisfy. Government secret services, one imagines, would set extremely low standards.

51 This does assume that a senior manager—if part of a minority held doubt about an important decision—is provided effective protection for any need to ‘lay blame’ as part of the group’s shared authority and responsibility if the majority decision should prove to be incorrect. This is particularly so if that decision has negative consequences for the organization. An effective counter to this need to look for individual decision ‘scapegoats’ will have to be part of the organizational reframing process that is detailed in chapter four.
for moral and legal justification in their pursuit of maximally epistemically justified decision outcomes.

The debate that will determine the selection of these decisions must meet, I feel, Grice's four pragmatic demands for the processing of judgments (Grice, 1975). These are that judgements must be maximally relevant, truthful, informative and perspicacious. If these demands are met (with the notion of being ‘truthful’ replaced by that of being ‘epistemically justified’) then the decision outcomes should be of maximum epistemic value to the group and the organization. To ensure that the human capital of the inquiring group is fully optimised the processes of inquiry should be constrained by the requirement that all members of the group accept their personal cognitive fallibility, respect all views advanced, while recognising as the only authority that of the Habermasian call for the prevailing of the ‘better argument’.

4.3.2.3 Constructive Conflict (CC)

The use of constructive conflict is another of the conditional imperatives if the ODE approach is to work effectively. Section 4.3.3 explains in detail a range of concerns that are associated with problematising the group decision-making process. If constructive conflict is used as intended most of these negative issues dissipate naturally.

As stated earlier in the four phases of the ODE procedures it is vital that debate and argument is enacted in a way that is an enabling force. Debate to be effective needs to allow for the full and robust canvassing of issues and decision alternatives without being restrained by the niceties of striving at all costs for consensus and calls (falsely) for organizational unity and loyalty. Sonnenfeld (2002) in his study of boards of directors argued that it is not rules and procedures that make groups robust effective social systems but the way people work together. Central to that is what he calls the fostering of a culture of ‘open dissent’:
Perhaps the most important link in the virtuous cycle is the capacity to challenge one another’s assumptions and beliefs. Respect and trust do not imply endless affability or absence of disagreement. Rather, they imply bonds among board members that are strong enough to withstand clashing viewpoints and challenging question.

I’m always amazed at how common groupthink is in corporate boardrooms. Directors are, almost without exception, intelligent, accomplished, and comfortable with power. But if you put them in a group that discourages dissent, they nearly always start to conform. The ones that don’t often self-select out...the highest performing companies have extremely contentious boards that regard dissent as an obligation and that treat no subject as undiscussable (emphasis added)...it should be noted that skepticism [sic] and dissent don’t constitute disagreement for its own sake but rather are the by-product of a constantly evolving view of the business and of the world (p. 111-112).

This type of robust behaviour should be viewed as ‘healthy’ rather than being marginalised in favour of presenting a supposedly united front to the world such that internal dissent is shut down. However, I prefer to use the term constructive conflict (CC) rather than open dissent as advocated by Sonnenfeld. This connotes a more positive notion of what is being called for in ODE.

Open dissent implies the possibility of mere negative thinking and argument without real contribution to a negotiated agreement and solution set for the issues and problems facing the group. Instead CC requires that group members accept a charge to be proactive in the open debates and discussions. This means each person if ‘dissenting’ is obliged to come up with their own proposed decision alternatives under the Habermasian aegis of the ‘force of the better argument’. Such debate continues ‘constructively’ until an agreed position is reached as to which is the ‘best option’ decision available from the range of decision alternatives available to this group of inquirers. Of course it is also possible that this is not in a true sense the optimal decision—another differently constituted group of inquirers may well come up with a ‘better’ epistemic decision outcome—but it will under these procedurally-driven conditions be the best that this particular group can deliver.
4.3.2.4 Continuous Conscious Collaborative Adaptation (CCCA)

This is another conditional imperative of ODE theory and a number of elements are combined in the notion of CCCA. The first of these is the term ‘continuous’. This is relatively simple to clarify. It takes into account the proposition that the world, both social and corporate, is a chaotic and turbulent environment and the stability that existed in the post-second world war period no longer applies. As Entrekin et al put it “the 1970s was a relatively stable environment in which bureaucracies worked reasonably well” (2001, p. 21). I would extend that claim to include the 1950s and 1960s. Now uncertainty is everywhere. Business cycle times\(^{52}\) have also reduced significantly. As a result decision-making processes must incorporate the need to continually be in motion. Even if the Peircean notion of doubt-driven inquiry has not triggered a specific round of decision-making activity then there is still need for ‘continuous’ monitoring of the internal and external environments confronting the corporate entity.

The second—conscious adaptation—is an evolution of complexity theory and the concept of complex adaptive systems. As stated earlier in this chapter there is a need for a:

final note of caution I have is that the complex adaptive systems (CAS) approach in the diverse disciplinary-based literature to date mainly emphasises material from the natural sciences and does not have a clear explanation for the interaction of intelligent “agents” acting consciously for change (p. 142).

Complexity theory explains system adaptation and survival through a process of non-thinking interaction amongst many individual ‘agents’ that when aggregated gives the ‘whole’ an ability to develop collective intelligence and learning capacity allowing for successful innovation and adaptation. My proposition is that the use of group creativity as envisaged by ODE theory enables both an intelligent and conscious process of

\(^{52}\) Entrekin et al state that cycle time “…refers to the length of time it takes to create and produce a product or service; it is a relatively new term in the lexicon of globalization” (2001, p. 21).
adaptation and organizational learning that can go beyond mere survival in the larger economic game of corporate life. It has through the use of ‘conscious adaptation’ the ability to respond proactively in both the ‘fitness for purpose’ and ‘fitness of purpose’ dimensions of corporate existence.

The last term that makes up CCCA is collaborative. This acts as a counter to the claim that individual senior managers with appropriate ICT decision support software and exclusive access to and control over information flows are best suited to make efficient and effective organizational decisions. By using collaborative processes the collective whole is effectively greater than the sum of the individual actors and actants. Greater mental processing power and attention is brought to bear on the situation. The aim of the group is to combine “…the elements of a conspectus of the problems and convictions that individuals have the opportunity to share, in a controversy or discussion” (Moscovici and Doise, 1994, p. 72). This socio-cognitive process identifies the differences between different points of view then clarifies and integrates them at a higher level. The result is a transformation of the individual views into a social representation of the group as part of a collective discussion and negotiation. Asch refers to this as:

Social action requires that the individual participant be capable of representing to himself the situation that includes himself and others. These individual representations contain, in cases of fully-fledged interaction, a reference to the fact that the others also possess the corresponding view of the situation. These similar and mutually relevant representations in individuals provide the equivalent of what group mind theorists sought and individual psychologists denied (1959, p. 371).

This collaborative process allows for two positive effects. Rigorous debate, controversy and constructive conflict help to reshape the arguments and representations of the individuals to give a higher-order level of analysis to the organizational situation and the problem-solving solution set that is ultimately forged by the group. The second
enables the internalisation by members of the group that allows for enhanced commitment to and acceptance of the decision outcomes so constructed.

Thus constituted the differing components of CCCA which when combined helps to deliver an epistemically robust ODE group decision-making methodology. The next section analyses the last set of insights that have informed the development of ODE theory and its accompanying methodology.

4.3.2.5 Decision Evolution and Appreciative Inquiry (AI)

The term co-evolutionary was used as part of figure 4.1. This is derived from the contributions of writers and consultants to a viewpoint in which decision-making and change management is seen as an evolutionary process from within an organization involving large groups of people. As Coppprider and Whitney argue:

Appreciative Inquiry is about the coevolutionary search for the best in people, their organizations, and the relevant world around them. In its broadest focus, it involves systematic discovery of what gives “life” to a living system when it is most alive, most effective, and most constructively capable in economic, ecological, and human terms...human systems grow in the direction of what they persistently ask questions about and this propensity is strongest and most sustainable when the means and ends of inquiry are positively correlated. The single most prolific thing a group can do if its aims are to liberate the human spirit and consciously construct a better future is to make the positive change core the common and explicit property of all. (Cooperrider and Whitney, 2005, pp. 3-4, emphasis in original).

There are a several hundred publications (academic and professional) beginning in the late 1980s in this burgeoning approach to decision-making that views organizational life as an adventure and a challenge to the usual top-down problem solving orientation of traditional corporate entities (Appreciative Inquiry Commons, 2005a, 2005b). This large group approach was even used to help the United Nations to construct its Global Compact principles and start off its corporate citizenship agenda (Appreciative Inquiry Commons, 2005c).
The positive part of this story that is relevant to ODE is the call for change and decision-making to be co-evolutionary—a bottom-up as well as top-down approach. It is necessary for the people within corporate entities to be intricately involved in the creation and ongoing adaptation of organizational life. Therefore effective working in groups is central to this proposition and is incorporated within ODE.

A note of caution is necessary here. This paradigm of inquiry focuses more on large group interaction as well as one-on-one interviews with employees as an integral part of its procedures. I have had personal experience of an AI large group day when this methodology was used at Tertiary Institution for all academic and administrative staff in the then Division of Business, Technology and Law. It was a negative experience. The newly appointed Executive Dean of the Division hired two consultants to use AI as part of a strategic planning day for the Division. The experience was ultimately a negative one: the day (in April 2001) progressed quite well but the resulting outpouring of thoughts and positions both negative and positive were not acceptable to the existing power structure within the Division and the University. The final report did not come out until several months later and was then viewed as both inauthentic and a waste of time by many of the staff involved (Holloway, 2001). I would argue that small group decision-making—as is the case with ODE—with appropriate authority and responsibility is a more robust procedurally-driven methodology.

It is important within organizations to also address issues such as the elite power structures; the existence of unhealthy levels of self-interest; and, an imbalance of ego at the senior executive level before real change can occur. This was evident in the case outlined immediately above. It is a topic that is analysed in greater depth in chapter four as part of a reframing process of organizational culture. However, the next section deals with the more immediate problematic elements of group decision-making.
4.3.3 Problems with Group Decision-Making

It is necessary at this stage to surface problems that have been identified in the literature with the whole notion of working effectively in groups. Opponents of the idea of collaborative decision-making usually advance these as prime reasons for why such an approach will always fail and why it is necessary to maintain managerial hegemony over organizational decision-making if decisions are to be made in a timely and efficient way.

4.3.3.1 Alpha Argument Dominance

There remains a pragmatic danger that is present across the procedures of ODE theory and methodology. The danger is that the necessary degree of investigative deliberation essential to the enhancement of the epistemic value of all decision options could be lacking. This tendency to prematurely acquiesce to the dominant position within a group flows from the too-early emergence of what de Reuck et al (2002, p. 145) term the ‘alpha argument’. They argue that:

…as debate about decision options unfolds, its early patterns of coherence and cohesiveness derive chiefly from the structuring of the conversation that comes largely from its logical sequencing. The first emerging argument, as it unfolds, tends to build up a momentum of commitment within the group that can develop its own momentum. Objections to this ‘alpha argument’ often appear to be weak or ill developed partly because of the time frame normally allowed for intervention.”

These alternative arguments can effectively be discarded by the group at too early a stage because they are in effect challenging this ‘momentum of commitment’ that has been marshalled behind the emerging alpha argument.

Intervention can thus be left too late to be effective in challenging the general line of alpha-argumentation. Thus patterns of domination, grounded paradoxically in the nature of argument itself, function to silence the diversity of opinion and healthy disputation that ODE theory relies upon. Constraints of time continually exacerbate this problem. This may explain the barely suppressed irritation that challenges will evoke.
towards the end of decision-making sessions (de Reuck, 2002, p. 145). The later in the decision-making sessions that this opposition emerges, the less likely it is to be taken seriously. A general requirement for intervention across all phases and processes then becomes necessary. One way out is to break up into even smaller groups and allow each group independently to advance their most thoughtful conjectures thereby liberating diversity by introducing counter arguments already well formulated into an investigative arena not yet dominated by an alpha argument. It may also be necessary to institute a procedure of re-constituting the small groups at any subsequent decision-making timeout breaks thus preventing self-constituted interest groups from forming.

4.3.3.2 Acceptance of Group Decisions

In addition, the submission of the individual to the binding decision of the group for which all members take joint responsibility must be voluntary. It must be affected only by the individual recognition by members of the group that the procedures that make up the ODE methodology generate outcomes that are the most democratically just achievable. At the same time decision outcomes are selected solely on the basis of the most justified arguments that participants are capable of advancing at the time. The decisions reached, while decisive, remain responsive to the possibility of being replaced by new decisions should they prove ineffective. Since decision alternatives—positions advanced by members of the group but not endorsed by the majority—are preserved then no member of the group need anticipate their business judgments or concerns being dismissed arbitrarily. On the contrary, judgments not endorsed by a consensus mechanism are held for possible later resurfacing as an explicit requirement for decision adaptability.
4.3.3.3 Inauthentic Group Interaction

The alpha argument conundrum can also lead to the problem of groupthink first identified by Janis (1972) in which group decision-making can result in poor decisions. This is because of the perceived need by the group to maintain cohesion though the reduction of conflict by pursuing the goal of concurrence and consensus seeking outcomes. It occurs due to the social pressures that can arise when the aim is to make decisions efficiently (in other words quickly and expeditiously) as well as the desire to avoid conflict and thereby ensure (falsely) constructive decision outcomes. The way to overcome this tendency is to actually reward divergent thinking and alternative arguments in addition to the use of constructive conflict. This can be achieved through diverse techniques such as encouraging and rewarding counter arguments; seeking outside comment—such as the use of Delphi studies; using multiple advocacy; and, engaging in dialectical enquiry whereby underlying assumptions of the problem are identified and challenged (Baker et al, 2002, p. 333). Increased group diversity under process rules that prevent silencing manoeuvres constitutes the strongest counterweight to groupthink tendencies.

There is another key concern that needs to be guarded against here and that is the notion of group and individual decision extremity. As Davis and Hinsz argue:

Whether members change before or after group decisions alone, the possibility of increased extremity in individual opinion excited considerable attention during the past decade. Called, perhaps inconveniently, group polarization, such an effect of group discussion ran counter to conventional wisdom, which as, we noted above, implied that group decision propositions should be moderated relative to the initial distribution of individual preferences. The group polarization effect was identified by Moscovici and Zavalloni (1969) who observed that French university students sometimes displayed more extreme attitudes following discussions than they had prior to interaction. Originally associated with attitudes, this polarization effect has more recently been observed to apply to a wide range of judgement and decision tasks (1982, p. 9, emphasis in original).

This is another version of concern about the often overwhelming drive towards group consensus. The Moscovici and Doise (1994) deep and thoughtful analysis of collective
decision-making concluded, from the many studies investigated, that inappropriate
decision outcomes can result because of this tendency towards extremism or polarised
positions rather than agreed compromise and mid-points selected from diverse and
vigorously argued viewpoints.

Moscovici and Doise identify two specific ways to overcome this particular problem.
The first is:

On the one hand, it is by lessening the pressure to conform that spontaneity arises
between two individuals when a group is constituted. In this way the members discuss
by exploring all alternatives and every piece of information, creating new ones and
opposing one another without being too worried about others’ reaction (1994, p. 176).

The second way of encouraging:

…divergent thinking is by the presence of a minority participating actively in the
group’s discussions. This is a comparatively natural means for use in decisions
leading to a consensus, since it arises solely from the obligations to respect one of the
essential conditions. These assume in fact a state of equality between members of the
group. This means the majority recognizes the right of the minority to express itself,
and will set very great store by its opinions; otherwise the agreement arrived at would
be worthless (1994, p. 177).

This helps to develop real synergy within a group in which two plus two equals more
than four by getting real access to the diverse range of thoughts and skills available
within such settings. It enables unexpected connections and insights to develop fully
and the resulting collective creativity means that the group as a whole produces much
more that the members could have done as individuals.

4.3.4 Effective Groups

At this point of the thesis it is important to draw together the main components of ODE
methodology that have been explicated in the previous sections to compile what is
effectively a checklist of the effective behaviours of well-functioning groups/teams.
This also a synthesis that has been informed by the work of several writers on group
decision-making processes (Baker et al, 2002; Tryson, 1998; Neck and Mainz, 1994;

The common elements in ODE methodology start with communication. This is a shared two-way process with honest expression of ideas, arguments, feelings and emotions by all. Leadership is shared and dispersed amongst all group members who participate as equals in the debates and discussions.\(^{53}\) Passive followership plays no part in group deliberations.

The quality and effectiveness of the collective decision-making deliberations are improved by the productive use of individual and group creativity. Personal development that enhances interpersonal effectiveness and self-realisation are actively encouraged. Group cohesion—that avoids the trap of groupthink—is pursued through inclusivity rather than exclusivity. This means that all genuine participatory activity is accepted under conditions of mutual trust, respect, openness, fairness and support with no silencing of dissenting voices. Social loafing is avoided assiduously.\(^{54}\)

Finally, through the active encouragement of the concepts of CC and CCCA, controversy and conflict are openly accepted and interpreted as positive opportunities for full involvement leading to both individual and group learning. Divergent rather than narrow convergent thinking is rewarded.

One final comment is necessary here. All the personal skills, abilities and procedural elements that that have been detailed in the second half of this chapter do not always exist naturally in group members. If they are not innately present then they have to be

\(^{53}\) This is covered in greater depth in chapter five on reframing leadership and management within an ODE theoretical framework.

\(^{54}\) Social loafing refers to the phenomenon of members operating ‘lazily’ within groups. Some individuals in groups take less responsibility and put in less effort than when they work individually. They act as free riders. The larger the group the more likely that this phenomenon occurs (Baker et al, 2002, p. 328).
developed. This means that there is a fundamental need for effective training and initial facilitation of group members to elevate them to this effective functioning level. They also have to be sensitised to the pitfalls and problems associated with group decision-making. It has also to be acknowledged that not all organizational employees want to or are willing to participate in groups and much prefer to work individually. There is nothing to be gained by forcing members to participate and be involved in this type of organizational structure. They still have to be allowed to be effective functioning members of the corporate entity but in some other capacity without being, or perceived as being, marginalised.

4.3.5 ODE Summary

Any organization, even a highly politicised one, is capable of making paradigm shifts in management thinking to incorporate what has been learnt through extensive research, business experience and consultancy. ODE theory with its collaborative decision-making orientation and Habermasian insight provides a solid platform to legitimise and operationalise such an approach.

If organizations are to reap the benefit from the existing high levels of knowledge/intellectual capital then decision-making should not remain the exclusive domain of specific individuals or very, small elite groups. Effectiveness and not efficiency (falsely perceived as timely) should be the aim of well-constructed decision outcomes. The adaptability and self-organising capability of the workforce requires an inclusive, not exclusive, decision-making methodology to unlock and realise the future potential of the organization.
4.4 Conclusion

This chapter had one primary aim. This was to explicate the key components of ODE theory and its associated group decision-making methodology. The resulting ODE theory is stated as follows:

*Optimal decision-making which a particular group of decision makers can construct in a world of uncertainty and risk is a pragmatic, recursive and democratised process. The process minimises the role of individual power, authority, self-interest and ego. This collaborative approach focuses on the force of the ‘better argument’, utilises constructive conflict (CC) and continuous, conscious, collaborative adaptation (CCCA) and results in the selection and monitoring of a ‘best-option’ decision outcome.*

This theory is based on insights from Peirce and his notion of doubt-driven inquiry; Habermas and argument based discourse; Latour’s actor-network theory; and, complexity theory and its concomitant concept of an organization as a complex adaptive system.

The second section in the chapter started by focussing on two elements impacting corporate existence: *fitness for purpose* (FFP) and *fitness of purpose* (FOP). FFP is where organizations are concerned with continuous improvement to corporate processes particularly decision-making that enables them to fulfil most effectively their twin objectives of profit maximisation and enhancing shareholder value. FOP is best described as corporate citizenship which has strong corporate social responsibility and environmental sustainability elements. These are contemporary extensions beyond the pure private–sector profit motive or public-sector cost minimisation (revenue enhancement) rationales that drive organizational behaviour and existence.
The third section of the chapter focussed on elucidating the ODE methodological procedures implicit in figure 4.1. It identified a four phase set of procedures designed to maximise the epistemic quality and effectiveness of decision outcomes reached in organizational settings. Those phases explain the recursive and pragmatic procedures that were highlighted in figure 4.1. The next part of the chapter explained the two elements of ‘constructive conflict’ and ‘continuous conscious collaborative adaptation’ as conditional imperatives central to ODE methodology.

The chapter finished off with two sections—the first analysed the problems identified in the literature with group behaviours. The second drew together all the earlier elements argued for in ODE theory and methodology to elicit the critical elements of what constitutes effective high quality organizational groups and teams.

This chapter had a ‘fitness for purpose’ dimension because the focal point was on developing a theory and methodology that would deliver more robust and higher quality decision outcomes. In that respect it was procedurally-driven. The chapter concentrated on the ‘new’ in organizational group decision-making. Chapter five has both a ‘fitness for purpose’ and a ‘fitness of purpose’ dimension as it examines in depth the implications of ODE theory and methodology for contemporary organizations in the world’s globalised knowledge economies.
Chapter – Implications of ODE for Organizations and Managerial Decision-Making – Reframing Culture, Leadership, Managership and Followership

5.1 Introduction

This chapter has two primary objectives. The first is to analyse the implications for organizations that implement the ODE approach and procedural methodology: this explores the required changes in the critical areas of culture and ethics; leadership; followership; what I now call managership: and, power and empowerment. The second is concerned with the impact on the four managerial hierarchical decision domains of power and control analysed in chapter two: the possible implications for corporate and internal governance; strategic planning; budgeting and resource allocation; and, change management.

The chapter has two main parts that map to the above two objectives. The first is to critically examine and explicate the level of change necessary within an existing organization to maximise the potential benefits associated with ODE theory and its accompanying methodology. I would argue that the best organizational outcome involves a quantum level of change, this of course raises the Miller et al (1997) dilemma—such a depth and breadth of change is very difficult to achieve and sustain. The extant management and accounting literature with its prescriptive edge limiting organizational power, authority and decision-making to senior management requires radical alteration and a shift in focus if effective participative governance is to be adopted. It will be argued that the new reframed approach involves employees from the commencement of the organizational decision-making cycle, by permitting and encouraging active involvement, full participation in and real ownership of the process.

55 The quantum level that I refer to you here involves major changes to organizational culture, leadership, followership and the management mindset within a particular organization.
This acts as an effective counterfoil to many of the shortcomings of management such as “…failing to communicate a vision, planning problems, not matching vision with processes, not being committed…failing to lead by example, demonstrating inconsistencies of attitudes…” (Waldersee and Griffiths, 1997, p. 10).

It is of course open to current organizations to make a minimum adaptation to the ODE approach in which the teamwork and participation implicit within the proposed methodology is only utilised at the senior and possibly middle management levels—the Sonnenfeld (2002) approach when arguing for the use of ‘teams’ within an organization’s governing body boardrooms. In this scenario there will at be some positive benefit(s) gained by the organization. However, this will not unleash the full potential of the rest of the organizational workforce and it has the potential to be ‘captured’ and subsequently manipulated by senior management elites who would merely use ODE (and its participative language and framework) as a cynical process and discourse for maintaining their existing levels of power and control.

Therefore, the first part of the chapter advocates a quantum change in the areas of culture, leadership, followership, managership, power and empowerment. Unlike chapter three this then has an internal fitness of purpose (FOP) dimension56 in which the organizational decision-making approach is radically altered and power and ethical relations shifted substantially. It will naturally be easier to operationalise this reframed approach within a newly formed organization since there will be no existing patterns of (negative?) behaviour and power relations that need reshaping.

56 This goes to deep issues such as the fundamental sets of values and beliefs that inform the strategic direction and development of the organization which is not then top-driven by senior management. It is also a sensitising process to what is happening in the wider societal exogenous factors that are questioning the external FOP dimension in relation to such notions as sustainable business and corporate social responsibility and corporate citizenship.
Incorporated into the first part of the chapter are the perceptions and reflections gleaned from the semi-structured interviews with the fifteen participants from across the Tertiary Institution organizational community. As is evident from the list of questions detailed in Appendix 1 they were asked questions about leadership, followership, management and culture—in addition to strategic planning—not only in the Tertiary Institution context but also in a wider more generic organizational context. These participant responses are interwoven into the analysis as well as my own autoethnographic insights and perceptions.

The second part of the chapter goes on to assess how these changes will transform the four decision-making hierarchical domains of corporate governance; strategic planning; budgeting; and, change management. This part culminates in a case study of the change process that resulted in the creation of the Murdoch Business School. This is an organizational story of the problems (failures?) that arise when a top-down approach is utilised in the change management process.

5.2 The Dilemma of Participative Decision-Making

There is a need to change focus in the corporate governance reform debate. I am advocating a significant change in the existing management approach—internal governance—towards a participative and facilitative style of decision-making as a positive and real step in the reform process. This would result in an organizational shift away from senior executive managerial hegemony to direct involvement by other organizational actors in the decision-making process.

5.2.1 A Positive Proposition

In the European context Goodjik (2003) posits a stakeholder model of collaboration with management that extends throughout the organization and is not limited to governance and strategic planning issues. He argues: “The stakeholder model assumes
a partnership between management and stakeholders, a partnership seen as a real dynamic and changing process of dialogue” (2003, p. 225). The major stakeholder groups to be directly involved would be employees and shareholders. This would enhance internal governance procedures and act as a precondition for good corporate governance allowing for more effective value creation for the firm.

I argued in a paper (Holloway, 2004a) for a slightly narrower approach in that employees/staff can be involved closely in the strategic planning process and the operational decision-making areas in both the public sector and the private sector. In that study of University strategic planning I called for a move that would ensure that “…decision-making powers are cascaded down through the layers of the organization” (2004a, pp. 481-482). The result is an inclusive, not exclusive, decision-making methodology that taps into the adaptability and self-organising capability of the workforce and helps to unleash the full potential of the organization. This approach is central to this thesis.

There are two strands of literature that argue positively in favour of just such an intellectual and pragmatic turn. The first is grounded in industrial relations research. The notion is that employees should have control of the organization as a whole and to discover new, and presumably better, ways for organising work—a form of workplace evolution. The argument is that the idea of participation is central to notions of democracy and devolution of power and decision-making, which would then apply to

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57 Such a partnership needs to be spelt out procedurally as well which is the primary aim behind ODE theory and its accompanying decision-making methodology.

58 This type of move also requires a delegation of the appropriate authority to make decisions and this also needs to be matched with the acceptance of individual and collective responsibility for the outcomes of decisions so made.

59 The result, I would argue, is that higher quality decision outcomes eventuate and all organizational participants share in the rewards and the ongoing positive educational process that such a participatory method delivers throughout the organization.
most social institutions, including politics, community, family and school. It therefore should naturally apply to the workplace (Ciulla, 1998, p. 74). The benefits for organizations identified in this literature are presumed to be self-evident. I would go one step further by claiming that such a move is vindicated by the fact that the organization concerned benefits from enhanced quality of decision outcomes.

The second strand is grounded in organizational development literature within the management discipline. Most of that literature has focussed on quality of work life, job enrichment and employee motivation—primarily normative concepts. However, a seminal paper by Black and Gregersen (1997) analysed and brought together the major findings in the academic and practitioner literature. They took a multidimensional view that examined the degree of integration of participation and decision-making processes and their relationship with job satisfaction and performance. The results clearly identified that the greater the degree (or depth) of employee involvement in five key decision-making processes—identifying problems; generating alternatives; selecting solutions; planning implementation; and, evaluating results—the greater the level of job satisfaction and job performance. It should be noted that this refers to individual not collective outcomes for worker participation. This and other similar studies (Ashmos et al, 2002; Witt et al, 2000; Tremblay et al, 2000; Latham et al, 1994; Pearson, 1991) have empirically validated the organizational benefits of participation in decision-making.

The elements for enhancing corporate success are the extensive use of work teams from senior executive teams downwards; an emphasis on flexibility, adaptability and learning; strong support for innovation and creativity; performance rewards being team-based; open information sharing; managers acting in a facilitative role and the atmosphere being the equivalent of working in a small business (Garratt, 2000, pp. 133-
The end result is a more collectively oriented approach to decision-making and performance evaluation that becomes organizationally pervasive.

5.2.2 Note of Caution

The latest research edited by Harley, Hyman and Thompson (2005) is a compendium, titled “Participation and Democracy at Work: Essays in Honour of Harvie Ramsay”. It contains a series of critical essays by well-established authors in the fields of industrial relations, human resource management and organizational behaviour. It maps the developments in workforce participation and democracy within organizations from the late 1800s to the present era. It is sombre read for those—including myself—who advocate the devolution of authority and responsibility for decision-making to be cascaded down through the hierarchical levels of an organization.

The overall assessment of the current state of play is captured in the following by Harley et al:

In comparison with the late 1960s and early 1970s, the general significance of participation and democracy in societal and workplace discourses is greatly reduced. As Heller (1998: 142) observes based on two twelve-country studies of industrial democracy: ‘organizational influence sharing appears to have made only limited progress during the last 50 years’. Most significantly, its location as part of a broader notion of economic democracy or a citizenship framework has more or less disappeared. Expectations about the scope and purposes of participation have been scaled down and linked to narrower, bottom-line and top-down outcomes.

Yet, apparently paradoxically, in the sphere of everyday work relations, participation practices have grown and proved much more durable than might have been expected (2005, p. 1).

The main purpose behind this edited book of essays is to pay homage to the contributions by the eminent sociologist Harvie Ramsay whose original seminal article in this area was published in 1977 titled “Cycles of Control: Worker Participation in Sociological and Historical Perspective”. Writing from a Marxian framework he argued that worker participation was not a gradual process of a contemporary humanisation of capital. His key point was that participation was a cyclical process that waxed and
waned and which occurred at times when managerial hegemony was being challenged and workers compliance with management authority was under threat. His underlying premise was that the relationship between management and employees was and is fundamentally antagonistic. This led him to argue that it was not possible to construct ‘win-win’ scenarios in which the workforce and management would gain positive benefits from participation and empowerment processes. Ramsay’s work has influenced those who remain “…sceptical about the emancipatory potential of employee involvement” (Harley et al, 2005, p. 2).

The analysis by Boreham and Hall (2005) affirms the stance taken by Ramsay when they trace the decline of organised labour as represented by the trade union movement. Their argument focuses on two models of the modern capitalist state. They argued that neo-capitalism was the prevailing model that dominated the post second World War period in which economies—mainly European—relied on “…the institutionalisation of permanent, negotiated approaches to the investment and production decisions and actions of economic agents” (Boreham & Hall, 2005, p. 223). This allowed organised labour to have a powerful economic and market presence which enabled the growth of indirect participation in decision-making. However, this particular essay goes on to map the growing dominance of a contemporary neo-liberal model of capitalism in which economic development is closely linked to competitiveness that has resulted in the exercise of tighter control over labour costs to enhance profitability. There has been a steady decline in the power of organised labour. As Regini puts it:

60 This is because power and compliance are central to this traditional form of relationship and thus a more effective theory of leadership is necessary. Chapter five explicates the requirements to reframe leadership and managership to counter this negative claim by Ramsey.

61 Such benefits are the bottom-line positive returns that eventuate from higher quality and more effective decision outcomes.

62 This essay is in Harley et al (2005) from pages 222-246.
there has been a shift in the “centre of gravity” of economic and industrial relations systems from the level of macroeconomic management to the micro-level of the firm; and management, rather than the state, has become the central actor in the process of economic adjustment (1992, p. 7).

In Australia this has been characterised by the Federal government’s concerted efforts to dismantle centralised arbitration and conciliation mechanisms to resolve industrial matters and disputation. This has been tied into industrial relations reforms—still ongoing—that have advocated moves towards individual workers signing up for ‘Australian Workplace Agreements’ (AWAs) in which they negotiate individually (rather than collectively) with their employer for wages and employment conditions. Indirect participation through the union movement has declined as its power base and membership has eroded over time (Marchington, 2005, p. 35).

The compendium also reviews the use of teams in organizations. Benders (2005) argues that workforce teams, although widely used, are not fully autonomous or self-managing. They operate instead in task-oriented and strictly bounded processes within a managerial discourse focussed on enhancing productivity that limits the extent of their decision-making authority. As Benders concludes:

Granting autonomy involves outlining which issues team members may make decisions about, and consequently, over which issues they have no legitimate influence. While the former is often brought into the open in prescriptive texts, its logical complement appears virtually to be ignored. Acknowledging this is a recognition that team working remains partial in participation (2005, p. 71).

In another essay on team working and workplace development Payne and Keep (2005) analyse the history of participative initiatives in several Scandinavian countries: Sweden, Norway and Denmark. They compare these with initiatives on workplace development and innovation in the UK. Their analysis reveals that the Scandinavian ‘experiments’

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63 This essay is in Harley et al (2005) from pages 20-37.

64 This essay is in Harley et al (2005) from pages 55-74.

65 This essay is in Harley et al (2005) from pages 146-165.
have not developed the system-wide benefits that were expected of them, nor did they do so in the UK where the ‘experiments’ were minor in nature in the first place. There have been positive benefits within individual organizations (micro-level) but not within the wider societal and institutional frameworks (macro-level). Other researchers such as Claussen and Kvadsheim conceded that “…we did not achieve…significant structural and innovative changes” (2002, p. 109).

Payne and Keep argue that participatory approaches and schemes were not genuine and have been mainly superficial. Most organizations remain firmly committed to structures that are bureaucratic and embed hierarchical management within mainly Taylorist forms of work organization that effectively minimise employee involvement (2005, p. 157). They assert that real change is problematic and conclude that:

Two themes emerge particularly strongly in all the accounts. The first is that successful development work requires a high level of trust and commitment on the part of both management and employees; and the second is that change often takes considerable time and energy (2005, p.154).

What this collection of critical essays makes clear is that participation and democracy at work is operating more like a punctuated equilibrium. The contemporary trends they identify are the decline of organised labour; the ascent of competitive individualism; dominant managerial discourses and capture of employee involvement initiatives; and unfavourable corporate governance practices driven by the clarion call of ‘enhancing shareholder value’. This has occurred despite other more positive developments such as the growth of knowledge economies; the increase in demand for knowledge workers; the concept of knowledge management; and, the growth in the literature on learning organizations underpinned by Senge’s (1990) seminal work. As Harley et al66 point out: “At a rhetorical level, we can note that discourses of participation are already being displaced by those of learning and communities of practice” (2005, p. 16).

66 This essay is in Harley et al (2005) from pages 1-19.
The societal discourses on workplace participation that occurred in the 1960s and 1970s have been replaced by managerial discourses that are focussed on bottom-line outcomes: the need to concentrate on the ‘maximisation of profit’ and ‘enhancement of shareholder value’.\(^\text{67}\) It is managerially driven employee involvement initiatives that are part of the new industrial relations landscape. As Hodson puts it:

Too often calls by management for increased participation are coupled with programs of work intensification and reduced job security under the guise of “increased flexibility” (2001, p. 172).\(^\text{68}\)

It would appear that the sceptical scholars have prevailed in their attempts to deflate the positive expectations about the extent and success of workplace developments and workplace democracy. However, what they fail to take into account is that if the institutional context is altered\(^\text{69}\) at the micro-level within individual organizations then there can be ‘real’ and effective interplay between all organizational actors. This can be achieved if there is a scenario in which high trust and mutual respect is cultivated between the different actors. This requires, I argue, a reframing of the senior executive mindset and the mindset of the employees and a realignment of their respective organizational and personal values and belief systems. I do not claim that this is possible at a system-wide or societal level because the pressures,\(^\text{70}\) both external and internal, do not currently exist for such a ‘turn’ to be achievable.

\(^{67}\) I do accept that these drivers will always remain because they reflect the primary interests of shareholders and organizations but they should not be the only drivers or values that underpin organizational processes and concerns.

\(^{68}\) This I argue is an inauthentic discourse but this behaviour does have consequences for ODE theory and methodology because of the potential for these proposed decision-making approaches to be ‘captured’ by these very same self-serving management moves.

\(^{69}\) By going down the reframing path that is the focus of this chapter.

\(^{70}\) The only pressures come from the need for optimal decision management and effective decision outcomes.
In the next section I start on the Miller et al (1997) ‘quantum’ change path, and the first step in a micro-level approach to enhanced participation, by advocating substantial internal dialogue in the reframing of organizational culture and ethics. This is followed by further arguments to subsequently reframe leadership, managership and followership to help reconstruct and thus ensure the possibility of businesses (private or public) becoming more successful contemporary, high performing and dynamic organizations.

5.3 Reframing Culture

The first, and a major, step to take in this reconstituted organizational story is to reframe organizational culture. The key question is how to achieve a significant shift in organizational culture, when the intransigent nature of managerial prerogative and the current imbalance in power relations, management self-interest and ego is readily apparent. First there would need to be a major change in the prevailing senior executive mindset—this is also dealt with in later sections on reframing leadership and managership. Such a depth of change requires key senior personnel, in addition to the CEO, acting as ‘champions’ and advocates of a ‘quantum’ change process (Dean, 2004; Nah et al, 2001; Knight, 1987). Such champions need to be identified throughout the different levels of the organization—not limited to managerial ranks. They then act as catalysts and drivers of the change process taking care to ensure that the process is a truly inside-out and bottom-up approach which then ensures the delivery of an ongoing and real commitment throughout the organization and a legitimate set of outcomes. The change process then becomes ‘owned’ by all members of the organizational community.

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5.3.1 Organizational Culture

Organizational values first need to be reframed. The key drivers of pure economic-rationalistic notions of corporate performance such as enhancing shareholder value and high returns on ownership equity need to be changed and widened. These need to be the outcomes of sound organizational performance not the primary drivers in the first instance. This calls for a shared and participative process to determine as an organizational community what these values and personal virtues ‘ought’ to be and to what extent they should be legitimately informing and influencing the operations and financial outcomes of the business. The difficulty with a values driven change process is one of practicality. How can this be implemented in the working world rather than the social or family world? It may well be that emerging notions such as sustainable business and corporate social responsibility that go beyond narrow economic rationalist constraints require some legislative backing and impetus to enable these concepts to be embedded more widely in the business world.

Sonnenfeld (2002, p. 110) argued that the construction of a climate of trust and candour along with the encouragement of open dissent were vital to the building of an effective and robust social system at the board level. I would extend this notion further and argue that trust should not exist solely in the boardroom and is, in fact, absolutely critical to effective functioning throughout the organization and “…forms a kind of social glue, keeping humans together…” (Gustaffson, 2003, p. 1). When something goes wrong at the individual and or the collective level, then one needs to examine more closely the moral structure of the organization as a whole. The need then in collectively reframing organizational values is to ensure that trust is at the centre and to have all other values and virtues espoused as flowing from that core.72 Trust according to writers such as

72 It should be noted that trust is not a commodity nor can it be reified: it is supervenient. Trust is the outcome of the behavioural interactions of oneself with ‘others’ in the world. Trust therefore is enhanced,
Gustaffson (2003) usually has several accepted claims. Trust involves risk; trusters do not constantly monitor those they trust; trust and distrust are self-confirming; and, trust increases the effectiveness of agency. The arguments for the acceptance of other virtues such as honesty, integrity, authenticity, sincerity and loyalty would then flow from the core virtue of trust. Gustaffson puts this as:

Trust then, forms the whole within which social credibility can function. The general level of trust in a society or culture, thus, forms the precious chalice containing all goodness, all virtue. This means that not only virtues like loyalty, friendship and trustworthiness depend on trust; all virtues do…

In this way, virtues can be seen as semi-stable personality traits – as “character”. They are, however, not exclusively individual personality traits. To the same degree they are networks of expectations, of trust. For a virtue to exist, there must be a possibility of somebody trusting in it, a willingness or predisposition within the social network (2003, p. 3).

One possible positive outcome of this cultural reframing is the development and acceptance of the concept of shared governance (Lu, 2003). The resulting revised organizational relationships can lead to a justifiable claim that they are the features of an ethically expert organization (Malpas, 2003).73

Further, it takes the institution down the path of what Hegelsen calls the “web of inclusion”. The web structure is a pattern of relationships and connections instead of diminished or remains unchanged as the result of these interactions: either positive or negative. Therefore to ensure that it ‘grows’ requires that these interactions are natural, open and honest. In that scenario trustworthiness is nurtured and trust itself can flourish.

73 The following quote illustrates clearly the difficulty of proceeding down a more ethically informed path:
When I was still an undergraduate student I was astonished to discover that many of my classmates in a business ethics course were not at all interested in learning how to be virtuous or ethical. These were the business, commerce, and economics students for whom the business ethics course was merely a degree requirement. They went through the motions, they said the right things in class, they gave acceptable presentations in front of their classmates, they handed their assignments in on time, and they wrote the correct answers on the exams, but it seemed to me that their hearts were just not in it. My suspicions were confirmed one day when it was my turn to give a presentation. As part of my presentation, I demonstrated how unethical a pyramid scheme is because, while a few ‘investors’ profit from it, most people inevitably lose everything they invested. I was pleased when a number of students got together after class to ask me for more information about exactly how a pyramid scheme works. But to my horror and utter disbelief, they wanted to learn how they could initiate a pyramid scheme in their student residence building where they would persuade fellow students to ‘invest’ bottles of whiskey in their pyramid. They relished the fact that the scheme would generate an enormous number of bottles of whiskey for themselves, despite the fact that most of those same students who give them these bottles would end up getting absolutely nothing in return. (Raabe, 2005, ¶. 1)
isolations and divisions characterised by permeability within and beyond the organization. This permeability allows attention to be focussed on “...what needs to be done rather than who has the authority to do it” (1995, p. 21). It makes the organization more egalitarian and participatory because a person’s position and value is defined according to what s/he contributes not merely the role or authority s/he possesses.

A further note of caution about reform fervour is necessary at this juncture. A classical injunction against being over-optimistic about the likely success of change efforts comes from Machiavelli who observed:

It must be realized that there is nothing more difficult to plan, more uncertain of success, or more dangerous to manage than the establishment of a new order of [things]; for he who introduces [change] makes enemies of all who derived advantage from the old order and finds but lukewarm defenders among those who stand to gain from the new one (1961, p. 27 – originally published in 1514).

It should be noted that when more contemporary organizational slogans of ‘teams’, ‘service’, ‘excellence’, ‘customer focus’, ‘employee empowerment’ and ‘being the best’ are seen by employees/staff as merely part of an organizational rhetoric then the degree of real change is questionable. Often as Zorn et al (2000) point out:

…in practice these slogans are often applied in a rather authoritarian, top-down manner that is inimical to the notions of empowerment, participation and entrepreneurship also being preached (p. 556).

Therefore, it is necessary I would argue to embed such cultural transformation within deeper changes at the leadership, managership and followership levels throughout the organization. A final warning, however, from Miller et al identified that organizational change of the required magnitude should best be described as ‘quantum’. The caution that they raise is the tendency for what could be called a naive prevailing belief in most organizations that such change is easily achievable. There are significant barriers to
such change not least being that such “…upheavals threaten the rewards, reputations, and power of elite executives” (1997, p. 73). This in itself becomes problematic.74

The procedures for motivating this cultural change reframing process is best done utilising the main elements of ODE procedural methodology—as detailed in chapter three—but this will not be an easy task within an existing organization, especially if it is large and highly centralised. In addition to the need for a group of champions interspersed throughout the organization supporting just such a move, there will also be a need for extensive professional development and training for all the participants that will be intimately involved in such a major cultural restructuring process. The new set of values and beliefs need to be authentically agreed to across the organization in a way that will both legitimate and embed the outcomes reached in such a collaborative process. It also needs to be acknowledged openly that this will not be a quick course of action. Such a quantum transformation will necessarily be a difficult and protracted ‘journey’ for all involved.

5.3.2 Tertiary Institution Participant Perceptions and Reflections

In the case of Tertiary Institution (TI) this topic of organizational restructuring and reframing did not elicit any consensus or a general thrust of direction about what to do across the group of participants that were asked for their insights into such a move.75

The question I had posed at the end of the interview process was: If you had the power

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74 The literature on change management is replete with examples of unsuccessful change management projects particularly when internal resistance is encountered (Kotter & Cohen, 2002; Graetz et al, 2002; Hay & Hartel, 2000; Maurer 1996). The normative practitioner literature on the other hand proclaims that “…change is a very normal, universally (italics in the original) necessary, and urgent aspect of organizational life” (Miller et al, 1997, p. 72). Its necessity is supposedly self-evident. Thus, to achieve successfully the magnitude of change being advocated here will require the overall goodwill, commitment, acceptance and active involvement of all participants in the change process from the top to the bottom of the organization.

75 This lack of consensus amongst highly educated TI participants means that in many other organizations the same problems facing this depth of organizational reframing will arise. Education, training and a sensitising process will be vital (within an ODE framework) for this level of change to be successful. There may also be a need for external facilitators to assist with the organizational culture change process.
and the authority how would you go about changing the culture at Tertiary Institution to reflect what you have argued for earlier in this interview? I had interviewed fifteen Tertiary Institution participants between October 2004 and February 2005. They ranged in age from 25 to 56 and had been selected using a judgement sample process from across the Tertiary Institution community: the sample included students, academics, administrators and senior management representatives.

They uniformly struggled with this question. As Martin typically stated: “Yeah I’ll say it’s a tough one to finish with” (Martin, personal communication, 2004) and there was a wide range of answers and ideas that were put forward that did not reflect closely any of my earlier arguments in the last section on reframing organizational culture. Martin argued that: “Well I guess for me I would have to make sure that all of the senior managers and the next level down…like the head of personnel, all that sort of stuff, were all people committed to a particular ideology in terms of management” (personal communication, 2004). Whilst Sheila focussed on: “I honestly don’t think the university’s got a social culture and I think it’s important… but there’s nothing on a regular basis that actually pulls everybody together and I think that’s sadly missing at Tertiary Institution” (personal communication, 2004). Others identified issues such as banning “…I statements” by senior management (Elizabeth, personal communication, 2004); or putting the “…right people in the right jobs” (Dominic, personal communication, 2004); or “I think I’d probably give the senior managers that we have a little bit more time to consult” (Teresa, personal communication, 2004). In some respect this was to be expected because the way I had phrased the question put the onus
of the change management responsibility on each of them individually and therefore they did not focus on proposing an effective collaborative approach to such a task.\footnote{There was a general lack of understanding of strategic decision options as well as any appropriate methodology to undertake such a cultural change process.}

However, it was interesting that it was the some of the women who came closest to the need for an ongoing dialogue and a collective commitment to a change process. Firstly, Elaine focussed on relationships when she argued that:

\begin{quote}
I would have liked a better relationship between management and others...I get the distinct impression from being there a while that Vice Chancellors are a bit distant, there’s not a good way two way flow of information or where attempts have been made it’s not been valued by either side…(Elaine, personal communication, 2004).
\end{quote}

Anna on the other hand argued more from the perspective of the employees/staff and the metaphor of parents raising children when she thought the question through and pointed out:

\begin{quote}
I don’t know how I’d do it, I haven’t really thought about it but I know what makes me feel valued as an employee and that’s what I try to do, I’d try to figure out ways to, yeah, to make people feel valued. And I think once people feel valued you can also help show them where I could do much better rather than imposing on them… I do a lot of work with parents and one of the things that I always talk to parents about is that they have to grow and develop\footnote{This is indicative of a further lack of understanding of a need for an argument-based dialogue. There was no identification of a cognitive rather than a psychological development process for organizational change to be effective.} with their kids and I think leaders have to do that because after all parents are leaders of the family…(Anna, personal communication, 2004).
\end{quote}

However, the best response was by Yolande (2005) who put forward the idea of developing ongoing community conversations that focussed on problem identification and solution generation:

\begin{quote}
…to put the responsibility back to the grassroots to solve the problem rather that deliver the problem to the grassroots...a solution agenda that is just going to get people’s backs up and is going to make them feel very threatened and very vulnerable and you know make them feel as if they're going to lose their jobs, etc. etc. I would create the kind of conversation in the university that said...that made us a community dealing with the reality of the problem that is being visited upon us from outside and
\end{quote}
say how can we do what we are doing in a way which is going to make it possible for you to maintain quality (Yolande, personal communication, 2005).

What is clear from this section is that large and complex organizations require extensive awareness raising, appropriate training and professional development and expert facilitation if this level of quantum change is to be successfully negotiated. Even committed and educationally highly qualified community members, as is the case with the Tertiary Institution participants were unable to identify an effective organizational cultural change process. It is also possible that many existing members of organizations taking such action may not or will not engage or want to be involved with such a process. It is unlikely therefore that existing organizations would be able to travel a change pathway without extensive facilitation, support and retraining. It will always be easier to embed these reframed perspectives and new ‘ways of doing’ within a newly created organization.

5.4 Reframing Leadership and Manag ership

In addition to reframing organizational culture there is a central requirement to examine the ways that organizations operationalise the roles and responsibilities of leaders and managers in this contemporary age of chaotic and turbulent business environments in both the private and public sectors. The first of these to be examined and proposed for reconstruction is the leadership role.

Table 5.1 on the next page is a matrix that summarises the main leadership approaches under the headings of traditional; a middle path; and, radical. It is this last approach that is the primary focus of this section of the chapter as part of the quantum organizational reframing process.
<table>
<thead>
<tr>
<th>Org. Types</th>
<th>Role</th>
<th>Authority</th>
<th>Power</th>
<th>Decision Making Process</th>
<th>Legitimate Responsibility For Decision Outcomes</th>
<th>Leadership Styles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional</td>
<td>Top-Down Strategic Decisions + Visions</td>
<td>Hierarchical Organizational Structures (Bureaucratic)</td>
<td>Top-Focussed</td>
<td>Top-Down and Strictly Hierarchical</td>
<td>Authority, Responsibility and Rewards are all top-focussed</td>
<td>Top-Down (transactional and charismatic leadership)</td>
</tr>
<tr>
<td>Middle Way</td>
<td>Use of Teams (with managers holding key positions)</td>
<td>Team Structures</td>
<td>Primarily Top-Down with some Bottom-Up</td>
<td>Shared limited decision-making (usually team oriented)</td>
<td>Shared Authority/Responsibility (+ some rewards within team structures)</td>
<td>Limited participative (transformational)</td>
</tr>
<tr>
<td>Radical</td>
<td>Mentor/Coach Role + Equal Decision-maker (key role is to develop others in the organization)</td>
<td>Individuals/Teams/Groups as deemed appropriate (negotiated boundaries)</td>
<td>Completely Dispersed (power shared equally with managers)</td>
<td>Participative and Advisory (equal role for managers and other staff within agreed boundaries)</td>
<td>Equal Authority, Responsibility and Rewards throughout the organization</td>
<td>Fully participative (distributed and servant leadership)</td>
</tr>
</tbody>
</table>
5.4.1 Contemporary Leadership

The role of leaders in these newly reframed organizations—having evolved from the changes that emanate from a move into a more collaboratively oriented decision-making approach—will change significantly. The hero-style chief executive who makes all the big/key decisions that defines an organization and sets the future path(s) is no longer relevant. The academic, practitioner and business education literatures are converging in that the notion of complex decision scenarios and environmental complexity and uncertainty necessitate team approaches and a redefinition of the role of leaders to one of coaching, support, facilitation and counselling which allows for the facilitation of a more participatory form of decision management (Tourish, 2006; James, 2004; Laszlo & Nash, 2003; Raelin, 2003a; Switzer, 2003; Bisoux, 2002; Parry, 2002; Bolman & Deal, 2001; Wheatley, 1999; Thomas & Willcoxon, 1998; Ciulla, 1998).

There is also a growing wave of literature that surfaces concepts of ethical and even moral principles and forefronts for organizations, both private and public, the idea of principle-based forms of practice and decision-making (Malpas, 2003; Gustafsson, 2003; Lu, 2003; Marshall, 2000; Dalla Costa, 1998; Badaracco & Ellsworth, 1989—to name but a few). Malpas argues that in the organizational context ethics is integral and “...essentially concerns the establishment and maintenance of relationships and as such is fundamental to organizational success” (2003, p. 1). These notions are being extended into the area of leadership despite a prevailing notion that a leader’s sole responsibility is to find effective, pragmatic solutions to organizational problems in which ethics plays no part (Ciulla, 1998). Not only is the role of leadership being reassessed in light of ethical and moral insights but so also is the vital role of followers. The role of business educators in this process is vital and they are certainly aware of and actively promoting a ‘sea change’ in moving from an industrial to a post-industrial leadership paradigm (Bisoux, 2002).
The ‘turn’ is reflected in (some) Australian organizations as well as overseas. Michael Chaney, the retiring CEO of Wesfarmers, is an exemplar of this process of leading more by example than by authority. He used Trevor Eastwood, the previous CEO, as his mentor in developing an approach in which he states, “…a team of good people can contribute a lot more than an individual” (Switzer, 2003, p. 43). He realised that it is more effective to use a collaborative approach embedded in an informal, collegial office atmosphere and minimising the negative aspects of a traditional leader’s “…huge ego” (2003, p. 43). A collaborative approach to leadership is an organizational shift in the right direction (Avery, 1999).

Again, a note of caution needs to be cast on this wave of reform fervour. Despite the growing movement to a more enlightened approach to the management and leadership of contemporary organizations it is still evident that by far the majority of organizations do not subscribe to this reframed worldview. It raises the puzzling conundrum as to why there are still so many traditionally focussed organizations in both the private and public sectors. The speculative answers provided in Boyett and Boyett range from resistance to an organizational cultural change from an emphasis on individuality to one of a collective nature; the team approach being perceived as too time consuming, risky and inefficient; managers feeling threatened by a loss of control, status and

78 A number of selected quotes captures this shift in the contemporary role of leadership:

Leadership today is about values, working with people, building consensus. It’s about thinking about a greater good than yourself. It’s not about the guy on the white horse anymore (Ciulla - Chair of Leadership and Ethics – Jepson School at the University of Richmond, cited in Bisoux, 2002, p. 29).

Leadership, among other things, is about empowering people to manage themselves. And it’s about using one’s personal power to win the hearts and minds of people to achieve a common purpose (Gill - Director, MBA in Leadership Studies – University of Strathclyde, cited in Bisoux, 2002, p. 29).

There has been a huge shift in our thinking. Our tendency has always been to look to an individual for leadership. But now there’s an understanding that leadership is not always correlated with positions of power and authority. It is something that can come from anywhere in an organization or community. It can manifest itself in many different ways (Alexander - President, Center for Creative Leadership, Greensboro, cited in Bisoux, 2002, p. 28)
responsibility; and, even that the transition from a traditional to high performing organization is simply too hard to accomplish and sustain (1998, pp. 140-141).

More important, I argue, is the need to ensure that the key negative elements are countered effectively. These are the current imbalance in organizational power relations; executive self-interest often embedded in executive compensation and performance bonus schemes; and, (large) managerial egos. In addition, the Miller et al findings about any proposed ‘quantum’ organizational change that such “…upheavals threaten the rewards, reputations, and power of elite executives” (1997, p. 73) needs to be taken into account. It is critical, therefore, that there are internal ‘champions’ for just such a change throughout an organization from the top to the bottom (Dean, 2004; Nah et al, 2001; Knight, 1987). What will be critical to this move is the development of the right level of motivation and the effective alignment of both management self-interest and organizational interests. Then such a deep move becomes more feasible.

Leadership in this scenario will need to be exercised at all organizational levels to ensure a successful transition to what Ciulla (1998) argues is ‘true’ empowerment in a process of real commitment to sincerity and authenticity. Wheatley views this as a natural move to autonomy and self-determination but uses a scientific underpinning of chaos theory and quantum mechanics to explain the need to do so (1998). I would argue in favour of this move more from a pragmatic as well as an intellectual base. Organizations that have taken this path (in varying degrees) have out-performed their competitors.79

79 Examples of successes include: AT&T Credit Corporation; Federal Express; Weyerhauser; Motorola; Kodak; Hewlett-Packard; GE Appliances; Eli Lilly and Knight-Ridder (Boyett and Boyett 2000, pp. 138-139). Similar experiences exist in other parts of the world particularly in Europe and would include Svenska Handelsbanken, Borealis, Asea Brown Boveri, Syncrude Chemicals and Sequoia Oil (Hope and Fraser, 2003; Garratt, 2000; Pasternack and Viscio, 1998; Purser and Cabana, 1998).
Strategically agile and the newly successful organizations will be essentially self-organizing systems that progress and succeed through initiative and self-control with little or no need for intervention from senior management. The role of the leader(s) becomes reconceptualized as one of facilitation and championing the new decision-making paradigm (Hope & Fraser, 2003; Garratt, 2000; Pasternack & Viscio, 1998; Purser & Cabana, 1998).

Effective leadership is still vital to current and future organizations but is now redefined from the more traditional ‘command and control’ approach to a ‘coach, consult and guide’ role that maximises the human potential of the whole workforce not just an elite coterie at the top of an organizational pyramid.

5.4.1.1 Tertiary Institution Participant Perceptions and Reflections

Once again the TI participants tended to favour responses that were redolent of the more traditional views of leaders in organizations. This was not unexpected given that few of the interviewees had any deep exposure—in practice or academically—to the ongoing debates in the literature about the nature and purpose of organizational leadership. I had posed two specific questions that were aimed at eliciting responses about organizations in general and not just about their experiences at TI—which is analysed in the next chapter. The two questions relevant to this section were: 1) Explain the difference between the role(s) of managers and leaders generally? 2) What do you feel should be the role of leaders and managers in a modern organization?

The responses again ranged quite widely. In response to the first question most did distinguish between leaders and managers although many believed that it was possible

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80 This is to be expected given that their organizational experience was mainly limited to a centralised bureaucracy such as Tertiary Institution within which the ‘managerialism’ approach is dominant as it is in the rest of the university sector in Australia.
to combine these roles. Elizabeth although not liking the use of a military analogy of a leader stated that: “I hate it with a vengeance but I really do think, you know, that’s the person who stands at the front of the troops” (personal communication, 2004). Dominic provide a similar perspective: “I would argue that a leader is somebody who quite literally leads from the front, provides good ideas, provides inspiration, provides perspiration as well” (personal communication, 2004). Elaine though distinguished roles at different levels when stating:

I mean the leader’s job is to set the direction...there’s various leadership roles within the hierarchy...you’ve got to have a small L leader and that can be the team leader in the same way I suppose that I provide leadership to the troops here (Elaine, personal communication, 2004).

Eric was more concise in stating: “I mean the leader is telling us where to go and why…” (personal communication, 2004). As is evident from these statements the main viewpoint was of a leader at the forefront—more of the traditional heroic leadership role rather than the one I would advocate, that of facilitation and support.

When queried further about what ‘should be’ the role of a leader in a contemporary organization the answers were similar to the ones detailed above but focussing more on the notions of inspiration and commitment to the organization. This was best captured in Martin’s response:

Well a leader’s got to inspire us...and has to be squeaky clean...and to be perceived fair and...no longer on a corruption gravy train or any of that kind of stuff and that’s really, really important I think. A leader has to obviously as well...let me rephrase that...a leader has to be obviously committed to the organisation (Martin, personal communication, 2004).

One of the more thoughtful responses came from Yolande who argued cogently that:

For me leadership is something inspired, leadership is the role that somebody plays when they add to, they value add to an institution by their participation and their presence. They are concerned to grow, to problem solve, they are concerned to hear,

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81 I would argue that in fact there is also a need to debate openly the direction, current and future, that the organization should take. Otherwise this form of leadership implies a ‘father figure’ approach in which followers play a very limited role.
to take...it’s like nurture, it’s like mothering or parenting...you take what you’ve got and you work with it to make it into something much better...Now I know the business world ain’t ever going to use a parenting analogy for leadership but as a [inaudible] that’s the one that works for me. It’s about responsible parentship, parenting (Yolande, personal communication, 2005).

The two closest responses that did touch on the notions of wider participation came firstly from Amber who stated that: “A leader is somebody who, regardless of their actual hierarchical position, would refer on ideas, encourage utilising the strength of different people that they're working with in order to achieve goals” (personal communication, 2004). Sheila on the other used the example of Michael Chaney the CEO of Wesfarmers—the largest and most successful contemporary Western Australian company—when giving an example of a modern successful leader.

He appears to have brought Wesfarmers along and I did have a bit of an insight into Wesfarmers...I think he was one that allowed people to...he employed good people, he paid them well and he allowed them to make decisions and if they made the wrong decisions then obviously he had to deal with it but he always allowed people to make mistakes...I think he had faith in his people... (Sheila, personal communication, 2004).

Again it is clear from these responses that for a major change program to work effectively then the prevailing notions of leadership held by organizational members need to be reconceptualised extensively. The same processes advocated earlier in the section on organizational culture will have to apply here and should also be used in the following sections on managership and followership. This means that existing organizational members will need extensive awareness raising, appropriate training and professional development and expert facilitation in redefining the role and practice of leadership.

5.4.2 Reframing Management - Constructing Managership

Table 5.2 on the next page details the main management/managership approaches. The radical option is the one that is central to the discussion in this section. The classical approach to management is one in which there is a strong embedded hierarchical
command and control structure. In this context as is clear from Table 5.2 control is hierarchical; discipline is imposed from the top; decision-making is centralised and top-down; problem solving tends to be mechanistic; and, the management style is autocratic and position oriented. The classical model is still prevalent (Taborda, 1999).
## Table 5.2 – Management/Managership matrix

<table>
<thead>
<tr>
<th>Org. Types</th>
<th>Role</th>
<th>Authority</th>
<th>Power</th>
<th>Decision Making Process</th>
<th>Legitimate Responsibility For Decision Outcomes</th>
<th>Leadership Styles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional</td>
<td>Top-Down Hierarchical (Privileged Information)</td>
<td>Centralised</td>
<td>Senior Executive</td>
<td>Top-Down and Hierarchical</td>
<td>Exclusively management + performance bonuses</td>
<td>Autocratic and organizational position oriented</td>
</tr>
<tr>
<td>Middle Way</td>
<td>Shared with Teams (ultimate authority resides with managers)</td>
<td>Decentralised</td>
<td>Executives + Organizational Teams</td>
<td>Primarily Top-Down with some Bottom-Up</td>
<td>Management and Team recognition (shared bonuses)</td>
<td>Limited participative</td>
</tr>
<tr>
<td>Radical</td>
<td>Managers as boundary riders (just one part of the decision-making process)</td>
<td>Shared</td>
<td>Dispersed</td>
<td>Equally Bottom-Up and Top-Down (managers as part of the decision-making process)</td>
<td>Collective and Individual ownership throughout the organization</td>
<td>Fully participative</td>
</tr>
</tbody>
</table>
The traditional bureaucratic model within managerial echelons discourages shared governance. Managers are primarily responsible for their own sections of the business and rarely interact with other managers who are in turn solely responsible for their sections of the business (Smith, 1994). The traditional structure for example at General Motors in the United States was explicit in placing boundaries on management roles: “...managers down the line could make decisions within their own groups…but those with real impact on success or failure were made at headquarters” (Smith, 1994, p. 32).

Following on from this traditional model was a shift towards a human relations model. This is when some of the waves of participation occurred in the 1960s and 1970s that Ramsay (1977) refers to in his critique of this ‘turn’ in organizational workplace developments. In that era the traditional authority of management was under challenge. Managers learnt about the functioning of groups and teams (often when studying for MBAs) and there were moves made to increase the degree of participation by the workforce82 (Entrekin & Court, 2001; Limerick & Cunnington, 1989).

This was followed by a systems model of management and management developments in which the organization was viewed as a ‘loosely coupled’ system. It is supposedly the interconnectedness and interdependence of the units in the organization and the increasing size and complexity that requires ‘expert’ organizational control to be exercised. It is also assumed that the whole is more problematic than the parts and that senior management can better understand and control the parts than the whole (Limerick & Cunnington, 1989, p. 11).

What is happening currently? I would argue that there is a mixture of the three approaches or models that is encapsulated in the label of the ‘Middle Way’ in table 5.2.

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82 See later in this chapter in which the notion of ‘concertive control’ is analysed in which managers have effectively ‘captured’ this participatory move. It is used merely as another way to exercise power and control.
It is a limited form of participation that recognizes the findings in Harley et al (2005) in which teams are used extensively—the breadth of participation is there but not the depth—but with ultimate authority, responsibility and power still in the hands of senior management elites (Marchington, 2005). Despite calls for management roles to be altered the current trends are not positive.

Research does show that organizations that involve, empower and entrust their employees out-perform those that do not, yet the majority use more traditional forms of management. In addition, a recent survey of 2000 organizations—by the UK Economic and Social Research Council in their ‘future of work’ program—reveals some sombre findings. Firstly, that British management echelons are reluctant to provide family-friendly work environments; secondly, that more rather than fewer managers are being recruited within organizations despite the trends towards team-working; and, most workers lack any effective voice within their current work arrangements (Anonymous, 2003, p. 6). Even in the public sector with the dominance of the managerialist approach there is a trend towards greater centralisation of authority rather than decentralisation and devolution. This is exemplified by what is happening at Oxford University. The new Vice Chancellor—Dr. John Hood who was previously Vice Chancellor of Auckland University in New Zealand—has announced a managerial streamlining that transfers decision-making powers from individual colleges to a more

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83 Marchington identifies that the extent of this form of participation is widespread. In the UK 65% of workplaces with more than twenty five employees used teamworking; team briefings were held in 61%; problem solving groups in 42%; and, financial participation in 50% of workplaces. So participation is extensive but questions about the depth and intensity of participation still remain (2005, pp. 30-31).
centralised process. This change is argued to allow for “…decisions to be reached more quickly” and to increase (apparently) transparency (Blair, 2005, p. 27).84

What is needed is a reconstruction of management as a function in organizations. I argue for the use of the term managership, rather than management, because that role is still necessary particularly the elements of coordination and implementation and oversight of decisions relating to the allocation and use of financial and human resources within organizational units—the budget function. However, the ‘command and control’ focus has to be dissolved because that is the negative side of management that adds little or no value to organizations. In effect, I would argue, there is no continuing need for individuals to be vested with this function such that they have the primary or exclusive decision-making role(s). In this context the middle management layer is abolished and the remaining managers roles are changed from one of ‘command and control’ to one of ‘coach, internal consultant and communicator’. They act as ‘boundary riders’ helping to resolve disputes/decisions that cannot be resolved within teams and groups and providing (if required) professional development and support for these self-managing teams/groups.85

The remaining aspects of managership are then related to the ‘Radical’ part of table 5.2 in which shared internal governance is the norm with full authority and responsibility

84 Oxford University is setting up a 150 strong Academic Council from the individual colleges and faculty resulting in an “…end to parallel situations of separate collegiate and university decision-making…It is no longer possible to secure consistently within the institution the range of experience and knowledge for the exercise of good institutional governance” (Blair, 2005, p. 27). Apparently, only a professional senior management elite (the Vice Chancellor believes) can provide such capable decision-making processes.

85 The case study of Svenska Handelsbanken a Swedish bank—with the most mature history of radical change in terms of decentralisation—that abandoned the use of budgets in 1972 is a stellar example of the benefits of devolution and delegation of decision-making responsibility (Hope & Fraser, 2003). It is the individual bank branches that are the decision-making centres in an organization that has achieved and sustained major organizational cultural change and transformation. Similar parallels can be seen in other case studies of successful major change and delegation of decision-making such as Ahsell (a Swedish wholesaler) and Leyland Trucks (a British truck manufacturer) (Hope & Fraser, 2003). I would argue that even in these cases the use of the full scope of ODE theory and methodology would provide additional benefits.
for decision-making spread through all the layers of an organization. This then becomes the creation of an organizational ‘story’ of trust and mutual respect, co-determination, full participation and legitimate deep workplace innovation, involvement and development. This is combined with the full utilisation of ODE theory and decision-making framework to enable the optimising of decision outcomes. This results in tangible benefits for the organization and the individual and collective participants who can then share in the rewards so generated.

5.4.2.1 Machiavellianism, Workplace Bullying and Corporate Psychopaths

If the scenario described immediately above is the case then the chances of having senior managers who act in ways detrimental to other individuals in their power or to the ongoing future of the organization are severely reduced. One of these (negative) behaviours identified in the literature is referred to as Machiavellianism. This is a concept—explicated by Christie and Geis in 1970—in which an individual displaying these behavioural characteristics manipulates others for personal gain and is devoid of emotional attachment (Wastell & Booth, 2003; Gunnthorsdottir et al, 2002; Geis, 1978; Christie & Geis, 1970). When this happens at the senior management level then those people immediately responsible to such an individual face significant work and personal problems. These personality types will also put themselves and their goals first before those of the organization. They also exhibit low levels of trust in others. As Matchett (reporting on Gunnthorsdottir’s work) puts it:

The test [for Machiavellianism] measures the relative willingness of individuals to place the interests of a group below their own. High “Machs” are cool customers, self-interested and easily able to resist social pressure. In contrast, low Machs are more amenable to conventions and rules. High Machs cheat if they have rational reasons but low Machs have to be cajoled into behaving badly. High Machs are found in politics and business while teachers and surgeons are typically low Machs (2004, p. 38).

There is also a significant literature in the business management and human relations fields on bullying in the workplace (Salin, 2003a, 2003b; Liefooghe, 2003; Lewis,
2003; Glendinning, 2001; Lewis, 2001; Handley, 1994). Salin argues that workplace bullying can be a deliberate competitive strategy in management ranks as a part of organizational politics. This particular paper identifies explanatory factors such as globalization, increased pressures for efficiency and restructuring which reduces the number of management positions all leading to increased internal competition and therefore greater levels of bullying (Salin, 2003b). Imbalances in power relations, personal dissatisfaction and frustration, competitive individualism, organizational changes and job insecurity during periods of downsizing all act as triggers and antecedents that enable workplace bullying to thrive (Salin, 2003a).

Another and more specific area of concern is that of psychopaths being embedded in organizations particularly if they are at the executive level (Newby, 2005; Morse, 2004; Gretton et al, 2004; Herve et al, 2004; Miller et al; 2003; Kiehl et al, 2001; Hare, 1996; Harpur & Hare, 1988). This is the most problematic of these three categories of negative and destructive behaviours within organizations. Psychopaths are hard to identify. They have the ability to act normally and to be “…utterly charming, as they wreak havoc on the lives of the people around them and the companies they inhabit” (Morse, 2004, p. 20). Psychopaths are usually a minor part of the human population, approximately two per cent of males and half a percent of females (Newby, 2005, ¶ 5), but have the potential to be overrepresented in senior management echelons because they are attracted to the pace and volatility of competitive workplaces. They have qualities and behaviours that are:

…often mistaken for leadership qualities. That’s why they may be singled out for promotion. But along with their charisma come the traits that make psychopaths so destructive. They’re cunning, manipulative, untrustworthy, unethical, parasitic and so utterly remorseless. There’s nothing they won’t do, and no one they won’t exploit to get what they want. A psychopathic manager with his eyes on a colleague’s job, for instance, will doctor financial results, plant rumours, turn coworkers against each other, and shift his persona to destroy his target. He’ll do it and his bosses will never know (Morse, 2004, p. 20).
At least it is possible to screen and test for such individuals based on the work of a Canadian psychologist Hare (1996, and with Harpur, 1988) who first identified this possibility within organizations.

This particular issue has recently become part of a wider public discourse about problematic behaviour amongst organizational managers/leaders. *Catalyst*—an Australian Broadcasting Corporation (ABC) science show—had a segment titled ‘corporate psychopaths’ broadcast on the 5 May 2005 (Newby, 2005). The corporate psychopath is inherently dangerous because there a lack of empathy for others especially for their own victims:

> Empathy really is the ability to feel what another person is feeling. It’s very important in terms of the survival of the human species because if nobody really cared or understood what other people are feeling it would just cause breakdown in society (Clarke, 2005, ¶. 30).

The reason for this lack of empathy has been attributed to abnormalities in the psychopath’s limbic system response to emotional information deep in the central cortex of the brain (Miller et al, 2003; Kiehl et al, 2001). As Clarke argues:

> Psychopaths generally don’t react. This lack of emotional response extends deep into the brain. When most of us see another person’s distress, our emotional centre, the limbic system, is aroused. We feel a little of what others are feeling (2005, ¶. 39).

A final issue of concern with psychopaths is that once identified there is little that can be done to alter their behaviour and their ability to wreak havoc all around them.

> It’s almost impossible to rehabilitate the psychopath. In fact there are studies in the United States, which suggest that rehabilitation makes them worse because it teaches them new social skills they can use to manipulate the people around them more effectively (Clarke, 2005, ¶. 60).

The fact that the notion of corporate psychopaths has reached a wider degree of public awareness does at least help to raise the profile of all three managerial (mis) behaviour issues. Ultimately, the most effective way to eradicate all three problematic forms of behaviour is to rewrite the role of managers to minimise the chance of such individuals
getting to the point where they can exercise such destructive power and actions on other individuals and organizations. The reframing process that is proposed in the areas of leadership, managership and followership would certainly go a long way to eliminate such problems before they can emerge as fully fledged disasters. In addition the use of reasoned debate and the development of respect and trust with other participants within an ODE framework will preclude such negative behaviour. This also needs to be linked into the organizational processes used to select and/or promote individuals higher levels within a firm or institution. This would also help to minimise the chance of such a disastrous personality profile being placed in key organizational roles. The next section identifies the reactions and responses of the TI participants on management and it is interesting to note that they focus a lot on the ‘behaviours’—positive and negative—of managers in their responses.

5.4.2.2 Tertiary Institution Participant Perceptions and Reflections

The TI participants were questioned about their understanding of contemporary management and their perceptions of differences between managers and leaders—see Appendix 1 section C questions one to eight. A common theme that did surface was a response that in some cases the leader/manager role was combined in certain senior positions but also at the individual level certain senior staff members were more successful at combining these roles. However, another common comment was that some leaders made better managers and not leaders whilst some managers were better leaders than managers. This was best stated by Elizabeth who claimed that: “Some of the best managers in this place are not leaders and some of the better leaders I know could never be described as managers” (personal communication, 2004).

The relevant questions that they were asked included: 1) Explain the difference between the role(s) of managers and leaders generally? 2) What do you feel should be the role
of leaders and managers in a modern organization? 3) Are you satisfied with your managers/leaders? Why/Why not? The last question was posed to enable them to relate their more theoretical answers about managers to their own experiences primarily within the TI context.

Sheila focussed on the issue of resources when she claimed that:

I believe a basic [inaudible] of a manager is one who ensures that all aspects of resources and anything that affects resources, whether they be people or physical resources and financial resources are managed in a way that allows the organisation to succeed and keep their noses clean… (Sheila, personal communication, 2004).

Elaine also referred to this resources element “…and the manager’s job is to ensure that the resources are applied to meet that…the direction set by the leader”86 (personal communication, 2004). Yolande on the other hand was more lyrical when she defined management as:

Management is much of a…ensuring that it works well and that the good oil happens and that there is accountability, that systems are working, that instructions are clear, that the proper channels are working, that policy is developed and operates and put into place (Yolande, personal communication, 2005).

Amber explained her notion of a ‘good’ manager as someone who effectively combines the management and leader roles when she argued:

I think a manager needs to be somebody who fits in with the team and being above it separates them from what they're actually trying to do. Then you need to be somebody who can actually motivate people, encourage initiative and actually give...not micromanage actually, if we allow people to use their initiative within broad parameters that ensures no huge breach, no legal breach...major reputation or damage, anything like that but actually allow people to go and do things that aren’t necessarily in their job description but are new and exciting and can move the goalposts a bit further around (Amber, personal communication, 2004).

When the respondents were asked later in their interviews to rate their level of satisfaction with managers/leaders, Yolande went on much further to critique both

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86 Both Sheila and Elaine were identifying a ‘father figure’ approach which would be eliminated under the ODE framework because there would not be this level of over-reliance on the manager/leader.
managers and leaders in the events and practices she had observed within the TI context as follows:

I think we do live in a system where the senior management is actually very focussed upon their own career building, they don’t govern [for] the wellbeing of the organization, they're not there for the organization. They are there for themselves and for their next career step and so the framework through which they make decisions or issue edicts or do any of those kind of things is driven more from where they're at and what they need than it is driven from any sense about what the organization really needs for its healthiness and for me that is neither leadership nor management (Yolande, personal communication, 2005).

This was followed by Martin who was more specific in identifying individuals for criticism:

Well I think we had a series of pretty lousy managers when Senior Manager A [an ex Vice Chancellor] was around and I also think in terms of managing an operation Senior Manager B has to be noted for one of the bad ones. I think...and certainly looking back Senior Manager C was a disaster as a manager both from budget point of view and also some of the contracts we got into that he signed off on you know fifty year contracts we’re going to live with87 (Martin, personal communication, 2004).

This prevailing sense of disappointment with the performance of the managers/leaders the participants had experienced was repeated regularly during the interviews with one exception and that was Professor Senior Manager D—an Acting Vice Chancellor for nine months in 2001/2002. He was described by a number of participants as the best leader/manager they had experienced. Teresa described him as follows:

I mean he didn’t have to make any hard decisions when he was here but everybody spoke so highly of him and I think because of that...you get confidence in somebody and therefore they can say something and therefore whatever they say people would respect it and even if they don’t agree with it they can respect it. (Teresa, personal communication, 2004).

What is interesting from these interviews is that the respondents had not focussed on the functions of ‘command and control’ which is how the literature usually defines the traditional role of management instead they identified the management of resources—money and staff—as the key element of the management role. My reading of this is that

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87 It should be noted that I have deliberately substituted pseudonyms for these named senior management individuals to protect the responses elicited from this participant and minimise any possible legal repercussions.
they were uncomfortable with the use of words such as command and control and that becomes evident in the next section of followership. It is also clear as was the case with the topics of culture and leadership that changes to the management role and practices will need to be reframed sensitively without raising false expectations of quick transformational results.

5.5 Reframing Followership

The current ‘reading’ and construction of the notion of followership also needs to be significantly reframed in this revised organizational context. Followers cannot remain passive and powerless receptors of leadership inspired wisdom. The role of followers is no longer to be negatively cast as ‘passive sheep’ following unquestioningly a strong leader who makes all the key decisions. Instead their role changes to one that is an ‘active’ followership at times interchanging the leadership–followership role and mantle of responsibility and interactivity.

In Table 5.3 on the next page I have classified the main approaches including my preferred option—the radical alternative which effectively requires an ‘active’ or ‘engaged’ followership role for employees/staff within organizations.
### Table 5.3 – Followership matrix

<table>
<thead>
<tr>
<th>Defining Features</th>
<th>Role</th>
<th>Authority</th>
<th>Power</th>
<th>Decision Making Process</th>
<th>Legitimate Responsibility For Decision Outcomes</th>
<th>Leadership Styles</th>
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<tbody>
<tr>
<td>Org. Types</td>
<td></td>
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<tr>
<td>Traditional</td>
<td><em>Follow the Leader</em></td>
<td><em>At the whim of the leader</em></td>
<td><em>Non-existent</em></td>
<td><em>Only at the behest of the Leader</em></td>
<td><em>Non-existent</em></td>
<td><em>Passive (with covert resistance)</em></td>
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<tr>
<td>Middle Way</td>
<td><em>Opportunity to contribute within agreed constraints</em></td>
<td><em>Limited within a team or individual boundary</em></td>
<td><em>Primarily top-oriented</em></td>
<td><em>Right to make limited decisions within defined area of responsibility</em></td>
<td><em>Shared Authority/Responsibility (+ some rewards within team structures)</em></td>
<td><em>Inauthentic Semi-active (courageous follower)</em></td>
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<tr>
<td>Radical</td>
<td><em>Follower/Leader dichotomy is dissolved</em></td>
<td><em>Full authority within negotiated boundaries</em></td>
<td><em>Bottom-Up and Top-Down (neither dominating)</em></td>
<td><em>Full participation in decisions (major and minor within agreed boundaries)</em></td>
<td><em>Collective and Individual responsibility throughout the organization</em></td>
<td><em>Active (with full encouragement of constructive conflict)</em></td>
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In organizations even leaders have followership roles depending on their position within the organizational hierarchy. Organizations need—at whatever level organizational ‘actors’ can be construed to be followers—those who can be labelled as either dynamic, courageous or my preferred term ‘active’ followers. The idea is to avoid an organizational outcome aptly described in the de Jouvenal quote “…a nation of sheep begets a government of wolves” (Kelly, 1992, p. 34).

There is a small but growing body of literature that advocates a recasting of the traditional role of followers (Chaleff, 2003; Raelin, 2003a; Dixon & Westbrook, 2003; Kelley, 1992; Hollander, 1992; Vanderslice, 1988; Litzinger & Schaefer, 1982). The call is to reconstruct the ‘traditional’ notion of ‘follower’ which tends to be a negative stereotype: typical followers supposedly display a passive and uncritical approach to work as well as lacking initiative and a sense of responsibility for outcomes. Such followers merely perform assigned tasks given them and then stop awaiting the next task. Active followers on the other hand are able to think for themselves, either individually or collectively as required; they exhibit characteristics more often associated with risk takers (and leaders); they are usually self-starters and problem solvers; they are rated highly by their peers and their nominal organizational superiors. I argue that these types of organizational ‘actors’ have discarded the pejorative ‘follower’ label: instead they are, or attempt to be, equal and active participants in the decision-making process(es).

The result of such a transformation naturally impacts on the senior management role in addition to the proposed changes to the leadership role espoused in this thesis. Senior managers, who are retained in this reframed organization structure, take on more of a ‘mentor’ or ‘boundary rider’ role in which they would have an equal decision-making role but certainly not a privileged decision-making authority. However, they would
normally act only as advisors or may be called upon when there is a decision-making impasse or inter-personal disputes that remain unresolved. The resulting organizational structure has few(er) hierarchical layers and should be applicable across all organizational sizes and types. A large organization is in the end only an aggregation of smaller strategic business units. The end result of this series of advocated changes (cultural and behavioural) in the followership, leadership and management domains is to not only enhance corporate and internal governance but to also maximise the opportunity to construct better and more positive corporate performance outcomes.

5.5.1 Tertiary Institution Participant Perceptions and Reflections

The fifteen TI participants were questioned about their understanding of followership in the organizational context. There was a much higher degree of agreement amongst the interviewees on this topic. There was certainly a strong feeling about the actual term itself and the connotations (negative) that the concept invoked in the respondents. The three key questions that they were asked were:

1) What do you feel **should** be the role of followers in modern organizations? 2) Are you satisfied with your role as a follower? Why/Why not? 3) What would you **change** (if you could) in your role as a follower and those of your colleagues?

There was an overwhelming consensus amongst the respondents that the notion of the ‘passive’ follower was disconcerting to them and made them feel uncomfortable. A common comment was that the word ‘follower’ itself was to them a negative concept because it invoked in them ideas of passivity, meekness and obedience. As Martin put it “…lots of people have problems with the word…because if you follow, you know, it’s like follow the leader and the implications are that you are the follower, you take orders and so forth…” (personal communication, 2004) whilst Yolande stated that: “I think I’m having a bit of a…emotional reaction to the follow bit of the word…”
(personal communication, 2005). Kenneth on the other hand argued the word follower should be replaced “…a good colleague might be a better notion…” and also advocated that: “I think that the idea of being a good colleague would actually encompass acting as a good leader and follower whenever those were appropriate” (personal communication, 2004).

Elizabeth went so far as to argue for a radical rethink of the roles of followers and managers:

I used to think there was a need to differentiate between followers and manager but I’m actually moving to the point where I’m starting to think that we are all managers and it doesn’t matter whether you have responsibility for other people or multiple tasks you all are managers in a particular way...Or alternatively flip it around and say there is no need for managers, that we all become effective followers taking responsibility for all of those things (Elizabeth, personal communication, 2004).

What is clear is that the interviewees were themselves also arguing for a reframing of the concept of followership. There was a perceived need for independence, both thought and action, amongst followers and the need to be both constructive and to speak out when required and to argue for alternative positions. As Eric said when asked if he was satisfied about his role as a follower “Oh yes I think so, I mean the...I think I’ve been prepared to speak out when it was needed and on the other side I’ve been prepared to grin and bear it when I thought that there wasn’t any point to it” (personal communication, 2004).

A more radical rewriting on the followership concept was advanced by Yolande when she argued:

Well for me I mean you know it comes just out of that kind of very fundamental egalitarian kind of position that I think...many people in liberal democracies and particularly feminists have that we are...no matter what position we’re in we are all equal. No matter what roles we may perform we are entitled to respect and our views should be listened to [inaudible] and so it is more about the roles one may play as part

88 This contrasts quite starkly against a number of the participants earlier comments on the role of managers/leaders with a tendency to identify a ‘father figure’ role for such individuals.
of a collegial community in making a contribution to the organization than it is specifically about the act of following the leader or following the leadership of others…I was going to say a good leader for me is somebody who follows or works with the crowd and is [a] servant to the crowd (Yolande, personal communication, 2005).

In rethinking the role of followers the participants did not want to see the more pejorative notion of the ‘passive follower’ being re-enacted within modern organizations. As Elaine posited:

I think to me it’s a case of not necessarily changing what they do but I’ve worked in enough organizations where I know there are people that just come to work because they have to and what I’d like to do is try to make sure that they engage and I think that that for me you know part of that followership…the leadership has to say what it is and the followers need to engage with it and it’s trying to get people to engage as fully as possible so they get meaning and they enjoy coming to work, they’re not coming to work because they have to… (Elaine, personal communication, 2004).

These consistent responses reinforce and in effect vindicate my earlier arguments in which I proposed a radical rethinking of the notion of followership and a corresponding rewriting of the role of managers in which effective empowerment and delegation/devolution of decision-making authority and responsibility becomes an organizational norm. In this scenario the follower/leader dualism is dissolved and the widespread use of teams embracing collective/individual responsibilities becomes a key feature in high performing, dynamic organizations capable of rapid adaptability in chaotic, complex business environments.

5.6   Reframing Power and Empowerment

The previous sections on leadership, managership and followership as well as the critical essays in Harley et al (2005) raise but do not resolve the contentious issue of the negative consequences of the imbalance of power relations in organizations. The prevailing practice is that management has (all?) the power and control. This hierarchical dominance, combined with managements’ self-interest and egos, has deleterious effects, I would argue, on effective organizational functioning. Power and empowerment need also to be reframed and reconceptualised within organizations.
There have been many writers on the contentious issue of social power including Arendt, Dahl, Parsons, Lukes and Foucault to name but a few (Barnes, 1997, p. 198). I do not intend to delve deeply into all the writings on this contentious subject—that would be a separate thesis topic(s). I will concentrate instead on two key writers: Lukes and Barnes. Lukes (1986, 1977, 1974) because of his construction of three dimensions of political power which have a direct connection to influence over decision-making: a key element of this thesis. Barnes (1997, 1988) is vital because of his notion of facilitative power which I argue is the essential element in an effective participative and empowerment process within organizations. The reason that these two are important is that they go well beyond Dahl’s most widely cited definition of social power: “A has power over B to the extent that A can get B to do something which B would not otherwise do” (Dahl, 1957, pp. 202-203).

Lukes’ analysis of power is readily evident to organizational actors because they can easily identify with the occurrences and impacts of the (mis)use of power in workplace settings. The first dimension involves power when it is exercised to ensure one set of interest(s) prevails over another. In other words the more powerful actor(s) preferences over a contested decision are the ones that eventually succeed. The second dimension is more subtle in that the agenda is carefully controlled such that only those decision-making issues that serve the interests of the power holders are made available for debate and resolution. Other issues are not allowed to surface—failure to supply information or even to act can also be used deliberately in this scenario. Finally, the third dimension is even more insidious in that it implies that those over whom power is exercised willingly agree that this is in their best interests. In this situation the powerful prevail over those they ‘control’ as a result because the powerless cannot recognise this transformation of their own (lack of) awareness of what is actually happening to them.
The result is that no contestation even arises because there is no disagreement between
the parties (Lukes, 1974).

Barnes challenges Lukes notions of power by arguing that:

…..he is not quite correct…to think of the selection of the conception of power as a
value-laden choice with which an individual is faced. This view puts us in danger of
underestimating the role of the concept in our moral life (1997, p. 200).

Barnes classifies this type of approach as the operation of power over whilst he argues
for a conception of power that is more enabling for all organizational actors: the power
to. As Barnes put it:

But if power is attributed to collectives and understood as their capacity to do things,
then the effects of its exercise will appear in a different light. Now power can be
understood as power to, as an enhanced capacity by and for a membership through the
alignment and systematic organisation of its practices. Where power over implies
domination, constraint and the zero-sum conception, power to may emerge from co-
operation and co-ordination, and denote the extra capabilities consequent upon them
(emphases in the original) (1997, pp. 198-199)

This notion of facilitative power takes organizational actors away from narrowly
viewing power only at individual or elite group levels because that type of power is
equated with domination and power over others and in effect becomes exploitative and
a constraint: it can even be unproductive. The notion of ‘power to’ on the other hand is
an emancipatory concept in which power relations are redefined quite radically. Such a
move would need ongoing reinforcement and dissemination throughout an organization
if it is to be effective in the longer term, particularly if the original ‘champions’ of just
such a change process leave the organization. The critical point then is to ensure that
more traditional hierarchies of power and control are not allowed to resurface when new
management elites enter the organization with a view to exerting their own ideas of
organizational direction and future. One has to be constantly aware of what Barnes
cogently states:
Domination and obedience characterise the relationship between people in hierarchies, organisations and institutions. But these are not ‘external’ structures with an independent existence; they are entities which must be continually constituted and reconstituted in the minds of their members. The processes in which new members learn about the hierarchy are the processes which create and re-create it as a hierarchy (Barnes, 1997, p. 215).

The step that needs to be taken is to embed within the organizational culture not just the notion but the reality of true empowerment—the organizational transformation to incorporate the Barnes facilitative concept of the power to. As a note of caution Hardy and Leiba-Sullivan clearly identify a significant gap in the current discourse: “Ironically, although power and empowerment are inextricably linked, much of the work on empowerment in the business literature has been devoid of any discussion of power” (1998, p. 452). This is reminiscent of the critique by Harley et al (2005) which identifies that the managerial discourse has effectively captured and rewritten notions of workplace democracy and innovation. The result is that empowerment is merely another tool to deliver enhanced productivity and an improved bottom-line profit outcome without any substantive change to the existing power relations.

What is required is to annex the ‘moral’ high ground taken by the current managerial discourse on empowerment. Empowerment has to be real and representative of a new organizational paradigm not just another management ‘bogus’ device. Ciulla is concerned that in many cases empowerment programs and initiatives are not genuine:

Authentic empowerment requires leaders to know what they are giving away and how they are changing the relationship between themselves and their followers…

Leadership is a distinct kind of moral relationship between people. Power is a defining aspect of this relationship. Whenever there is a change in the distribution of power between leaders and followers there is a change in the specific rights, responsibilities, and duties in the relationship…Bogus empowerment (emphasis added) attempts to give employees or followers power without changing the moral relationship between leaders and followers…Without honesty, sincerity and authenticity, empowerment is bogus… (1998, p. 84).
Empowerment has to be genuine and this means that there has to be effective delegation of authority and responsibilities to subordinates. Writers have argued that, rather than augmenting the power of subordinates, participation without delegation increases control over employees (Zorn et al, 2000; Appelbaum et al, 1999; Hardy & Leibas-Sullivan, 1998; Ciulla, 1998; Barker, 1993; Scott & Hart, 1979, Tannenbaum, 1968).

The organizational culture must provide for a climate that promotes open communications, active listening and which encourages personal risk, trustworthy behavior and initiative. For individuals to feel empowered they must perceive their working environment as being liberating rather than constraining. In particular, open information flow in addition to delegation is vital. Information must be free to move across, between and around organizational layers and or barriers so that collaborative decision-making can become more effective. As Wheatley argues:

Information is unique as a resource because it can generate itself. It’s the solar energy of organisation - inexhaustible, with new progeny possible with every interpretation. As long as communication occurs in a shared context, fertility abounds. These new births require freedom; information must be free to circulate and find new partners…

Of course, such freedom is exactly what we prevent. We have no desire to let information roam about promiscuously procreating where it will, creating chaos. Management’s task is to enforce control, to keep information contained, to pass it down in such a way that no newness occurs. Information chastity belts are a central management function (emphasis added) (1999, p. 97).

Not only must there be no ‘chastity belts’ in place to control information flow by management elites but one final element needs to be enacted. This goes to a concept argued by a series of authors as the existence of ‘concertive control’ (Zorn et al, 2000; Barker, 1999; Cheney, 1999; DiSanza & Bullis, 1999; Sewell, 1998; Alder & Tomkins, 1997; Barker, 1993). This is again an insidious form of power over. Direct control from the top is now replaced as: “Control is achieved largely, but by no means entirely, in a horizontal manner, as employees are urged to motivate, monitor, reward, and

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89 This needs to be negotiated between the various parties to determine the extent of the boundaries of the decision-making authority and level of responsibility that groups/teams will enact in the workplace. In this way effective delegation is operationalised successfully.
punish one another” (Zorn et al, 2000, p. 547). It is a capturing by management of mythic symbols and phrases such as ‘service’, ‘excellence’, ‘team’, ‘family’, ‘active participation’ and even ‘empowerment’ as a rhetorical tool to appeal to employees for greater productivity and commitment. As Zorn et al put it:

…concertive control is powerfully effected by the microlevel interactions of organizational members and “active participation” processes in particular are potent means of enhancing and sustaining such control. Having staff members “voluntarily” research and discuss the positive aspects, or the specific application, of a change initiative has potential as an effective means of influence (2000, pp. 556-57).

The danger with concertive control is that it is represented as exactly what it is not. It is proposed not as a form of control but as a process of empowerment and employee freedom masked by rhetoric about mission(s), organizational values and ethics. It becomes the camouflage of control: the control you have when you do not have control (purportedly). It evokes comparisons with Luke’s third dimension of power. This is not true empowerment.

The need is then is for the engagement of an open dialogue amongst all organizational actors to create the reality of Barnes’ notion of facilitative power to in combination with the reframing of organizational culture, leadership, managership and followership. This will then help to alleviate Ciulla’s concerns about bogus empowerment and enable a rewriting of power relations within an organization to deliver a new decision-making paradigm. The word control (over people) would then be deleted from the organizational lexicon.

The next section explores the possibility of further enhancing commitment and direct engagement of employees in the running and success of organizations by enabling and promoting actual ownership (full or part) of the businesses in which they work.
5.7 Ownership and Corporate Performance

Another element that needs cognizance is the relevance of having more than psychological ownership of corporate processes and outcomes. The latest studies on the relationship between actual ownership and corporate performance bring into question the modern notion of the need for externally recruited professional management teams that would supposedly deliver ‘better’ corporate performance. The notion of ownership involvement by not only families but also other senior executives and the members of the organizational workforce would certainly be one way to ensure effective involvement.

A study by Anderson and Reeb (2003a) of the American S&P 500 index\(^9\) found that one third of the top 500 non-financial companies had substantial family ownership averaging around eighteen percent of equity in the business. Their initial hypothesis (consistent with existing literature) was that minority shareholders would be adversely affected by family ownership. Their main finding, however, was that these firms with a substantial family ownership component had a better corporate performance than non-family firms. In addition, when family members take on the CEO role firm performance is better than with outside CEOs. McCrann (2003, p. 40) explains this under the general rubric of having “…skin in the game”. In other words having ownership exposure to the results of the business acts as a powerful incentive to ensure long-term commitment to success.

Earlier studies had similar results. Morck et al (1988) studied the relationship between management (founding family) ownership and the market valuation of 371 publicly listed firms and concluded that this was positive and increased as ownership levels rose. Controlling for size, industry and managerial ownership, studies have revealed that

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\(^{9}\) This index consists of the 500 largest corporations (by market capitalization) on the US stock exchange.
firms controlled by founding families have greater value, operate more efficiently and have lower levels of debts. They have also shown that a subset of descendent-controlled companies performs even more efficiently than the usual type of founder-controlled firms (Anderson and Reeb, 2003b; McConaughy et al, 2001; McConaughy et al, 1998).

These findings prompted BusinessWeek magazine to carry out an additional study in which they quantified these findings. They tracked family companies over the past decade and identified average shareholder return of 15.6% for family companies compared to 11.2% for nonfamily companies in the S&P 500. In addition, the analysis showed that return on assets averaged 5.4% versus 4.1%; annual revenue growth was 23.8% versus 10.8%; and, profit growth of 21.1% versus 12.6% (Business Week, 2003, p. 1). The speculative explanations offered by BusinessWeek for this difference ranged across a number of factors including greater passion for the enterprise; being born to lead (a strange notion); quicker decision-making; significantly enhanced staff loyalty; investing (and reinvesting) in longer term growth strategies; and, having no absentee landlords at the board corporate governance level. These explanatory assertions have yet to be tested empirically.

So how can these benefits be harnessed and the effects transferred to other corporate entities? I argue that these positive results could be transferred if both large and small organizations allowed and even encouraged increased ownership by employees in the business. The notion has intuitive appeal. This would be another version of having ‘skin in the game’ and would certainly act as an incentive for increased participation in the decision-making process. Despite some difficulties and failures in 100 percent owned employee ventures, there are many other stories of success with employee

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91 One explanation well may well be a stronger alignment between the self-interests of the family owners with the self-interests of the firm thereby minimising the agency theory problem.
ownership and involvement in what could be classified as examples of ‘small c’
capitalism (Macleod, 2003; Taylor, 2000; Goyder, 1979). When combined with the
literature on participative decision-making and self-managed, devolved organizations
this makes a contemporary ‘story’ for organizations to explore and enact (Hope and
Fraser, 2003; Garratt, 2000; Pasternack and Viscio, 1998; Purser and Cabana, 1998).

5.8 Corporate Governance Implications
This final part of the chapter consists of a number of sections (5.8 to 5.10) in which I
analyse the implication for the four management power and control domains in fully
implementing ODE theory and methodology. This occurs only in a scenario of a true
empowerment initiative in which authority and responsibility is effectively cascaded
down through the hierarchical layers of an organization.

The first of the hierarchical domains of senior management to be altered by a genuine
participation process is corporate governance. If shared governance is implemented
successfully then the likelihood of senior management misbehaviour, or mere poor
decision-making, with negative implications for an organization’s future is reduced
considerably. The governing body of the organization then will not need to spend so
much time in the oversight role monitoring senior management in the financial and
operational areas because management’s influence will be significantly lessened in the
‘running’ of a business.

5.8.1 Governing Bodies and a Team Culture
It should be acknowledged here that there is, however, a less individualistic and
managerial approach to decision-making in companies in parts of Europe. Here there is
a greater willingness to use a more participatory approach and allow enhanced
stakeholder, particularly employees and shareholders, involvement in both the
governance and internal management of companies.\footnote{This is best illustrated by the practice in the Netherlands and Germany of having two company boards. The Supervisory Board is composed entirely of independent directors representing shareholders and employees. This board (termed the Raad van Commissarissen in the Netherlands) monitors and supervises the corporate strategy whilst the board of directors constructs the corporate strategy and carries the fiduciary and ultimate responsibility for the results of the company (Goodjik, 2003, p. 232).} The discussion that follows relates to Anglo-American organizations, but is not necessarily representative of the European cultures.

Sonnenfeld (2002) constructs a particularly positive response to the conundrum of managerial prerogative and the adoption of a ‘form over substance’ approach to governance of organizations. He argues it is not the rules and regulations of the governing process that count but the way people work together that is vital. Therefore, what distinguishes exemplary (effective) boards is that they are robust, effective social systems (2002, p. 108). In other words they exhibit a healthy boardroom culture. I argue this is the most critical of the additional elements needed to ensure that good governance practice is translated into ‘better’ organizational performance. Justice Owen (2003), of the HIH Royal Commission, would support such a response. Jack Welch, ex CEO of General Electric also advocates this approach as opposed to a tighter set of governance rules “The characteristics you want are integrity, common sense and willingness to speak out” (Gottliebsen, 2003, p. 21). Edwards would add other less tangible factors such as “…behavioural integrity, skills, relationships, leadership…” (2003b, p. 13).

Vital elements in constructing such a culture at the governing body level would then be the creation of a climate of trust and candour with full access to relevant information; effective governing body teamwork which avoids groupthink and social loafing,\footnote{Social loafing is where group members do not participate effectively in groups and rely on other members to do the work and groupthink refers to group mediocrity in decision-making by chasing consensus (falsely) at all costs (Baker et al, 2002, pp. 328-331).} encouragement of open dissent and debate; members/directors changing roles regularly;
individual accountability of members/directors for their roles to the rest of the board; and, regular reflection and evaluation of the board’s own performance (Sonnenfeld, 2002, pp. 109-112). In particular, the need for active debate and open questioning of management is seen as central to this ‘healthy’ process.

The key to this ‘healthy culture’ is open debate and discussion. This means that directors must have the capacity and willingness to challenge each other’s assumptions and beliefs relying on integrity, personal fortitude and external trust to allow for opposing viewpoints and challenging questions. Sonnenfeld’s analysis shows that “…the highest performing companies have extremely contentious boards that regard dissent as an obligation and that treat no subject as undiscussable”94 (2002, p. 111). In this way they are able to avoid the problem of groupthink where conformity and consensus are seen as virtues. One needs to construct, at the governance level, robust and effective teams.

The role of the chair and the independent directors is central to guaranteeing that this robustness occurs by ensuring that individual voices/arguments are heard and valued. In addition, the role and responsibilities of the chair and that of the independent members (particularly staff/employee members) needs to be expanded to help deliver this ‘healthy’ culture. Such a culture is enabled by openness, trust and strong relationship building amongst the differing parties and members of the governing body. Finally, organizations need to ensure that governing boards meetings do not become ‘rubber-stamping’ exercises and implement both the full range of ‘substance over form’ changes emanating from the best practice governance recommendations. Organizations following this path of effective reform, I believe, will reap positive benefits.

94 This is step in the right direction but what is critical is the nature of the discussion and debate and the framework within which it operates. This is crucial if this advocated approach is to work effectively within the boardroom walls.
### 5.9 Implications for Strategic Planning and the Practice of Budgeting

Strategic planning will change in two ways. The first is that it will no longer be viewed as the privilege of the senior management echelons in an organization—it will not remain as a top-down decision-making process. This does not necessarily mean that this function of decision-making will be performed at all levels throughout the organization. Some organizational actors will have greater levels of expertise and skills at this visioning and strategic decision setting process. But the rest of the organizational actors will have the right to be involved and be part of the co-determination process that will be put into place and at least have the right to challenge what may emanate from different parts of the business.

I would, however, expect that the first and primary layer of responsibility will still remain with the governing body—usually the board of directors—which will still have the key responsibility for the strategic direction of the organization. This will not be an exclusive approach. Other parts of the organization particularly at the strategic business unit level will be encouraged and expected to participate. They will be ‘closer to the coalface’ and will have a real feel for what the organization is facing from its internal and external environments and from other stakeholders, especially customers, that they interact with in the day to day course of business.

Secondly, strategic planning as a process and set of generated outcomes also needs to change. The notion of setting detailed, formalised and forecast dependent strategic plans with long time horizons such as the current five year (2003-2007) Tertiary Institution plan is no longer appropriate. Strategic flexibility needs to be the hallmark of a new type of strategic planning in which there is a combining of top-down and bottom-up processes (Entrekin and Court, 2001; American Productivity and Quality Center, 1996; Wilson, 1994). There needs to be general agreement on the overall
strategic direction that is to be implemented. After that there needs to be the flexibility to alter any plan(s) as other changes and developments occur in the competitive and rapidly changing environment facing the organization in the short, medium and longer term. All this is an integral part of the ODE methodology if it is fully implemented at the micro and meso-level in an organization.

Budgeting as a method of power and control—by senior management—and subsequently as a process will also alter radically under the aegis of a self-managing organization. The proposed radical reform, I advocate, of leadership and management will result in management—both senior and line or middle—having different roles and responsibilities such that notions of the abuse of ‘power and control’ will no longer be relevant in the organizational decision-making hierarchy and process. This will resolve one of the major issues in the budgeting debate—the reliance on the budget tool by management as a constraining and control device rather than as an enabling mechanism. In this scenario budgeting as an organizational practice can be modernised such that it still utilises accounting numbers but also responds to the ‘Beyond Budgeting’ advocates by also including market-based targets, internal and competitor benchmarks as well as bottom-up and inside-out identification of other qualitative performance measures (Heller, 2000; Hope & Fraser, 1997). This will answer many of the twelve identified dysfunctional behaviour and outcomes generated by a more traditional approach to budgeting (Hansen et al, 2003).

The budget procedural changes also need to be substantial. I argue that the Hansen et al recommendation of studying and “…expanding budgeting research to incorporate the behavior of middle and lower-level managers” (2003, p. 110) is not the relevant response. Delegation of budgeting powers to line managers and supervisors further down the organizational decision-making ‘food chain’ is not the answer. It is necessary
rather to first decide whether budgeting as a practice needs to continue within the organization. If that decision is affirmative then it will be necessary to delegate that authority and responsibility to the lower-level strategic business units and the relevant teams/groups in those areas. Budgeting as a practice becomes a bottom-up and top-down process in which outcomes and targets (financial and non-financial) then achieved are notified to the much slimmer and flatter-structured central and senior management.

The combination of such a reformed organizational ‘turn’ in strategic planning and budgeting means that the focus in the future will be on collaboratively setting the most appropriate strategic direction for the future of a business. A modified budgeting process will then be used as a monitoring process for measuring the achievement of the proposed targets, plans and outcomes. This also has follow-up implications for the change management function in organizations which is the focus of the next section in this chapter.

5.10 Implications for Change Management Processes

This along with corporate governance is one of the more important areas that are impacted by the elements of ODE theory, its associated methodology and the notion of effective and ‘real’ participation by the workforce of an organization. It is best illustrated in the following public sector case study of what happened in the restructuring and creation of the Murdoch Business School at Murdoch University. This is a ‘story’ of organizational failure in the change management system that was turned around in the end when the workforce was allowed to become more directly involved in the process.
5.10.1 Case Study: The Creation of the Murdoch Business School—the Recasting of a Negative Story\textsuperscript{95}

5.10.1.1 Site and Background

Murdoch University (MU) is one of four public universities and one private university located in Perth, Western Australia.\textsuperscript{96} The University is the smallest in size of the public universities with three campuses: the main campus at South Street and satellites at Rockingham and Peel. The University consists of three academic divisions and nineteen discipline-based schools, which form the core of the academic organizational units (AOUs). Murdoch University is a university with an organizational hierarchy that consists of a number of Divisions both academic and administrative. There are also academic sub-groups within the Divisions: these are academic organization units (AOUs) designated as Schools with a Head of School in the day-to-day management role.

The previous Head of School had for many years assumed the dual mantle as a member of senior management and as Head of one of the two original Schools (School of Commerce) that now comprise the Murdoch Business School (MBS). There was a general acceptance of the prevailing style of management, leadership, and program development—during an entrepreneurial time in the university’s life—but these perceptions were limiting. They limited the questioning of past business and management practices and behaviours that should have been scrutinised at the time with greater rigour.


\textsuperscript{96} The other universities are the University of Western Australia (the oldest); Curtin University (with a technology focus); Edith Cowan University (the newest with a teaching and applied research focus) and the University of Notre Dame (a private Catholic university).
Over a period of two years the merger of the two schools (School of Commerce and School of Economics) created the Murdoch Business School. Both original schools had operated for years with relative internal quiet. The original schools became AOUs of significant private and public disquiet after the appointment of a new member of senior management in early 2001. During the two years following that appointment many of the practical aspects of managing the two original schools and the nascent MBS altered significantly.

5.10.1.2 Development of Despair

A previous Vice-Chancellor of Murdoch University (Professor Steven Schwartz) who openly acknowledged and favoured a top-down managerialist approach to organizational decision-making was instrumental in the appointment of this new member of senior management. Managerialism (the borrowing of private sector management thinking into the public sector) is dominant in Australian Universities (Stewart, 1997; Coaldrake, 1995; de Boer and Goedegeburre, 1995). Stewart explicitly points out that: “University decision-making structures encourage lots of fights about the little things, while the important decisions – such as shutting down departments or opening a campus in Bangla Desh (sic) – are made by senior managers who may or may not know what they are doing” (1997, p. 36). Consequently, it is likely that this appointment had significant performance expectations, placed on this new senior manager by other MU senior executives, which would have been reflected in that person’s subsequent management approach and outcomes.

The initial approach used by the senior manager was gender inclusive and consultative but a series of events clearly showed that on issues of corporate change s/he was outcome and top-down focussed. During these early months of the appointment, there was very little public discussion on the topic of new policies or organizational
restructuring. However, there were many rumours of impending significant change. By the time of a corporate strategic planning day held on 30 April 2001 there was ample opportunity for a collective outpouring of dissent and heightened resistance by staff in reaction to this enforced process. Indeed the disharmony was so extensive that it is a reasonable conjecture for this to explain the delay in the distribution of the planning day report until 24 August, some four months later.

During August and before the circulation of the strategic planning report the senior manager announced that there was to be a major restructuring process. An external consultant was appointed and was charged with the following brief to establish “…where the AOU wishes to place itself in the educational market, identify the research focus, examine the disparate size of Schools and maximise its synergies” (Divisional Board, 15 August 2001).

An Emeritus Professor was appointed as the external consultant and the facilitator for the academic restructure. In its own right a controversial appointment as the individual had a perceived antagonistic position to the continued existence of certain Schools within the Division. When pushed for justification for a restructure the response by the facilitator was “…to diminish the power of the School of Commerce” (van Rhyn, 2001). The ‘consultation’ was one of limited dialogue, with many of the existing managers and staff omitted from the process. The subsequent report (issued at the end of September 2001) was as expected: it recommended the re-establishment of the power base of one discipline area by ‘carving’ up the School of Commerce.97 The reaction to the report was naturally negative—it resulted in a number of staff having individual in-depth discussions with the senior manager—questioning the legitimacy of the process and

97 If the “quiet” objective had been to “reign-in” the power base of the School of Commerce, then at one level it was successful: the change process focused the attention of the staff on one individual and one issue and not on other sections of Murdoch University.
therefore the proposed outcomes. The extent of this feedback provided the rationale for the senior manager to abandon the report and introduce another agenda not previously publicly known, the creation of the MBS.

In early November 2001 an invitation was sent by the senior manager to all staff in the Division to meet and discuss restructuring possibilities. At the actual meeting on 13 November, assembled staff were extensively briefed by the senior manager with respect to the future scenarios facing this part of Murdoch University. The result was the proposed creation of the Murdoch Business School, which would be the largest school in MU.

The following day an email was sent by the senior manager to the then Vice Chancellor (with wide circulation) using phrases such as “…following extensive staff consultation” and “…a decision was taken yesterday…to form a new Murdoch Business School…to take effect from 1 January 2002” (Senior Manager, 14 November 2001). The email effectively announced the formal creation of the MBS. However the general consensus of staff that were present was that the agreement reached was for the construction of a ‘virtual’ School to permit continued discussion about the future shape of the change outcomes.98

The saga to that date was consistent with the literature, a classic one of a top down change management process which was on the verge of a significant breakdown because of the continued alienation of staff from any meaningful engagement with the process (Maurer, 1996). There was now serious resistance from all staff, academic and administrative, to any form of organizational change.

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98 The understanding of staff present was that the two schools (Commerce and Economics) would remain separate under their respective Heads of School. There would be, for external marketing and branding purposes, a virtual MBS until the logistics and details of the change could be worked out collaboratively and the organizational unit announced publicly.
5.10.1.3 Renaissance

Concern about low morale and demoralisation forced the other Heads of Schools within the Division and a number of senior staff to meet and act. A non MBS School Head presented the resulting one page document to the senior manager. The document included the following:

There is a feeling among a number of staff that whilst change to the current situation is required, they would like more involvement and consultation in the development of the details and rationale of the changes. This feeling has had the effect of reducing ownership of the amalgamation solution…there has been some discord…They (the faculty) would like more involvement and consultation…to ensure dissension remain within the Division… (Anonymous, 21 November 2001).

This was followed by direct and significant intervention from the staff union—the National Tertiary Education Industry Union (NTEIU) Murdoch Branch—and after a series of discussions between Murdoch university and the NTEIU branch president and industrial officer, the senior manager did then agree to continue the development of the MBS within a more consultative and participative framework.

A restructure group was established in early December 2001 under the chair of the senior manager with staff, management, and NTEIU union representatives. The group met several times over a number of months to construct an acceptable set of outcomes for all. During this time there were any number of corridor chats, informal tearoom discussions and formal school meetings to discuss and debate alternatives and hear about the latest developments. The final outcome was a matrix management structure delimiting the direct control of appointment to positions by the senior manager. This was agreed to by all staff at a formal MBS School meeting held on 23 May 2002 (Holloway, 2002c). The legitimacy of the change management process had been resurrected and staff, although still wary, were more accepting of the outcome(s) reached.
5.10.1.4 Hope

In the meantime, other initiatives were underway including discussions with the NTEIU, and other members of the senior executive. Further restructuring within MU at a university wide level has subsequently occurred with significant positional changes at the senior management level. A clearer sense of a positive future then developed for the MBS with ongoing constructive debate and participation by staff in the construction of a strategic plan for the School.

In addition a new internal MBS management structure designed through a collective and collaborative approach had been put in place. This followed the path of an organizational strategy/structure nexus in which there was a higher degree of engagement and ownership by the staff of both the change process and the generated outcome(s).

5.10.1.5 Case Study Summary

This case study clearly illustrates that the key role of senior managers to be the primary change agents and to successfully manage the change process effectively is highly problematical within a university context. The saga of the MBS is evidence that even in a bureaucracy and a public sector agency like a university the best approach to change management is one that actively involves all staff/employees. Such an approach would allow greater ownership of, and engagement in, the process and outcomes and minimises the need to overcome resistance to change so often prevalent in traditional change management literature.

5.11 Chapter Conclusion

This chapter set out to explicate first the implications for organizations in the areas of culture, leadership, managership, followership and power if they engage fully with ODE theory and methodology. Interwoven into this first half of the chapter were the
responses gleaned from the fifteen Tertiary Institution interview participants. The second half concentrated on the implications of such a move for the four hierarchical managerial domains of strategic planning; corporate governance; budgeting; and, change management. The primary conclusion from this overview is that there are practical advantages to be gained from such an intellectual and operational organizational ‘turn’ but that there are many barriers and obstacles to be resolved in such a journey.

The last part of the chapter provided a brief case study analysis of the change management process utilised to establish the Murdoch Business School by merging the exiting schools of Economics and Commerce. The conclusion reached is that, even within a clearly bureaucratic organizational context, significant organizational change is best ‘managed’ as an inclusive rather an exclusive, top-down approach. Active involvement by all concerned does help to ensure that the level of resistance encountered does not result in the ultimate failure of the actual change process itself.

Two issues are more explicit as the result of the analysis in this chapter. The key to a quantum organizational change as advocated by the full implementation of ODE theory and methodology will be dependent initially on the willingness of ‘champions’ at the senior management level to set the foundations for such a radical move. This will only occur if the executive ‘prevailing mindset’ sees obvious advantages in doing so. I expect that this will in the first instance use the sensitising drivers of ‘profit maximisation’ and ‘enhancing shareholder value’ to realise that there are pragmatic advantages to be gained. I accept the Harley et al (2005) overview that this will not be due to any notion of the humanisation of capitalism and thus workplace democracy and innovation will still have a dominant managerial discourse tied to ‘bottom-line’ productivity and profit outcomes. In the medium to longer time frame, however, the
advantages gained by those organizations that do take such action will become more pervasive particularly in the light of recent global initiatives and pressures for enhanced corporate citizenship and sustainable business practices. It will always be easier to fully implement ODE in a newly formed organization in which there are fewer barriers to just such a move.

The second element is the implication of the lengthy timeframe that will be required to successfully make such an organizational transition. The current chaotic and turbulent global business environment has shorter business and economic cycles (Vago, 2004, Stewart-Allen, 2001; Louca, 1999). Consequently, organizations are under constant pressure to adapt and respond rapidly to these shorter cycles. The result could well be reluctance therefore to engage in a lengthy change cycle process that may be seen as reducing the capacity of the corporate entity to react effectively while the process itself is underway. This concern needs to be addressed as part of the change process itself.

The final point that is vital is the reframing of existing power relations within the organizational hierarchy. Only if this is genuine will the remainder of the reframing process have a chance to succeed. This can occur if all stakeholders and organizational actors operate in a culture of trust and mutual respect within a framework of non-defensive organizational, individual and collective learning. This will then enable the more sustained development of high performing and dynamic organizations.
6 Chapter – Tertiary Institution Strategic Planning: Managerialism and Corporatisation of Universities

6.1 Introduction

The primary aim of this chapter is to provide an empirical assessment of a number of the key elements in ODE theory and methodology within a higher education institution (TI). The first five chapters have been focussed on the theory building and analytical components of this thesis. The chapter (and the next), contains the empirical qualitative case study component and enables a careful and decisive assessment of what occurred during the latest strategic planning phase within TI. This, therefore, provides an opportunity to critically evaluate the ODE model and theory within one of the more complex organizational contexts that can be encountered.

As outlined in chapter one it is an analysis of what occurred at Tertiary Institution (TI) in its most recent strategic planning round which resulted in the construction of the current strategic plan for the period 2003-2007. The process was completed in September 2004 and had as its central aim (initially) the engagement of the various internal stakeholder groups within the organizational community, including students, academics, administrators and senior management to engender a higher degree of involvement in and “ownership” of the final outcome(s). The goal was to enable groups of internal stakeholders to have a fairer and more equitable engagement and interaction in the crucial strategic decision outcomes that were finally adopted.

The chapter has two main parts. The first focuses on mapping the background developments impacting the Australian university sector: in particular the reduction in public funding and the rise of market forces pressures and the implementation of private sector (top-down) management concepts. The second part is concerned with an analysis of the events that occurred in Tertiary Institution in the strategic planning process. It
first outlines the procedural steps that were utilised. It then proceeds to incorporate the major perceptions and reflections of the fifteen university interviewees who agreed to participate in semi-structured interviews. They provided an effective overview of the planning process and its final outcomes. I finish off the chapter with my own autoethnographic critique of what occurred.

6.2 Australian University Sector – Current Scenario

The changing nature of Australian universities and the increasingly competitive environment in which they currently operate has been the subject of significant analysis (Tourish, 2006; Holloway & Holloway, 2005; Thornton, 2005, 2004; Cain & Hewitt, 2004; Holloway, 2004a, 2004b; Yelder & Codling, 2004; Eveline 2004; Currie, 2003; Biggs & Davis, 2002; Currie et al, 2002; Sharrock, 2002; Illing, 2002; Bessant, 2002, 1996; Schwartz, 2002, 2001, 2000; Marginson & Considine, 2000; Coady, 2000; Ritter, 1998; Crowley, 1998; Stewart, 1997; Marginson, 1996; Charslew, 1993; Moses, 1991; Hudson, 1988; Blainey, 1957). The organizational tensions identified include notions such as the rise of greater bureaucratisation, managerialism and corporatisation versus the erosion of collegiality and/or collaboration and academic freedom. Australian universities are in the process of being commodified and are developing more of a consumer and customer culture (Holloway & Holloway, 2005). They are no longer focussing exclusively on an educational mission in which teaching and research are paramount. Instead they are “…transforming…to fit the economic and social conditions of consumer culture” (Hunsinger, 2003, ¶1). The next two sections analyse the reduction in publicly sourced revenue streams and the development of market pressures in the University sector in Australia. This helps to locate within a wider organizational and social context what has occurred recently within Tertiary Institution
6.2.1 Public Funding Crisis and the Rise of Market Forces Pressures

Prior to the 1980s the Australian University sector was a publicly fully funded system with the funding primarily derived through the Federal government under reforms instituted by the Whitlam Labor government in the early 1970s (Eveline, 2004, p. 17). However, successive reforms since then by both governing political parties in the Federal arena have resulted in major changes to the university funding landscape. Currently less than half the recurrent funding required by universities is supplied by the Federal government. The remaining revenue shortfall is now being made up primarily by local students though fees and charges such as the Higher Education Contribution Scheme (HECS) and overseas fees paying students, both onshore and offshore (Kneist and Rosenfeld, 2004).

Slaughter and Leslie (1997) argue that this trend is part of the negative effect of globalisation on universities whilst Gibbons et al (1994) more succinctly describe this as the international move towards a ‘massification of education’: the higher education system absorbing larger numbers of students with fewer staff and a decline in the traditional status of academic values as part of a push towards corporatism and the emergence of a user-pays and profit-making mentality. This is “…now a strongly entrenched phenomenon, it is international in scope and is unlikely to be reversed” (Gibbons et al, 1994, p. 11). There is a sense of accelerated change in which the university image and identity as a public good is under challenge. Universities in Australia are becoming education ‘degree factories’ as claimed on the ABC Four Corners program (Fullerton, 2005). They are no longer calm and quiet places for reflective thought and critical thinking. The individual institutional emphasis appears to focus more on corporate issues such as revenue generation and cost reduction and managing within allocated ‘budgets’—all within the frame of the private sector notion of an overall organisational ‘strategic plan’.
A corporatist notion of the need for increased productivity has been a feature of the Australian university sector since the early 1980s. The actual changes have been substantially higher than was first expected. The Labor government Dawkins Green Paper argued that a target of 125,000 students would be achievable by 2001—at a time in 1987 when university students numbered 78,000 (Karmel, 2000, p. 160). Instead the 2001 total was in excess of 600,000 of which more than 144,000 were overseas fees paying students (Kneist and Rosenfeld, 2004, p. 9). This was an exponential expansion of the university sector without corresponding and appropriate increases in resources.

Government funding has been on a continuous decline since the 1980s. As Eveline points out:

In 1975-76 government spending on higher education as a proportion of gross domestic product was 1.5 per cent. Since then there has been a steady decline to 1 per cent. Governments have increasingly offloaded taxpayers’ responsibility for higher education onto business and other sources. In 1981 universities obtained 90 per cent of their funding from government sources; by 2001 that proportion had dropped to 55 per cent (2004, p. 19).

The brunt of these changes has been borne by the workforce such that between 1988 and 1996 whilst there was a 49 per cent increase in student numbers (equivalent full time student load—EFTSL) academic and general staff numbers only increased by 26 per cent (Eveline, 2004, p. 19). This is clearly a large growth in workforce productivity. These higher workload trends are still continuing.

There have been two main ways that universities have coped with this reduction in direct public funding. The first was a government initiative with the introduction of HECS charges for domestic students by the Hawke Labor government in 1989—a form of deferred fees paid for through the tax system (Eveline, 2004, p. 18). A part of the shift, therefore, was to ‘users’ of the system—a user pays approach used by successive Australian governments in many sectors of the economy which is widely and uncritically accepted (seemingly) by the taxpaying public. The second was to rely
increasingly on recruiting overseas fee paying students both onshore and offshore. There has been a sustained growth of revenues from this component alone (Kneist and Rosenfeld, 2004). The mantra that pervades senior management thinking and strategic planning is the increasingly urgent ‘need’ to diversify revenues streams. This corresponds with a significant growth in marketing activities both domestically and offshore which highlights the shift towards an enhanced corporate and competitive mentality amongst universities.

This ongoing privatization of the system by the conservative Coalition federal government is likely to accelerate given the Australian federal election results with the re-elected government gaining control over the Senate (and control over both houses of parliament) in July 2005. The market forces approach is here to stay for the foreseeable future. This acts, I would argue, as a significant threat to concepts of collaboration and collegiality along with the attendant notions of academic freedom and academic integrity and subsequently impacts (negatively?) the ‘management’ of university decision-making.

6.2.2 The Rise of Managerialism: Dilemma at the Crossroads?

Managerialism, the early term for the reforms that have occurred in the past two decades in this country, involves the introduction to the public sector of private sector management concepts and approaches. These include the use of mission statements; strategic plans; development of performance indicators; devolution of responsibility; greater use of risk management; performance management of staff and evaluation of resource efficiency and effectiveness in terms of outcomes and objectives. I support the bulk of these changes because it is clear that public universities in Australia will no longer be funded exclusively by government—this is made clear in the quote below. As a result they have had to become more ‘corporatist’ in their organizational focus to
ensure their overall longer term ‘survival’ and future success. This trend will continue in my judgement whichever political party remains in power in Canberra.

As I argued in an earlier paper this reform process is now an inexorable force in the Australian university sector:

The intention of this management reform (conventionally termed New Public Management or NPM) is to have outcome and achievement oriented public sector organisations maximising value for money in a world of scarce resources…Despite their many critics over the years Hughes (2003) clearly argues that these public sector reforms are not a passing management fad and are here to stay. Proponents of New Public Management argue that public institutions have to be more accountable for public resources and show that their organisational outcomes are worth the investment of funds by the taxpayer and society. These are positive and necessary changes given that the public funding process is not bottomless. On the negative side, however, is the importation of the corporate notion of a dominant managerial hegemony in which management decides all things organisational (emphasis added). The resulting management decision-making approach is usually a tightly controlled, top-down process (Holloway, 2004b, p. 24).

This trend is also international in nature. An international study of university management in mainland Europe and the United Kingdom showed that academics are limited in their organisational involvement to areas of teaching, teaching policy and research whilst: “Top-down decision making is apparent in the case of setting budgetary priorities, the selection of administrators and the formation of long-term policy…” (de Boer & Goedegebuure, 1995, p. 45).

The result is a paradigm shift in university management thinking and approach that sees the adoption of such (supposedly?) modern management techniques ‘borrowed’ from the private sector (Karmel, 2000). Eveline (2004) argues that this is forcing universities to closely re-examine their previously strong monopoly role in knowledge production. In line with the new form of knowledge production traditional demarcation lines between academic life and corporate life are breaking down.

Universities are being pressured to adopt corporate values; to encourage the careers of new entrepreneurial academics; and, to abandon their tradition of collegiality in favour
of new ‘tough’ top-down strategic planning and career management (Eveline, 2004, p. 16). However, just as universities in Australia are becoming more centralised and top-down focussed in their decision-making processes—because of these funding and political pressures—the private sector has been moving in different and more participatory directions as was made clear in the literature review in chapter two and the organizational implications of ODE in chapter four.

6.3 Tertiary Institution – The Site

Tertiary Institution (TI) is a research intensive medium-sized university in Australia. It is a public university located within one of the country’s capital cities. The University has a high, national reputation for its teaching quality and research quantum. The institution like many others is strategically positioning itself within the series of reforms to higher education that the current federal government has brought in during the last decade.

The University consists of a large number of schools within which there are several discipline groupings. There is a Head of School in charge of the administrative and academic responsibilities within each of these designated academic organizational units (AOUs). The schools are then aggregated into several Divisions under an Executive Dean—each of these Deans has been appointed from within the academic ranks. The university has been growing steadily in student numbers and equivalent full time students over the past two decades. The majority of students are non-school leavers forming nearly sixty percent of the student population (Tertiary Institution, 2005).

In addition there are a number of administrative divisions each managed by a Pro Vice Chancellor. The university has a Vice Chancellor as the top bureaucratic officer of the institution. S/he is effectively the organizational chief executive officer (CEO). S/he reports to the university governing body headed by the Chancellor who is an eminent
member of the public. The University is not unusual or unique in having this type of organizational structure.

### 6.3.1 Tertiary Institution Strategic Planning – Procedural Steps

The University asked John De Reuck and myself (from the School of Business) in early 2001 to be the consultants and facilitators to help construct a more participative approach and guide the organization in such a way as to engage and involve the university community. The aim was to change away from the traditional top-down approach to one where there was a greater sense of ownership of the decision outcomes. John and I had significant reservations at the beginning about being involved because Universities are highly politicised public sector organizations. Australian Universities, in the past decade, have openly embraced ‘managerialism’ which has a top-down, corporate decision-making approach.99 Our concern was focussed on the issue of whether the project would be merely used to legitimate the traditional planning process and outcomes generated. The Senate, Academic Council and senior management convinced us that there was a serious commitment to change.100 Two significant champions emerged as ‘champions’ and strong supporters for this change process: Professor Senior Manager E (the Deputy Vice Chancellor) as acting Vice Chancellor and Professor Senior Manager F as President of Academic Council. Champions are a necessary ingredient and vital to any successful change process.

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99 Managerialism (or corporate management) involves the introduction to the public sector of private sector concepts and the result is a shift away from concentrating primarily on accountability to a minister of the crown to a greater emphasis on “...what governments do and how well they do it” (Weller and Lewis, 1989, p.1).

100 The Senate, headed by the Chancellor, is the governing body of the University to which the Vice Chancellor reports and has primary responsibility for the setting of policies and broad direction of the institution. The Vice Chancellor is the chief executive officer of the organization and Academic Council is responsible for academic policies and planning (Tertiary Institution, Annual Report, 2000).
6.3.2 Planning Process

The present state of affairs commenced with concerns raised at a Senate meeting on 2 April 2001 in which questions were raised about ensuring greater involvement and interaction by larger parts of the university community in the strategic planning process (Senate, 2001a). This resulted in Senior Manager F (President – Academic Council) then being tasked with ensuring that the current planning process had much wider input and to also engender greater commitment and participation throughout the institution.

A Steering Committee was set up which met formally a total of seven times during the entire process but there had also been a large number of informal and smaller sub-group discussions. The initial discussion focussed on the procedures to be employed resulting in the acceptance of the recommendation to use a variant on the ‘emergent’ planning approach with the accompanying methodology implicit in the ODE propositions.

The next phase of the project was determined to be an all day session of what was designated as the Community Representative Group. It was decided to hold this off campus on October 12, 2001. The specific objective of the day was: “Brainstorm ideas that are important for the Strategic Plan and allow the senior executives to understand the ‘baggage’ that comes with those ideas” (Tertiary Institution, 2002a). The tasks of this large group were to identify a series of broad strategic directions/themes and to identify the informing organizational values to which Murdoch should aspire. The purpose of this day was not to construct the actual strategic plan but to open debate and

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101 The members of the Steering Committee were the acting Vice Chancellor (Professor Senior Manager E; President of Academic Council (Senior Manager F); the University Secretary; the Director - Policy and Planning; the Chief Financial Officer; John De Reuck (School of Business); and myself, David Holloway (School of Business).
to also expose the senior executive group, who were all present, to the prevailing thinking on campus.

There were over sixty people present; representing students (members of the student guild); representing academics (Heads of Schools); and, representing administrative staff (Heads of Offices). They were briefed in the week prior to October 12 at a number of separate meetings to enable all to attend. The idea was to ensure that they were fully aware of the methodology and the tasks to be achieved on the day. The overriding concern was to avoid elements of deep cynicism emerging and to clarify the organization’s commitment to this revised planning process. It was made clear that the Habermasian concept of the ‘force of better argument’ would prevail throughout this process. These people were also tasked with discussing the plans for the day itself with their colleagues and to act as their representatives.

The first part of the day was a vital session in which Senior Manager E (the Deputy Vice Chancellor) provided a lively and spirited introduction on the notion of sustainability as well as a briefing on TI and its position in the Australian higher education sector. It was clear from his presentation that he was fully committed to this wider and more inclusive deliberative planning process. His presentation went a long way to dispelling the levels of cynicism that were still present amongst many participants at the beginning of the day. He certainly inspired them to become fully engaged with the process on the day itself. This was followed by further briefings which helped to provide the participants with several different overviews and perspectives on the situation and scenarios facing the institution.

A strong and lively debate ensued which helped to identify a number of broad strategic themes, which were subsequently discussed in greater depth in breakout sessions. The breakout groups were composed of a maximum of nine people with an even
representation from the three main constituent groups. This was done to minimise social loafing and, more readily, capture alternative arguments\textsuperscript{102} and debate (Baker et al, 2002, pp. 328-329). The briefing material; the records of the outcomes from the day; the deliberations of the breakout groups; and, background papers were compiled and placed on a World Wide Web web site located on the campus wide information system (Tertiary Institution, 2002a). A number of mailbomb e-mails were subsequently sent out to the university community asking for their interaction and response to what had resulted from these deliberations. This site was left open for community and staff feedback.

The next stage was a two-day planning retreat (25 and 26 November, 2001) for the senior executive group (SEG - 12 people in total) comprising the Chancellor; Acting Vice Chancellor; Deputy Vice Chancellor; two Pro Vice Chancellors; four Executive Deans; President of Academic Council; Director – Policy and Planning; and, the Director of Finance. Three people, including John de Reuck facilitated this retreat. The time was spent evaluating what had emerged from the larger group on October 12 and was synthesised into a draft and ‘broad’ strategic direction. Even the resulting draft strategic vision was compiled as three separate possible statements based on the ‘broad’ direction identified but awaiting further selection and refinement following extensive community feedback. None of the deliberations were discarded and alternative strategic options have been recorded to form part of the reserve coverage (i.e. decision alternatives). The results of the retreat were subsequently presented to the university community in an open briefing for all interested staff on December 6, 2001.

\textsuperscript{102} This part played an important role because it helped to establish the ‘legitimacy’ of arguments and thus undermine the authority of ‘position power’ in a top-down system of decision-making.
6.3.3 Planning Outcomes

The Senate was briefed by the Chancellor at its November 2001 meeting about the ‘draft’ decision outcomes emanating from the two-day retreat. The discussion concluded that although there was support for what had occurred there was also a need to obtain some wider feedback external to the University community. The Senate was advised that the University would commission market research to evaluate the outcomes from the perspective of external stakeholders (Senate, 2001). The research would assess the degree of external stakeholder support in the broader community.

The outcome(s) of the lengthy process had been the adoption by the University of sustainability and sustainable development as the informing strategic theme for the institution. However, the three ‘draft’ alternative statements produced by the Senior Executive Group at its retreat were subject to deep questioning during the community feedback process particularly about such a theme being relevant to a mainstream University. It was argued that Universities should only focus on such historically prevalent concepts such as excellence in teaching, research and community service and not attempt to be quite so radical.

103 The draft strategic statements identified at that stage were (Tertiary Institution, 2002a):

**Version 1**
To secure the national and international recognition of Tertiary Institution as unique in its innovative contributions to sustainability. Our commitment to the ecological, scientific, technological, economic, cultural and social dimensions of sustainability drives our continuous vibrant engagement in the relevant issues of equity, social justice and environmental responsibility.

**Version 2**
Tertiary Institution will be a vibrant centre for teaching, research and enterprise, recognized for its innovative contributions to the concept and practice of sustainability through innovative engagement in:

- Ecological
- Scientific
- Technological
- Economical
- Cultural and
- Social dimensions

**Version 3**
Tertiary Institution will be a vibrant research and teaching University providing leadership in sustainability.
An additional working party was then set up on the 10 January 2002 with three additional colleagues from the School of Business to advise and prepare a brief for the selected market research company. In addition, Dr. XXX XXXXXX was commissioned to use her postgraduate MBA marketing class to carry out an initial focus group analysis of what has been produced by the senior executive group. The results confirmed the concerns of Senate that external stakeholders might not understand the use of sustainability as a strategic theme. In addition, a formal Delphi study was undertaken using input from five prominent external community representatives to provide additional feedback and analysis of the term sustainability. The results from this Delphi study were very clear. The panel of experts were asked four questions (Holloway, 2002c):

1. What does the term ‘Sustainability’ mean to you?
2. Given the background material provided, is the term ‘Sustainability’ appropriate as a positioning theme for a University?
3. Will the term ‘Sustainability’ capture the imagination of our target markets?
4. Could you provide alternative suggestions for an overarching theme?

The summary of responses (from just the first round—only two rounds of consensus building where necessary) is contained in Appendix 5. These were mainly negative. This also ratified the earlier findings emanating from the student focus groups in that it would be difficult to engender effective external stakeholder interest in such a strategic move (Holloway, 2002c).

104 The members of the working party include Dr. XXX XXXXXX and Dr. XXX XXXX from the marketing faculty and Assoc. Professor XX XXXXX from management. The working party was chaired by Senior Manager F (President of Academic Council and included myself as the final member (Holloway, 2002c).

105 The Delphi technique was developed by the Rand corporation in the late 1950’s as a consensus building process involving generally five steps. The first is the identification of an issue or problem. The second identifies a small group of experts. Then independent judgements are obtained from each person through a questionnaire (in this case online via email). A facilitator collects, analyses and feeds back information on the issue to each expert. Finally steps three and four are repeated until there is consensus (Carson et al, 2001).
The outcome was a major rewrite of the draft plan to construct a set of words that would keep true to the earlier deliberations throughout the University community but would be less likely to encounter external resistance. The resulting text is in Appendix 4 (Tertiary Institution, 2002b). A series of iterative steps was then carried out simultaneously on the various campuses. Executive Deans, Heads of Schools and Heads of Offices provided additional briefings and further opportunities for staff members to provide additional informal or formal input into the planning process. Students through the Student Guild also had a similar degree of additional opportunities to participate. No one could then claim that they were neither aware of nor had the opportunity to participate if they so wished.

Once this final feedback had occurred the strategic plan was then revised and formally presented to both Academic Council and Senate for their approval and ratification. The final step was to accept and then promulgate publicly the finalised plan. It was a short document with a higher, slimmer set of performance indicators that is intended to provide the strategic framework within which the Divisions and Schools will then develop their lower-level strategic and detailed operational action plans utilising the same ‘emergent’ planning approach.

Unfortunately the plan was not completely finalised until September 2004. The main reason for the protracted final delay was the appointment of the new Vice Chancellor Professor Senior Manager G who took up his appointment in September 2002 (Senate minutes, May 2002).

6.3.4 Strategic Planning – Tertiary Institution Participant Perceptions and Reflections

This strategic planning process elicited a diverse range of responses from the TI participants. I interviewed (using a semi-structured set of interview questions—see
Appendix 1) fifteen Tertiary Institution internal stakeholder participants between October 2004 and February 2005. I had selected these participants using a purposive, judgemental sampling approach. They ranged in age from 25 to 56 and had been selected using a judgement sample process from across the Murdoch community: the sample included students, academics, administrators and senior management representatives. It should be noted that two of these were from the senior executive group (SEG) and two were very senior administrative staff members.

The four main questions I posed during this part of the semi-structured interview process were: 1) Describe your level of involvement and participation in the recently completed strategic planning process (2003-2007)? What did you feel about this process? 2) Were you satisfied with the level of your participation? Why/why not? 3) What would you change (if you could) in the process that was used? 4) Do you have any other comments or suggestions about your experience with the current TI strategic plan?

In response to the first question there was generally a sense that they had been (allowed to be) ‘involved’ in the process and felt positive about the experience(s). The response by Eric captures this positive feeling:

…it was an interesting exercise and what came out of it was a blue[print]...the re-emergence of what had been called the TI ethos but the idea that we could be something different, that we really had the wherewithal to trade on the idea that you could teach with a strong emphasis on building [a] sustainable world…And then we went through a process of seeing how we could make that all work together and into a strategic plan that could be operationalised and we also did some reflection on whether this was a sensible move for the university, how it would fly in the local community, how it would fly nationally…(personal communication, 2004).

As another respondent put it: “I thought the involvement was critical and I think the engagement with huge numbers of faculty was also very important…” (Elizabeth, personal communication, 2004). This was also reflected in a similar judgement by Dominic: “I thought the process was quite good…as I say I’ve never been involved with
that sort of thing before. The very fact that we did it to me was fantastic” (personal
communication, 2004) and by Nellie who said she was: “Delighted to be invited…yes, I
had input into that. I thought the exercise to be quite useful, people were engaged”
(personal communication, 2004). However, not all respondents were as positive in their
initial assessment. Kenneth argued:

I have to say that I think many staff are probably rather more like myself and have had
limited involvement in the strategic planning and that’s not simply to do with push
factors and [inaudible] being pushed out…but people are very busy and they’ve got
many things on their mind and there’re always serious nagging doubts about how
seriously strategic plans [are] taken when many of the features in the university
environment relate to exogenous forces about which...the strategic plan may or may
not be an effective way of dealing with it (personal communication, 2004).

In summation, the participants did agree that they had either been directly involved or
provided with the opportunity to do so if they so wished. The process had not been the
usual top-down planning approach dominated by senior management and the university
planning staff.

The second question revealed similar results to that of the first: staff members who did
get involved in the planning process generally were satisfied with the depth and extent
of their involvement. Some like Martin had additional input at the governing body
level—at TI Senate meetings—such that:

I was a senator through that period so I had quite a lot to do with it from [the] Senate
point of view...so I did have an ongoing involvement at that level and quite a lot of
involvement too [in] trying to shift some of the language which I succeeded in doing
in a few cases even after...when it was coming up from the community it still was
losing some of its language by the time it got into Senate... (personal communication,
2004).

However, the enthusiasm was a little muted and is best captured by Elizabeth’s
assessment taking into account the usual ‘office politics’ so prevalent in the university
organizational environment:

When you start to get involved in some of the politics of what was happening at the
institution at the time and I’ve got to be very careful of not putting over a very
jaundiced view but on the whole the answer would simply be yes (personal communication, 2004).

This degree of muted interest and some uncertainty is not unexpected in that for most of these participants this was the first time that they had been involved in just such a major organizational exercise.

When I then proceeded to ask them what they would change—question three—in the planning process there was a wider range of answers. There was a prevailing feeling that more involvement—particularly by others in the TI community—would have been ‘better’ and, in my own words, would have increased the legitimacy of the draft and final strategic outcomes. However, the interviewees struggled with ways to articulate this clearly. Anna put this across as:

I was going to say that I would want more people involved but I wouldn’t do it in the kind of formal way that [inaudible] because from where I sit I’m not a strategic planning type person but I have got lots of ideas but the way it was formulated, when I was involved at a school level, was really kind of rigid and you had to have the right language and you had to have the right understanding and I think for most of us…our core business is not through strategic planning. So I mean, somehow, try to involve people further in a less formal level and I don’t know how to do that…I’m not a management expert…so I suppose that’s the change I’d make but I don’t know how (personal communication, 2004).

Elaine put it differently by arguing that having developed the agreed strategic outcomes that the process should not then be viewed as complete without further involvement necessary and thus “…to make sure that it’s not an end in itself but it’s a means to an end and something that needs to be revisited on a regular basis” (personal communication, 2004). A deeper and even more thoughtful response came from Yolande who cogently argued that:

So first thing would be…a clear decision and position in the university about why we’re doing this. The second one would be that if we are going to take it seriously then it needs to be the kind of planning that actually has a much longer lead time…If it’s to be a serious one then it does need, it needs a longer lead time in which you can start from the bottom up, you can do an iterative process…where you get what comes up from the bottom, formalised, put it back down, [and ask] does this work? (personal communication, 2005).
It is apparent that the degree of involvement was more extensive than in past strategic planning exercises but the respondents had identified that there was still need to allow for more time in the earlier phases of developing the plan and to enable deeper input and engagement across the university community. In my judgement, there was more opportunity allowed for involvement by the academic stakeholders and far fewer opportunities for the general staff and student stakeholders during the different planning phases. I do not claim that this was a deliberate oversight but it was a methodological failure in the collaborative process that was used on this occasion. It needs to be acknowledged that all stakeholders should have had equal opportunity to participate in such decision-making scenarios.

The fourth and final question—a summation of their experiences with the TI final deliberation process—provoked a series of what I would classify as ‘negative’ answers. The participants responded to the final question by venting their concerns with what they perceived as the process being ‘derailed’ or ‘captured’ by the incoming new management hierarchy under the newly appointed Vice Chancellor Professor Senior Manager G who took up his appointment in July 2002¹⁰⁶ (Senate Minutes, May 2002).

The following responses best encapsulate these concerns that surfaced so strongly amongst the respondents. Eric cogently argues that the strategic plan was ready for implementation by July 2002 but:

It was ready for sign-off...and then we had a change of Vice Chancellor...Well the strategic plan in its current form is...oh well I’d say unrecognisable. The word sustainable doesn’t appear...oh it might appear somewhere but even funnier still is [that] the notion of targets evaporated...and unfortunately the current document is not a strategic plan (personal communication, 2004).

¹⁰⁶ Professor Senior Manager G was an Executive Dean at Tertiary Institution under the previous Vice Chancellor Professor Senior Manager A and took over from the Acting Vice Chancellor Senior Manager D who had helped to initiate the current strategic planning process.
Elaine’s judgement was that at this time the planning process had effectively been politically derailed:

It was so political it was a joke. And this is to do with the change of the guard at the top you know because the previous one [the draft strategic plan] had been the responsibility of the DVC [Deputy Vice Chancellor – Senior Manager E] and the DVC’s contract was not going to be renewed and so was the case of I was [being] tarred with a brush. The fact, you know, is that I still had to help them get out of it. I was the only one with the experience and the expertise (personal communication, 2004).

These assertions were backed up Elizabeth who was quite adamant when she argued that the ‘draft’ plan: “Well, it’s died in the water from my perspective” because as she claimed “…sustainability was [emphasis added] the number one objective” and now the organizational focus was merely “…simply the need for survival” (personal communication, 2004).

This sense of disappointment was reflected across nearly all the respondents but at the same time they clearly identified why this had occurred. The retirement of the Acting Vice Chancellor Senior Manager D on 30 June 2002 (Senate Minutes, May 2002) meant that one of the early key champions of the process that had ensured the collaborative delivery of the ‘draft’ planning outcomes had now departed creating a change of management hierarchy and leadership culture within TI. It was clear that the incoming Vice Chancellor—who had had close involvement with the collaborative construction of the ‘draft’ plan—was no longer willing to immediately commit his new administration to the agreed ‘draft’ strategic decision outcomes. This became clear when it took a further eighteen months to finalise and publicise the strategic plan which was officially launched in November 2003 after being approved by TI Senate on 18 August 2003—more than twelve months after the ‘draft’ plan had been prepared (Senate Minutes, August 2003: Item 4).
Effectively, the final outcomes had been kept ‘secret’ until they had been ratified and modified by the new senior management team as evidenced in Elaine’s and Eric’s earlier comments and judgements about what had happened. In so doing the Vice Chancellor was effectively exercising his authority and setting his/her future direction for the organization. Effectively the reins of centralised managerial power were once again clearly being reasserted. This is not unexpected because in many organizations—private or public—an incoming CEO often wants to distance himself/herself from what had previously been put in place by preceding senior management teams. S/he then effectively proceeds to ‘construct’ the current and future strategic direction for the organization.

This managerial reassertion was further confirmed when the DVC [Professor Senior Manager E] was not reappointed at the end of his contract—though he wanted to continue in this role—and was ‘retired’ in November 2003. This event was also recorded in TI Senate minutes:

The meeting noted the Vice Chancellor’s written report. He drew attention to the impending retirement of Deputy Vice Chancellor Professor Senior Manager E, whom he said had made a fantastic contribution to the University. There would be opportunities later in the year for Senate to express its thanks to Professor Senior Manager E, who would continue to provide input to the organisation by means such as representing the University on national committees (Senate Minutes, August 2003: Item 6).

That organizational position has now been replaced by a Pro Vice Chancellor (Strategy) on 5 March 2004 (Senior Manager G, email communication, 2004). This position effectively takes over from the previous Deputy Vice Chancellor position which has been deleted from the senior executive structure on the retirement of the DVC Professor

107 This new position has the following responsibilities:

“Pro Vice Chancellor (Strategy) - Implementation of the Strategic Plan and coordination of operational plans and the initiation and development of specific key projects in line with the Strategic Plan. Portfolio: Strategic plan development and implementation, higher education policy, university statistics, external relationship management” (Senate Minutes, March 2004)
Senior Manager E (Senate minutes, March 2004). Once again the Vice Chancellor was ensuring that his authority and managerial prerogative was clearly being made apparent to the TI organizational community.

It is clear from what happened that the planning process that was used at TI did have strong initial support across the organizational community but that the final phase(s) and end result did not represent the earlier methodology and degree of enthusiasm. In the next section I provide my own review and critical analysis of what occurred and finally prevailed in the strategic planning process and methodology that resulted in the TI strategic plan for 2003-2007.

6.3.5 Reality or Rhetoric – An Autoethnographic Critique

The major question that arises from what has transpired at Tertiary Institution is that of motivation. A dialectical approach to answering such a question would raise doubt about the extent of organizational transformation supposedly signalled by what has occurred in the above strategic planning process. There are problems with the usual deep assumptions that pervade management behaviour under the umbrella of managerialism that would militate against a move towards collaboration or collegiality in university decision-making (Tourish, 2006; Thornton, 2005; Holloway & Holloway, 2005; Yelder & Codling, 2004; Holloway, 2004a, 2004b; Thornton, 2004; Eveline 2004; Hellstrom, 2003; Biggs & Davis, 2002; Bessant, 2002; Stagich, 1999; Ritter, 1998). Senior management of universities are often believers in the adage that they are the primary decision-makers under the guise of their ‘strong’ leadership role with the focus really being on their maintenance of deep power structures. As pointed out by Christensen (2004) in the management accounting literature “…contributions have focused attention on the dysfunctional or opportunistic outcomes from the operation of
many management accounting systems” (p. 488). Is this move then merely an opportunity to use the strategic planning process to drive another agenda?

There are two drivers, I believe, in the current situation. The first is that the University was attempting to improve its strategic planning practice in at least enabling the university community to be involved early on in the broad strategic framing process. There was acceptance by Senate and the two ‘champions’ of the process (the Deputy Vice Chancellor—Professor Senior E—and the President of Academic Council—Professor Senior Manager F) that this would gain an enhanced sense of ‘ownership’ and allow the more detailed operational and tactical plans to use the ‘emergent’ planning approach.

The financial position of the University indicates healthy enrolment numbers and a strong research reputation for the medium term future. This did place the institution in a position to ‘experiment’ whereas Universities (usually regional ones) are experiencing decline in enrolments and the loss of key staff leading to major pressures to cut costs (Christensen, 2004). In that set of circumstance the retreat to a ‘managerialist’ position top down decision-making process is likely to be more marked.

The second driver is the behaviour and management approach of the relatively recently departed ex-Vice Chancellor—Professor Senior Manager A. The ex-Vice Chancellor is a strong advocate of a market-forces approach within higher education and a firm believer in the managerialist perspective of the role of ‘managers managing’ their organizational domains. The implication is that there was a need (subliminal?) to distance the University from the previous aggressive management approach taken by the departed chief office holder. At the time that the current strategic planning round was commenced it became widely known that the then Vice Chancellor was departing. If that (timely event) had not happened then this more participatory approach to
strategic planning is unlikely to have garnered full support at the Senate or at senior management levels.

The true test of the current process and outcomes will be whether the current management team, under Professor Senior Manager G, will be able answer the claim that they were merely ‘playing’ at the notions of workforce empowerment and ‘ownership’. Will management change the role of leadership and decision-making that will enable Division and Schools plus Administrative Units to engage in an open debate about a strategy/structure nexus and the contested arena of budget-setting and management of resources in a collaborative and participative decision-making framework? I see little or no evidence that this is likely to occur. If that were to be the case then this would necessitate a serious re-evaluation of the key role(s) and powers of entrenched bureaucratic positions such as the current Pro Vice Chancellors, Executive Deans and Heads of Schools. Those adherents of a Foucauldian or a Marxist perspective would argue that power and self-interest are organizationally pervasive and that this is the main criticism of the adoption of a Habermasian informed approach and it is therefore inevitably doomed to failure. On that premise what chance or incentive is there for those in such perceived powerful managerial positions to proceed down a more democratised decision-making path?

Many authors (Tourish, 2006; Thornton, 2005, 2004; Holloway & Holloway, 2005; Yielder & Codling, 2004; Christensen, 2004; Holloway, 2004a, 2004b; Eveline 2004; Hellstrom, 2003a, 2003b; Biggs & Davis, 2002; Illing, 2002; Bessant, 2002; Boden, 2001; Stagich, 1999; Ritter, 1998) have clearly identified that the university sector in Australia and overseas is dominated by managerialist and corporatist beliefs and values. With the latest Crossroads higher education review it is clear that there will be no additional public funding of universities so the pressure will increase to be even more
entrepreneurial and corporatised (Nelson, 2003). There are several common themes coming through these sorts of initiatives and they include “…greater collaboration (read rationalisation, particularly of courses); flexibility (read end of pattern bargaining [on wages and conditions] and more freedom on fees); less red tape and reporting requirements (more market orientation)” (Iling, 2002, p. 35). All the antecedents are being set up for a greater expansion of managerialism and market-forces approach to be employed within the higher education sector. It is unlikely that Tertiary Institution will be immune from these forces.

On that basis there is little expectation that the Tertiary Institution senior management team will extend its ‘experiment’ beyond the current strategic planning round and that it will limit its claims to one of implementing ‘best practice’ in this particular area of management responsibility. There will be a greater degree of ‘consultation’ but that would be hard not to do given the practices of the previous Vice Chancellor. If that is the case then the University will not be able to refute the claim that this was a limited form of empowerment and the rhetoric of participation did not match the reality. It should be noted, I acknowledge, that there remains open the question of whether this was a deliberate scenario or one which merely evolved as the senior executive group itself was reconstituted under the new Vice Chancellor.

### 6.3.6 Strategic Planning Summary

It is evident that traditional, formalised strategic planning processes have serious flaws that could be argued to be significantly detrimental to the organization in the modern, increasingly globalised world in which strategic agility will be a hallmark of excellence. The ‘emergent’ planning process has the greater potential to allow organizations to cultivate innovation, creativity, flexibility, organizational learning and cope more effectively with a chaotic and changing business environment.
The example of what has occurred within Tertiary Institution shows that any organization, even a highly politicised one, is capable of making paradigm shifts in management thinking to incorporate what has been learnt through extensive research, business experience and consultancy. ODE theory with its collective decision-making orientation and Habermasian insight provides a solid platform to legitimise and operationalise such an approach. However, the process should not be limited to relatively infrequent exercises such as strategic planning rounds. If Tertiary Institution does wish to distinguish itself in an innovative management sense then it needs to ensure that decision-making powers are cascaded down through the layers of the organization otherwise the reality will not match the rhetoric embedded in the publicly espoused vision and values of the institution.

If organizations such as universities are to reap the benefit from the existing high levels of knowledge/intellectual capital—via the ability to ‘tap into’ the large pool of ‘creativity and intelligence’ that still marks a university as special in this cognitive regard then strategic and operational decision-making should not remain the exclusive domain of specific individuals or very, small elite groups. Effectiveness and not efficiency (falsely perceived as timely) should be the aim of well-constructed decision outcomes. The adaptability and self-organising capability of the workforce requires an inclusive, not exclusive, decision-making methodology to unlock and realise the full future potential of the organization.

6.4 Chapter Conclusion

This chapter set out to achieve two primary aims. The first was to provide a background to the impetus for the prevailing market forces approach to university management—that is the rise of managerialism and corporatisation of the higher education sector. This trend is now well entrenched and is unlikely to alter in the near
future. The ongoing economic pressures—particularly the reduced levels of public
funding—and the political pressures for reform emanating from Canberra will help to
ensure that this is the case.

The second and primary aim was to provide an in-depth analysis of the strategic
planning process that produced the latest five-year strategic plan for TI for the 2003-
2007 timeline. The process did start off with the best of intentions in attempting to
involve and engage a wider range of internal stakeholders—other than just the senior
executive group—in the construction of the plan. This more collaborative attempt was
intended to deliver a more effective plan and generate a greater degree of commitment
and ‘ownership’ of the strategic outcomes by the wider TI community. However, the
changes at the senior management level—that occurred towards the end of the process
and in particular the appointment of the new Vice Chancellor Professor Senior Manager
G—significantly altered both the methodology of the final stages and the decision
outcomes. The result was a reversion to the tried and true formula of managerialism:
senior management took back control and there was effectively a ‘snap back’ to
centralised power and authority. This was despite the fact that the new VC had been an
integral part of the initial wider engagement process in the first place. This was made
clear from the responses and comments of the fifteen TI interviewees and is certainly
my own assessment of what happened and which continues to be the case. The
experiment at TI with a wider collaborative decision-making process was over.
Chapter – Tertiary Institution Leadership; Management; Followership and Culture: Case Study Analysis

7.1 Introduction: Tertiary Institution – Leadership, Managership and Followership

This chapter focuses on the concepts of leadership, managership and followership as practiced in the TI case study as a follow-up study of the strategic planning process that was used to produce its latest strategic plan 2003-2007 as detailed in the findings in the last chapter. It is effectively an assessment and analysis of the prevailing management practices that were in place during and after the strategic planning phase at TI.

It also analyses the associated perceptions, judgements and interpretations of these practices by the fifteen TI interview respondents and myself—as an embedded organizational autoethnographic member. A key error, I would argue, in the literature and in practice is to conflate manager and leader roles such that only managers are imbued with the responsibility of taking on organizational leadership roles. Given however that this is still the prevailing literature and organizational viewpoint, I have combined these two concepts together when I interviewed the fifteen participants in the case study component of this thesis.

The final section focuses on organizational culture within the higher education sector generally. It first extends the analysis in the first part of the chapter on managerialism and corporatisation and highlights the dominance of the top-down centralised approach to decision-making in the sector here in Australia and overseas. It continues on to assess just what would be required to change organizational culture at the individual institution level in order to generate the net benefits that I claim would accrue under the aegis of ODE theory and its decision-making model.
7.1.1 TI Leadership/Managership

As reported earlier in chapter five (sections 5.4.1.1 and 5.4.2.2) although TI participants were able to distinguish between the roles of managers and leaders in responding to questions about organizations in general their responses did reflect the more traditional, hierarchical views of these roles. I did however pose a series of more ‘targeted’ questions about their specific experiences with the TI context. These questions and the questions in the next section on followership were posed to help extend the analysis on the strategic planning process that occurred at TI—examined earlier in section 6.3. This enabled me to explore more deeply the level of workforce expectations that had emerged during the strategic planning phase and also to delve into the then identified levels of disappointment and the downturn in morale resulting from those earlier experiences.

The relevant questions were as follows: 1) Are you satisfied with your managers/leaders? Why/Why not? 2) Explain your understanding of the role of management and leadership as practiced at TI within your personal experience? 3) What would you change (if you could) in the behaviour, performance and role(s) of managers and leaders in TI? 4) Do you know any informal leaders in TI? What do they do that makes them informal leaders?

When questioned about their level of satisfaction with—and their understanding of the role and practices of—managers and leaders within TI there was a general feeling of dissatisfaction. There were some examples raised of ‘good’ role models and practices amongst TI managers and/or leaders such as the Acting Vice Chancellor Senior Manager D but most reflections were negative as is reflected in the direct comments and quotes contained in Appendix 6. There was also a perceived lack of interpersonal and people skills which was a regular theme in their responses. Yolande reflected
(extensively) that the organizational culture of the management groups at TI was different from other stakeholder groups. She argues specifically that it was a male dominated hierarchical culture that was not inclusive and, like Eric, isolated the issue of personal ambition as opposed to organizational commitment as one of concern.

This leads clearly into the next section when the participants were asked about what they would change in the behaviour and performance of TI leaders and managers. The initial response from the participants when asked what they would change was to focus on the perceived lack of interpersonal skills (as identified in the previous section) and also to plead for greater communication and physical contact with staff on the campuses. As Martin put it: “I also think that all managers in an institution of this size with this [organizational] ethos could spend an awful lot more time on the floor you know ‘round the factory’. Walking the areas…and talking the talk…” (personal communication, 2004). Sheila states it slightly differently but in a similar vein of thought: “I’d say get out there and listen to what the people are saying” (personal communication, 2004). Kenneth wanted a more formalised process such that:

…it would be beneficial for the university and for its staff if more frequently members of the senior executive, particularly the vice chancellor, held sessions with staff to explain where the institution is going (personal communication, 2004).

The majority felt that the members of the senior executive were effectively aloof and not in touch with the reality at the ‘shop floor’ level within the organization.

Another key theme that surfaced (also identified earlier) related to the perception that senior managers were no longer committed to the organization but were instead focussed on their own ambitions, egos and agendas. This was allied with a perceived lack of respect by these managers for those existing staff with a depth of institutional memory, knowledge and commitment and therefore not (apparently) flexible and willing to change when deemed necessary by senior management. The supporting
evidence for this is provided by the statements made by interviewees such as Teresa, Nellie, Kenneth, Yolande and Eric on pages 307-309 of Appendix 6.

What is clear from the above analysis of question three (see direct responses in Appendix 6) is that the TI participants expected their leaders and managers to be more inclusive in their deliberations and decision-making processes. The interviewees were clearly not happy with an ongoing situation in which information was perceived to be closely guarded and that there was little apparent transparency and integrity in the decision outcomes and how they were reached.

It is evident that the current senior management team perhaps with the exception of the Vice Chancellor is perceived by internal stakeholders, including myself, to be lacking in experience and commitment to the medium and long term future of the organization. There is little confidence in their abilities to perform effectively at that level in a way that would not impact negatively on staff. Their main concern appears to be avoiding the making of mistakes for which they personally could be blamed. There is also a prevailing perception that they would claim any organizational successes as the sole result of their own individual decisions thereby enhancing their future personal ambitions and administrative careers. The evidence for this is contained in a series of statements by a range of interviewees in Appendix 6 on pages 306-309 in responses to questions one, two and three in the questionnaire section on leadership/management of TI. Eric and Elaine were at the time members of the senior executive group themselves. They were well placed to provide substantiation for these statements and judgements on the decision-making processes that ultimately prevailed in the senior management team.

When questioned about their experiences with informal leaders within TI, the participants were significantly more positive although each one struggled to identify more than two or three specific and notable individuals—see again the direct responses
in Appendix 6. These types of ‘leaders’ were perceived as being more concerned with developing others within the organization and providing support to them in the decision-making process. Again they are also perceived to be good communicators and able to provide a way to progress and resolve organizational dilemmas.

This sentiment that informal leaders appear to perform better than the formal leaders is prevalent throughout the interviews. Similar findings surfaced in a major study of leadership at the University of Western Australia—UWA (Eveline, 2004). Eveline identified that university leadership was primarily hierarchical, detached and mostly male. However there was a strong layer of informal leadership which she described as ‘invisible and ivory basement leadership’ occurring at lower levels within UWA amongst general and academic staff. This type of ‘post-heroic’ leadership places greater value on personal relationships, teaching, loyalty and particularly collaborative innovation (Eveline, 2004, pp. 1-5). It is this ‘bubbling forth’ of lower level organizational functioning, I argue, that would be central to the future operationalisation of ODE theory and its accompanying methodology if current university decision-making processes are to be reformed and reconstituted.

The final question that I asked the TI participants was: Do you have any other comments or suggestions about your experience with managers/leaders within TI? The responses did not elicit any additional or new comments/observations that have not already been covered in the earlier analysis above. Most of them did reiterate their existing strong sense of disappointment in the current leadership team and leadership processes. The next section of this chapter analyses their responses in the related topic of organizational followership—the other and often forgotten/overlooked aspect of the leadership function.
7.1.2 **TI Followership**

I did pose a series of questions about the general topic of followership in chapter 4—analysed in section 4.5.1—such as *What do you feel should be the role of followers in modern organizations? Are you satisfied with your role as a follower? Why/Why not? What would you change (if you could) in your role as a follower and those of your colleagues?* However, this section analyses their responses to a set of ‘targeted’ questions about their own specific experiences with the practice of followership in the TI organizational context. The relevant questions were: 1) *In what situations do you feel that you are a follower (as opposed to being a leader) in your current position at TI? Why? What happens?* 2) *Using your experience at TI explain your understanding of the actual practice of the role of followership?* 3) *Do you have any other comments or suggestions about your experience with followership within TI?*

When assessing the responses of the first two questions I found that there were two distinct trends in the answers gleaned from the fifteen TI participants. Firstly, there was a noticeable divide between the administrative and academic interviewees whilst the students’ responses were generally similar to the academic ones. I argue that this occurs because the academic and student teaching, learning and research culture is more oriented to active questioning and challenging of the status quo—though normally limited to an academic discipline base. On the other hand, the administrative staff responses were more likely to reflect those responses that would be garnered, I expect, in a more traditional profit-oriented organization or a more traditional public sector bureaucracy—a much lower level of active questioning of the current senior leaders authority, power and decision-making processes.

I have further divided their responses to the first two questions into two categories. The first were comments that I have classified as a reflection of passive followership—the
pejorative notion that was analysed earlier—either that they had observed or practiced themselves within TI. The second being what they regarded as the practices of an effective/active follower again that they had either observed or put into practice themselves.

7.1.2.1 Administrative Responses—Passive and Active Followership

A common theme amongst the administrative interviewees was a dichotomy about the need for a variation between phases of passive and active followership. The initial responses—see full set of quotes and responses in Appendix 7—tended to favour a more passive version of followership which did surprise me—taking into account that the respondents were relatively senior administrative staff members. This was particularly so when they were attempting to explain what was expected of them by their leaders within the organization on a daily basis. I did expect a greater degree of workplace independence and active questioning: this was not the case.

Nellie put it succinctly when she argued that “…we don’t give people who are followers the realisation that they could make a real contribution” (personal communication, 2004). She also went on to state that staff just “…come in and do their work and they go home and, even if they contribute, we don’t recognise it, we just take it as granted…” (personal communication, 2004).

On the other hand when analysing effective (or my preferred term active) followership there was a wider range of responses. Elaine identified that a good follower was one who:

is sort of a good team player…to understand what skills they bring, how to apply them and if they don’t have what they need in terms of skills or tools or whatever then they could articulate [that lack]. They also show initiative and innovation because you may have been doing the same old thing the same old way ‘cause they may just say well, you know, we could actually cut that out, we don’t need to do that or we could do it better this way…(personal communication, 2004).
Teresa’s assessment was that a good follower needs to make effective judgements about the act of following based on the abilities of supposedly effective leaders. These are leaders who gain the respect of those who work for them either through the generation of good ideas and who followers can trust as well as respect. She rates this aspect of trust highly: “...once I’ve got their trust...once they’ve got my trust... You know if you don’t trust...then there’s no point in doing this and that’s what it comes down to”…(personal communication, 2004). Nancy focussed more on having the workplace independence to operate and the right to make changes. As was the case with Teresa’s claim above, this requires that there exists a significant degree of trust in the capabilities of a member, or group(s) of members, of staff by their (nominal?) hierarchical leaders.

However, in some of the more senior management echelons there appears to be a greater sense of ‘having to follow’ and keeping a sense of team solidarity even if that notion is illusory. It is clear from these statements—see Appendix 7—that the prevailing sense amongst administrative staff is that it is safer to be a passive follower in most organizational situations unless you have the full confidence and trust of your immediate leader. At the same time I was surprised that so many of the responses indicated that, at TI, there was a clear expectation—that although you might have the right to speak and make suggestions—that in the end you are expected to play a more passive ‘follow the leader’ role in most critical decision-making scenarios. If you did not then you would pay the penalty of either being sidelined or being removed from your organizational position as happened with Dominic. This managerial (mis)behaviour is of course observed by other members of staff and helps to reinforce an attitude of some trepidation, if not outright fear, at different times of an organization’s history. This is particularly the case when major organizational structural changes are under consideration by senior management.
7.1.2.2 Academic/Student Responses—Passive and Active Followership

The academic/student responses—see second half of Appendix 7—were more dismissive of the passive follower role and far more supportive of an active questioning approach for what they perceived to be effective (active) followers. Initially Martin identified there were those who have also paid a penalty themselves for not being passive followers. Elizabeth also has observed occasions where others within TI have been punished for not being passive followers.

Passive followership is readily observed by the respondents particularly where it is viewed as being personally opportunistic. Yolande first identifies this succinctly as: “…it’s that kind of personality, you know, to be a good campus citizen means doing what you’re directed to do…” (personal communication, 2005).

It is apparent that there were two types of behavioural responses being identified by the respondents in relation to passive followership. The first was an acknowledgement that the powers structure within TI was top-down oriented in most instances. Therefore, those staff members who were orienting themselves to an administrative (as opposed to an academic) career path would position themselves as good followers by following orders and required directions from their leader(s). The other was that the expected organizational norm was oriented more to a passive form of followership.

The notion of effective (active) followership elicited a wider and more enthusiastic range of responses. Academics and students—who were themselves members of TI decision-making bodies—supported this approach strongly. Elizabeth pointed out that: “…many, many, many times have I seen really good followership, where I’ve seen staff be well recognised for alerting maybe to a possible drama or potential or opportunity”. What this illustrates is—that depending on the leader and the level of mutual trust
concerned—active followership is appreciated and rewarded but not necessarily is this behaviour the organizational norm.

Robert was simpler in his posited constructs: “I mean the best followers are a leader of other followers right?...[because] You need a lot more Indians than your chiefs” (personal communication, 2004). This simplicity surfaces also in Anna’s assessment: “I tend to follow when I figure people know and can convince me…you’d be making an active decision to follow” (personal communication, 2004). Kenneth on the other hand took a position that I would argue for and support most strongly—the notion of constructive conflict and argument oriented debate. Kenneth’s argument comes closest to reflecting my own position of the need to dissolve the leader/follower dualism and allow for the intermingling of these roles dependent on the organizational decision-making scenarios being encountered. The difficulty is to alter the culture to allow for or to actively encourage such behaviour.

Active followership appears to be a notion relatively foreign to a more traditional bureaucratic hierarchy such as TI which, I argue, is not that different from other universities in Australia. The current form of managerialism in the higher education sector with its top-down decision-making focus would need to go though a significant cultural reformation and reframing. The next section of the chapter analyses this dilemma facing TI and other universities within Australia.

7.2 Organizational Culture – Breaking the Mould of ‘Top-Down’ Managerialism?

I have covered previously in chapter five an in-depth analysis of the requirements for an organization to progress through a major cultural reframing/reconstruction process. This also included a section on the fifteen TI participants reflections into such an organizational cultural change process within TI. It was a topic that they had uniformly
struggled with in their responses. I, therefore, do not intend to revisit and repeat that analysis in this part of the current chapter. My intention here is to focus primarily on the higher education sector literature and the management decision-making processes as represented under the aegis of managerialism and corporatisation. I would argue that it is possible to change this current top-down authoritarian decision-making phase within the university sector.

I argued earlier in the previous chapter that the higher education sector was going through a public funding crisis as well as experiencing the rise and continued dominance of managerialism. The negative side of these trends is the prevalence of an executive mindset that favours a market forces, economic rationalist, top-down decision making approach to university management in Australia and overseas (Tourish, 2006; Holloway & Holloway, 2005; Thornton, 2005, 2004; Yelder & Codling, 2004; Holloway, 2004a, 2004b; Eveline 2004; Bessant, 2002; OECD, 1998; Ritter, 1998; Dearlove, 1998; Bowen & Shapiro, 1998; Meek & Wood, 1997; Fulton, 1997; de Boer, 1996; Shattock, 1995; McInnis, 1995; Miller, 1994; Glendon, 1992; Neave and Van Vught, 1991, Bessant, 1988). This is not unique to the higher education sector. Pusey in his treatise (1991) clearly elucidates the dominance of this mindset in Canberra when he claims that more than ninety percent of the executive mandarins in the federal public service believe strongly in an economic rationalist approach to managing public sector organizations. I argue that this finding would still be current given the political dominance of the Howard/Costello Liberal government who have been in power for the past decade in Canberra. This reflected in the ongoing reforms of the university sector by the previous federal Higher Education Minister Nelson (Nelson, 2003).

The evidence in the literature is quite clear that managerialism has led to the corporatisation of universities in Australia and overseas. This corporatisation trend has
been blamed for diverse and negative outcomes including creating an overall “climate of fear”108 (Bessant, 2002) and even “corrosive leadership”109 resulting in:

…the perception by managers that they are a new elite whose role is to increase productivity and maximise limited resources through constant surveillance and auditing has contributed to the normalisation of a corrosive form of leadership (Thornton, 2004, p. 23).

Several writers have also analysed the resulting management processes used in the fields of change management, university leadership and governance, and strategic/operational decision-making (Thornton, 2005, 2004; Yelder & Codling, 2004; Holloway, 2004a, 2004b; Eveline 2004; van Rhyn & Holloway, 2004; Bessant, 2002; Ritter, 1998; Glendon, 1992).

Case studies in change management include major, or what Miller et al (1997) refer to as quantum, restructuring changes (Ritter, 1998; Glendon, 1992) to minor change management in Murdoch University (van Rhyn and Holloway, 2004). The common theme in these three studies is a top-down management approach. Glendon studied major longitudinal change—over an eight year period—of size reduction at Aston University in the UK where he was an academic at the time. The change process was a “…top-down change strategy” (1992, p. 67) driven primarily by the Vice-Chancellor “…a single key actor” (1992, p. 67). The process involved “…controlling resources and

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108 Bessant argues for the creation of a general climate of fear in the following way:

Unfortunately today many university staff live in this “climate of fear”. It is engendered by:

- successive cuts in institutional income
- persistent and detailed checks on the work of academics
- a lack of trust in staff by university management driven by a federal bureaucracy
- persistent rumours emanating from the top and middle level management of redundancies, restructures and cuts, “to keep the troops on tenterhooks”, as one manager commented (2002, p. 81)

109 Thornton argues that the leadership processes in universities has become corrosive as the result of the very corporatisation of university workplaces that is already evident in the corporate sector and this has helped to generate increasing incidents of workplace bullying in universities (2005, p. 23).
information flows and by managing uncertainty…with a virtual power vacuum beneath him…” (Glendon, 1992, p. 67).

Ritter (1998) was an Australian study of the creation of Charles Sturt University through the amalgamation of Riverina Murray Institute of Higher Education and the Mitchell College of Advance Education. She concluded that this was also a top-down change approach in which “…those driving it seek speed and efficiency to achieve homogeneity and central strength” (1998, p. 77) at the cost of consultation and effective consolidation. Ritter argued that this approach was perceived (by management) as offering “…effective strategies for achieving ends despite cultural constraints, but exacerbated negative staff reactions through interpretations of it in terms of power play and the pursuit of self-interest” (1998, p. 86).

The creation of the Murdoch Business School was another example of a top-down management driven change exercise (van Rhyn & Holloway, 2004, 2003). The basic idea promulgated by the then Executive Dean was to force the amalgamation of the School of Commerce and the School of Economics. Significant resistance from the affected staff plus intervention from other Heads of School and the staff union allowed for a more consultative process to carry through the ultimate change outcomes (2004, p. 8). The study concluded that the best approach to such change “…is one that actively involves all staff…allows full ownership…and engagement…and minimises the need to overcome resistance to change…” (van Rhyn & Holloway, 2004, p. 9).

Further papers in the areas of university leadership and governance as well as strategic and operational decision-making have come to similar conclusions (Thornton, 2005, 2004; Yelder & Codling, 2004; Holloway, 2004a, 2004b; Eveline 2004; Bessant, 2002; Newton, 2002; Baldwin, 1996). Even nine hundred years of self-government by the respective colleges at Oxford University is coming to an end (Halpin, 2005). The new
Vice-Chancellor Professor John Hood—who was recently the VC at Auckland University in New Zealand—has argued that centralisation is “…necessary to modernise decision-making and maintain Oxford’s world-class status” (Halpin, 2005, P.29). This is a classical attempt—through the artificial creation of uncertainty and some notion of external ‘threats’ to the future of the institution—to implement an agenda of corporatisation and managerialism where devolution and delegation of decision-making was previously the norm. It is clearly evident that corporatisation and managerialism is pervasive in the higher education sector in Australia and overseas.

Handy (1986, 1978) asserts that organizations are over-managed and under-led. This is certainly the case with universities because many academic leaders have merely “…gravitated into managerial roles at the expense of any real leadership [experience]” (Yielder & Codling, 2004, p. 320). Given the claims of a “climate of fear” amongst university staff (Bessant, 2002)—partially from this over-management syndrome—my assessment is that many senior managers also suffer from a “fear of failure” leading to a paralysis of decision-making.\(^{110}\) The combination of the corporatisation trend coupled with traditional hierarchical management structures means that many senior managers, I would argue, will only make key decisions that have the support (implicit or explicit) of the all-powerful Vice Chancellor—the CEO of the organization. The trend then is for managers to over-focus on the micro-management of staff (Thornton, 2005; Bessant, 2002) and the minutiae of the budget allocations for the organizational unit they are held responsible for. The current decision-making processes are flawed (Askling, 2001). Yet universities have the best pool of talented and highly qualified staff—both general and academic—in the corporate, public or non-profit sectors. This pool of potential

\(^{110}\) To be more specific it is not necessarily a ‘fear of failure’ more a fear of being associated with failure. The key to ongoing positive administrative career paths and future promotion comes from always being associated with successful decision outcomes. Consequently, decisions are made or supported only if success is virtually guaranteed or at least blame cannot be assigned to the senior managers concerned.
decision-making talent is seriously under-utilised. Is it possible to break out of the constricting mould of this version of managerialism?

There are some examples in the higher education literature of calls for a more collaborative/collective approach to governance, change management and decision-making (Holloway and van Rhyn, 2005; Y Elder & Codling, 2004; Holloway, 2004a, 2004b; Hellstrom, 2003a, 2003b; Stagich, 1999). These are embedded within a wider literature in which effective groups—instead of just individuals with a common interest—acting in a coordinated and organized manner in a collective action process increase the net organizational benefits (Ostrom, 1990; North, 1990; Olsen, 1967).

Yelder and Codling (2004) argue that the current top-down leadership and management in the contemporary university needs to be dismantled. They posit a model of shared academic management and leadership at the departmental/school level. This proposed model is however inadequate in two ways. It first limits the sharing of decision-making to a small coterie within a school (2004, pp. 323-325) and does not allow for a wider sharing of authority and responsibility for decision-making. The second criticism is that they focus narrowly at the school or departmental decision-making level and deliberately avoid making any calls for a “…broader application of this study to other aspects of university leadership, management and governance” (2004, p. 326). I claim that for such organizational change to be effective it needs to apply across the whole institution.

Hellstrom (2003a) argues for the reinstatement of what used to be the norm of collegiality in decision-making—he uses the term ‘collective action’ in his paper—within academic institutions that existed before the current dominance of managerialism. He traces the decline of collegiality to the ascendancy of New Right politics and he posits that:
The break down of reciprocal trust between leaders and led in this new context has been related to a latent conflict between the ‘corporation and the collegium’, or between the formal organization and the people who fill it…” (2003a, p. 10).

Hellstrom points out that “…robust academic institutions” should be able to develop sufficient commitment from the members of their communities for the development of “…a basis for collectively renegotiating existing” organizational and social relationships (2003a, p. 15). He is to be commended for utilising a term such as ‘collective action’. It is apparent from the literature that ‘collegiality’ in decision-making is now a pejorative term or notion in the current age of the corporatised university. What Hellstrom still lacks though is an effective underlying theory and processual framework for decision-making in order to operationalise this concept of ‘collective action’.

Stagich (1999) on the other hand argues for what he terms a ‘collaborative communication and learning model’ for organizational transformation in higher education. He applies a social constructivist view and humanistic elements in constructing such a ‘genuine’ collaborative model (1999, pp. 276-279). Central to this model is his claim that “…genuine collaborative communication and learning was impossible to achieve without some level of mutual respect and ultimately some level of trust” among all the organizational community members (1999, p. 279). His paper applies this approach to the three areas of university organizational endeavour: collaborative learning, research and administration. He claims that: “On a university campus there are various psycho-social and organizational barriers to collaboration inside and outside of the classroom” (1999, p. 259). I agree with him but have the same concerns as with the Hellstrom paper: the lack of an informing theory and an appropriate collaboratively oriented decision-making methodology.
In several papers I have also argued for the general deployment of team building and group/team (collaborative) approaches to higher education organizational decision-making in diverse fields such as university governance (Holloway, 2004b); university strategic planning (Holloway, 2004a); and, university change management (van Rhyn and Holloway, 2004). Once again these papers suffer from the same deficiency as the earlier papers analysed in this section: the need for a robust theory and an effective model for collective decision-making. This gap has now been rectified by the construction of ODE theory and its accompanying methodology as explicated in chapter three (section 3.4) of this thesis.

The critical question now is whether ODE theory and its collective methodology can be implemented and effectively utilised in the university organizational context. I do not claim that it is possible for this approach to be implemented across the entire higher education sector in Australia and overseas. The ongoing dominance of the twin higher education sector mantras of managerialism and corporatisation along with economic pressures—from continuing reductions in public funding—as well as ongoing political pressures would all apparently mitigate against such a move.

I would argue that at the individual institution level such a move is distinctly possible and achievable. The first step in the chain of necessary events is to have the full and unconditional support of the Vice Chancellor. This is vital because of the extraordinary power and authority of the VC—the chief executive officer—in the modern corporatised university. The VC then becomes the key ‘champion’, advocate and driver of such a ‘quantum’ change process (Dean, 2004; Nah et al, 2001; Knight, 1987). There is also a need for further key advocates and supporters at the senior management level of the intuition. This is important because of the warnings that surface in the Miller et al (1997) study. Senior managers can be a key impediment to a successful change
process because of the perceived threat from such changes to their role, power, authority, status and ultimately the continued occupation of their own jobs. The change process would also need support throughout the other bureaucratic layers of the institution—and not limited to other managerial ranks. As I argued earlier, in chapter four, these ‘supporters’:

…then act as catalysts and drivers of the change process taking care to ensure that the process is a truly inside-out and bottom-up approach which then ensures the delivery of an ongoing and real commitment throughout the organization and a legitimate set of outcomes (chapter 4, section 4.3).

I anticipate that the internal university community stakeholders within lower level organizational units would readily support such a move to a collaborative and collective action model of decision-making: the now defunct collegial model of decision-making is only a relatively recent past historical phase within universities. Another requirement to ensure a successful change management outcome is the existence and ongoing maintenance of mutual respect and trust of all parties within the organization. It must be perceived by all to be a genuine change process. Concertive control—where the empowerment process is bogus and used merely as a cynical exercise for enhanced productivity and effectively increased managerial control and power—must be avoided (Zorn et al, 2000; Barker, 1999; Cheney, 1999; DiSanza & Bullis, 1999; Sewell, 1998; Alder & Tomkins, 1997; Barker, 1993).

There will be a need for additional resources for appropriate training and staff development which will be necessary to embed the changes effectively. This will enable the ODE theory and methodology to be promulgated, infused and implemented throughout the institution. It will be a lengthy and long-term process and this needs to be acknowledged by all concerned. There will not be immediate productive results: the net organizational benefits will accrue over time.
Staff at all levels must accept the notion of individual and collective responsibility for decision outcomes that are reached using a collaborative model. This is an important corollary to the delegation and devolution of decision-making authority and power that cascades down through the organization. If this concept is not readily embraced then the whole reframing process becomes problematic. Staff are already exposed to a collaborative approach within their teaching and research roles within universities: this concept of responsibility should not be foreign to them. However, some allowance should be made for those staff who are not able to make the transition to a collaborative model. They should still be allowed to continue their own individual contributions to the organization’s goals.

Other limitations also need to be acknowledged. The external threats in the form of economic funding and political pressures for (right wing) reform will remain for the foreseeable future and needs to be managed effectively. The organizational cultural change process has to be embedded deeply enough to survive the inevitable change of senior management personnel over time. Incoming senior managers—particularly at the Vice Chancellor level—usually want to impose their own visions, leadership and management styles on an organization.

If all the above is implemented with sufficient goodwill, resources and support from the key players and stakeholders then it will certainly be possible for an individual higher education institution to make such a ‘quantum’ change of organizational culture successfully. The overall net benefits for managers, staff and the organization will, I claim, be substantial.

7.3 Chapter Conclusion

This chapter had two main aims. The first was to analyse the developments in and practice of leadership; what I term managership; and, followership in TI as perceived by
the fifteen participants and my own autoethnographic experience. The conclusion is one of general sense of unease and disappointment with the current and previous top-down leadership and management approach within TI. There was ambivalence about the notion of followership and a general feeling that the existing staff potential was underutilised. This means, I claim, that there would be an underlying strong support for a significant change in TI organizational culture with respect to decision-making processes.

The final part found that managerialism and corporatisation is the prevailing trend. It is evident that this is both a national and global phenomenon amongst universities and has entrenched a top-down management approach. There is an increasing sense of unease with this development amongst academic and general staff in the university sector. The result is a growing literature calling for a more collaborative model of decision-making and general university administration. I conclude that it is possible to change this approach given mutual trust and respect and a willingness to do so amongst the key players and the internal university community. ODE theory and its methodology provide just such a platform for effective reform.
8 Chapter – Conclusion: Thesis Contribution, Limitations and Further Research

8.1 Introduction

This final chapter concludes the research project by relating Organizational Decision Enhancement (ODE) theory and its accompanying collaborative model of decision-making to the original research problems and research questions explicated in chapter two of the thesis.

It is evident from the introduction and subsequent chapters in this thesis, I would claim, that there are serious inadequacies in the traditional organizational decision-making process. It is primarily conducted as the exclusive domain of senior managers in most organizations in the corporate, public and non-profit sectors. The main driver behind this thesis is, therefore, to construct an effective theoretical platform and decision-making model that would provide a more effective decision-making process. The aim is to deliver ‘better’ decision outcomes that would be more sustainable, epistemologically legitimate and tangibly beneficial to the organization.

This chapter has three main parts. The first is to relate how the thesis achieved its planned primary aim and then to explicate the contribution(s) that the thesis makes to the field of organizational decision-making. The second part highlights the limitations that need to be acknowledged in this research project and that exist in the real and chaotic world of business and bureaucracy. The final part provides suggestions for future research and then I will finish with a concluding statement.

8.2 Primary Aim

The main objective of this thesis is to develop a theory and model of collaborative decision-making. Peirce and Habermas are central to ODE theory and the model. The theory and accompanying model were explicated in chapter four; further analysed for
organizational and managerial implications in chapter five; and, empirically examined in chapters six and seven within the Tertiary Institution and higher education sector context. The resulting theory generated is as follows:

Optimal decision-making which a particular group of decision makers can construct in a world of uncertainty and risk is a pragmatic, recursive and democratised process. The process minimises the role of individual power, authority, self-interest and ego. This collaborative approach focuses on the force of the ‘better argument’, utilises constructive conflict (CC) and continuous, conscious, collaborative adaptation (CCCA) and results in the selection and monitoring of a ‘best-option’ decision outcome.

The construction of this theory and the accompanying decision-making methodology fulfils what I posited as research problems and associated questions in chapters one and three. The theory provides an effective intellectual underpinning for the potential move to a collaborative decision-making model within an organization. It brings together powerful insights from Peirce; Habermas; Latour; complexity theory; and, the works of de Reuck et al (2002, 2000, 1999) into a cohesive whole that—as is expected of theory—explains, legitimates and, I claim, helps to predict the construction of more effective decision outcomes within a collaborative model. The model itself explicated in section 4.3.2 of chapter four provides the methodological detail for the phases involved in ensuring the effectiveness of, what I advocate, the proposed collective action by organizational actors in decision-making.
What I do not advocate in this thesis is the total democratisation of decision-making. That is an unrealistic goal not likely to be achieved in any organization. There will still need to be some differentiation of decision-making responsibility within each organization. These boundaries, however, need to be negotiated, and agreed to, by the respective actors and teams/groups within the organization not merely determined in an arbitrary and top-down process.

The governing body (e.g. board of directors) of an organization will still have legislative and fiduciary responsibility for the overall strategic direction; oversight of financial performance; and, oversight of management’s role and function in day to day operations. These cannot be delegated and devolved to others in the organization. In addition, senior managers will still have primary responsibility for, and focus on, strategic issues. The senior managers will still have ultimate responsibility—individually and severally to the relevant stakeholders—for the overall success or failure of the organization. However, even at these levels ODE theory and collaborative decision-making model is applicable. The literature—analysed earlier in this thesis—clearly identifies that the occupants of these roles do need to operate as functional teams to maximise their organizational contribution and minimise the possibility of managerial dysfunction; misbehaviour; and, failure.

However, all actors, teams and groups within an organization should still retain the right to actively question and to exercise constructive criticism. Constructive conflict and collaborative adaptation should be both a behavioural expectation and the norm. Management hegemony in all key decisions will no longer be the dominant mindset for those organizations adopting the ODE approach.
8.3 Contribution

It is clear from the analysis central to this thesis that there are significant concerns with the notions of managerial prerogative and managerial hegemony. I argue that there are problems identified, in the literature and in my own critique, in four key areas of managerial decision-making: corporate governance (3.3.1); strategic planning (3.3.2); budgeting (3.3.3); and, change management (3.3.4). These have led, I claim, to an associated disquiet over the notion of the exclusivity of senior management’s role in organizational decision-making. There are also public and political calls for significant reform—particularly in corporate governance practices—because of a series of spectacular and large organizational failures and accounting frauds (e.g. Enron, WorldCom, Paramalat, Ansett, OneTel, HIH to name but a few).

The aim of this research project is to offer a theory and a collective action decision-making model that would improve the organizational decision-making process (4.3.1, 4.3.2, 4.3.3 and 4.3.4). It will help to alleviate some of the public and political disquiet about the management and governance of organizations. I do not however claim that it will prevent organizational failure which can often be the result of non-controllable external factors and global trends as well as internal factors.

In achieving this central aim the thesis adds substantially to the literature advocating a collaborative/collective action approach to organizational functioning. There have however been decades of advances and ‘trials’ utilising workplace democratisation and participation principles and ideas (5.2.2). These have not resulted in any system or sector wider reform in any nation state (Harley et al, 2005). Indeed managerial power and authority appears to have expanded via the notion of concertive control where workplace participation practices have been used (cynically?) as a ‘tool’ to generate additional productivity (7.2). This thesis however does provide an opportunity and a
methodology to advance the practice of collective action but at the individual organization level not the overall system-wide level. The model is advanced as a pragmatic decision-making process that does not engage in an ideological debate about organizational purpose or functioning.

The thesis adopts a multi-disciplinary and inter-disciplinary approach that transcends the boundaries of the strategic management accounting and management disciplines in the business literature. It also incorporates insights from social theory (Peirce) and philosophy (Habermas and the Frankfurt school). This provides a strong intellectual, epistemologically sound and pragmatic base for the resulting decision-making model. It synthesises diverse writings and arguments that accretes to a concrete and practical methodology for maximising the human talent and potential embedded in an organization.

The model embodies a four-phase approach to operationalising collective decision-making (figure 4.1). Phase one starts off the process either by initiating a review of an existing decision or by identifying the need for a new decision. The driver for this need is Peirce’s notion of doubt-driven inquiry. Previous decisions remain in place until there are sound reasons for the questioning of the current situation facing the organization. Phase two focuses on the construction of a set of decision alternatives utilising the notion of the Habermasian force of ‘better argument’ (4.3.2.1.2). Phase three identifies the procedures for selecting the ‘best option’ decision outcome from among a set of decision alternatives (4.3.2.1.3). Finally, phase four is a vital step in the model. This is the monitoring and evaluation of the decision outcome selected (4.3.2.1.4). It uses a set of vindication criteria for assessing the selected decision. Does the selected decision achieve the desired organizational objective(s) identified in the earlier phases?
An important element, that I strongly advocate, in the model is the encouragement and use of constructive conflict (4.3.2.3). This is the effective use of open debate and argument in which individual and collective voices are not silenced as part of some false notion of ensuring organizational consensus and supposed cohesiveness. A culture of open dissent and constructive criticism is healthy and positive behaviour that optimises the chances for the selection of the best available decision alternative. In addition, the model also embraces as a conditional imperative the concept of continuous, conscious, collaborative adaptation (CCCA). This embraces the requirement for ongoing and intelligent monitoring in a collaborative process of the chaotic and turbulent environment in which organizations are immersed (4.3.2.4). It allows for the effective deployment of complexity theory such that there is a recursive process of adaptation and organizational learning that optimises the chances of survival and ongoing success.

The thesis also advances strategies to ameliorate the classical problems encountered with group decision-making including groupthink; social loafing; collective responsibility; and, alpha argumentation (4.3.3). This section offers an effective response to these very arguments posited by the critics of collaborative decision-making. I also make explicit the additional elements in an overall checklist of the effective behaviours of well-functioning teams/groups (4.3.4).

There is a thoughtful assessment of the impact of ODE theory and the model on organizational culture; leadership; management; followership; and the reframing of organizational power. It argues that all these areas require significant reframing and reformation in the new organizational environment engendered by the implementation of the model. Organizational culture alters to enable and embed the concept of shared governance and decision-making in an atmosphere of mutual respect and trust (5.3 and 7.2). The contentious issue of the imbalance of organizational power is resolved in a
way that enables real devolution and delegation of power and genuine workplace empowerment (5.6 and 7.2).

However, an empirical assessment of the applicability of the model to the latest strategic planning process at Tertiary Institution clearly reveals major barriers and problems (6.3). Without the appropriate level of changes in culture, leadership, managership and followership it is not surprising that the change in senior management that occurred during the process resulted in a ‘snap back’ to traditional, bureaucratic top-down decision-making procedures. The applicability of the model within the higher education sector faces challenges more substantive than in other organizational sectors (7.2).

Leadership is reframed to move to a post-heroic template (5.4.1 and 7.1). The role of a leader shifts from a ‘command and control’ approach to a ‘guide, consult and train’ mode. The leader is a part of the collaborative decision-making model: an important part still but no longer the dominant part. Management is reframed to become managership and follows the same reformation path as leadership (5.4.2 and 7.1.1). The negative aspects of micro-management disappear and destructive workplace behaviours—machiavellianism, bullying and corporate psychopathy—are ameliorated. Current negative perceptions of followership alter radically (5.5 and 7.1.2). The follower is now an active, engaged and questioning individual no longer an unthinking, ‘passive’ receptor of orders from managers/leaders. The followership/leadership dualism is dissolved and leadership and followership roles are interchanged and enacted as and when required throughout the organization.

The ramifications of the model are evaluated as it impacts on the four key areas of decision-making: corporate governance (5.8); strategic planning (5.9); budgeting (5.9); and, change management (5.10). Again, the common theme is an approach that entrenches the notion of shared governance and decision-making. The result is a
widespread use of teams and groups that exercise individual and collective authority and responsibility for decision outcomes. There are, I claim, practical and cost beneficial advantages that will accrue to those organizations willing and capable of making such a quantum intellectual and operational organizational ‘turn’.

8.4 Limitations

ODE theory and the associated model are not being advanced as a global panacea for dysfunctional decision-making. The analysis in this research project leads naturally to an assertion that the likelihood of sector-wide or nation state level changes in the traditional approach to decision-making is minimal. ODE theory and its associated model will only be applicable to individual organizations that have key ‘champions’ supporting fully such a level of quantum change. This requires a significant change in prevailing senior executive mindsets. I see little chance of that happening nationally or globally at this point in time. It is possible in the longer term—that as organizations, that do radially alter their approach, gain competitive advantage—that market and other external forces will propel other organizations to follow the same ‘reframing’ path.

An organization that does implement the ODE approach will find the change management process to be a lengthy and complex one. The literature clearly indicates that such changes do not succeed to the extent anticipated by the change ‘champions’ for a whole series of reasons (Miller et al, 1997). This is not an organizational solution that will provide immediate and tangible short term benefits. The reduction in business and economic cycle times as organizations respond to ever increasing external pressures is a major constraint. All these critical issues have to be factored into a decision to proceed on such ‘quantum’ change management path. The CEO and the senior management team will have to be fully aware that the commitment to change must be sustained and genuine. There is no easy guarantee of success.
Another key constraint for many organizations is the regular turnover of people in the senior executive ranks. The change process is a lengthy one and an incoming new management team may well want to distance themselves from the decision(s) of previous executives. This is a serious threat. It is common practice for incoming senior manager to initiate changes and restructuring exercises that puts ‘their stamp’ or footprint on the organization. In so doing they ‘prove’ that they are adding value to the institution. They would argue that they are preparing the organization to face the challenges of the external threats and take advantage of new opportunities.

The case study of Svenska Handelsbanken—a Swedish bank—with the most mature history of radical change in terms of decentralisation—that abandoned the use of budgets in 1972 is a stellar example of the benefits of managerial stability. Dr. Jan Wallander joined the company in 1970 and has been the CEO with the company for more than thirty years (Hope & Fraser, 2003). He has been the primary driver and ‘champion’ of the radical changes. It is the individual bank branches that are the decision-making centres in an organization that has achieved and sustained major organizational cultural change and transformation. A major factor in that success has been management stability at the top. Similar parallels can be seen in other case studies of successful major change such as Ahsell (a Swedish wholesaler) and Leyland Trucks (a British truck manufacturer) (Hope & Fraser, 2003). Frequent replacement of senior management staff is not conducive to successful major change efforts.

The appropriate allocation of resources—money and staff—to the change process is the final constraint that needs to be resolved. The process is not only a lengthy one in terms of time and effort for all the participants: it will also require a substantial investment by the organization towards the costs that will be incurred. The returns however will be both tangible and intangible. Tangible in terms of net economic benefits: Svenska
Handelsbanken for example has the lowest cost-to-income ratio amongst all European banks—forty five percent versus the average of over sixty percent (Hope & Fraser, 2003, p. 140). The intangible benefits include: an increase in staff morale; higher levels of enhanced engagement and commitment to organizational processes; and, an enhanced sense of ‘ownership’.

These limitations do require a thoughtful organizational response to ensure the successful implementation and ongoing deployment of ODE theory and the collaborative decision-making model. Failure to do so effectively will condemn the resulting change process to the category of an experiment that was tried and ultimately foundered—never to be tried again.

### 8.5 Further Research

Laughlin (1995) identified that a theory requires empirical substantiation to take it beyond a ‘skeletal’ phase. He argues that any approach to theory development:

…recognizes that generalizations about reality are possible, even though not guaranteed to exist, yet maintains that these will always be ‘skeletal’ requiring empirical detail to make them meaningful (1995, p. 81).

This research project requires an ongoing research program to validate empirically the details and processes central to the theory and its model. The empirical assessment in the context of Tertiary Institution provided clear evidence of the difficulties and barriers to effective change identified throughout this thesis. The return to traditional top-down management decision-making in TI was quite predictable.

One of the further critical phases of research will be to test the model in different organization sectors and cultural contexts. I anticipate that the corporate sector will be the first area to assess the applicability of the procedures and the theory. There is a competitive advantage incentive that may well propel organizations to follow examples
such as Svenska Handelsbanken, Leyland Trucks, Borealis and Ahsell (Hope & Fraser, 2003). In fact these very organizations who have already progressed a significant distance down the change path would themselves be prime candidates for the further changes envisaged within the ODE approach. I expect, however, that the non-profit and public sectors would lag appreciably behind in making what would be perceived as a ‘radical’ departure from the prevailing economic rationalist, top-down decision-making system. I would expect initially the same results in those sectors that eventuated in the TI case study of strategic planning detailed earlier in this research project.

Another avenue for research will be to investigate the ODE approach within different sizes of organizations. An existing small to medium enterprise (SME) would have fewer barriers to overcome. There would be fewer layers of entrenched, hierarchical management. The organizational mindset and culture is more entrepreneurial and experimental and usually all staff are already engaged, committed and involved heavily in the decision-making process. There has been less time for a bureaucratic demarcation of working responsibilities to develop. Everybody participates. The larger the size and the more bureaucratic the culture are the very factors that would militate against an easier transition process.

Some specific industry sectors may be more predisposed to making the level of transformation required. The organizational culture in biotechnology, information technology, research oriented and, scientific institutions are already team and project oriented. Their focus is on effective decision-making and adaptability within highly chaotic and ever-changing environments. Their staff are highly educated, talented and usually committed to performing at optimal levels. These underlying characteristics make these organizations suitable subjects for just such an intellectual and pragmatic ‘turn’.
The applicability of ODE theory and the model can also be linked with the research literature in the fields of organizational learning (Driver, 2002; Senge, 1990), sustainable business (Dunphy, 2003, 2000) and corporate social responsibility/corporate citizenship (United Nations, 2005, 2004). The common theme in these areas is the need to harness the existing talent of the staff in organizations and to move down some variation of an employee empowerment path. It should be also noted that the massification of higher education nationally and globally is providing an ever increasing number of highly educated and talented potential employees for all organizations across the different sectors. These graduates are less likely to be comfortable and productive in the more traditionally oriented and hierarchically managed organizations.

8.6 Concluding comment

The increasing conviction that traditional top-down organizational decision-making is flawed is postulated and, I claim, proven. ODE theory and model provide an effective methodology for modern organizations to transform and benefit from the adoption of such a collaborative decision-making approach. The model delivers a pragmatic solution to optimise the decision-making procedures deployed within and across an organization.

Any organization, even a highly politicised one, is capable of making paradigm shifts in management thinking to incorporate what has been learnt through extensive research, business experience and consultancy. ODE theory with its collaborative decision-making orientation, Peircean and Habermasian insight provides a solid platform to legitimise and operationalise such a changed approach.

If organizations are to reap the benefit from the existing high levels of knowledge/intellectual capital then decision-making should not remain the exclusive domain of specific individuals or very, small elite groups. Effectiveness and not
efficiency (falsely perceived as timely) should be the aim of well-constructed decision outcomes. The adaptability and self-organising capability of the workforce requires an inclusive, not exclusive, decision-making methodology to unlock and realise the future potential of the organization. The future is waiting to be written.
Appendix 1

Proposed semi-structured Questionnaire

Demographic Component:

Can you tell me a little about yourself? (Please note that this information will remain strictly confidential. All responses will be aggregated so that no one individual can be identified).

Beginning with the following (to start a relaxed and effective conversation)
- Tell me a bit about yourself?
- Family background?
- Work history?
- Interests/hobbies?
- Length of time at Tertiary Institution?
- Level of qualifications?

Q1. In what year were you born? 19_____

Q2. What is your usual place of residence? _______________________

If Australia, what is your postcode □ □ □ □

Q4. What formal qualification/training/education do you have?

School □
Trade/Technical qualification □
Undergraduate degree/College □
Postgraduate degree □
Other □

Q5. What is your usual organisational position in Tertiary Institution?

Q6. How long have you worked or studied at Tertiary Institution?
Primary Interview Component:

Section A  Organisational Culture, Ethos and Values – Tertiary Institution

Q1. What is your understanding of the current organisational culture, values and ethos at Tertiary Institution (TI)? How do you feel about this?

Q2. Have these changed since you started at TI? If so, in what way?

Section B  Strategic Planning – Tertiary Institution

Q1. Describe your level of involvement and participation in the recently completed strategic planning process (2003-2007)? What did you feel about this process?

Q2. Were you satisfied with the level of your participation? Why/why not?

Q3. What would you change (if you could) in the process that was used?

Q4. Do you have any other comments or suggestions about your experience with the current TI strategic plan?

Section C  Role of Leadership/Management – Tertiary Institution

Q1. Explain the difference between the role(s) of managers and leaders generally?

Q2. Are you satisfied with your managers/leaders? Why/Why not?

Q3. Explain your understanding of the role of management and leadership as practiced at TI within your personal experience?

Q4. What do you feel should be the role of leaders and managers in a modern organisation?

Q5. What would you change (if you could) in the behaviour, performance and role(s) of managers and leaders in TI?

Q6. Do you know any informal leaders in TI? What do they do that makes them informal leaders?

Q7. How are managers and leaders selected for acting and permanent positions within Tertiary Institution?

Q8. Do you have any other comments or suggestions about your experience with managers/leaders within TI?
Section D   Role of Followership – Tertiary Institution

Q1.   In what situations do you feel that you are a follower (as opposed to being a leader) in your current position at TI? Why? What happens?

Q2.   Using your experience at TI explain your understanding of the actual practice of the role of followership?

Q3.   Are you satisfied with your role as a follower? Why/Why not?

Q4.   What do you feel should be the role of followers in a modern organisation?

Q5.   What would you change (if you could) in your role as follower and those of your colleagues (who are also followers) in your AOU?

Q6.   Do you have any other comments or suggestions about your experience with followership within TI?

Section E   Final Question

If you had the power and the authority how would you go about changing the culture at Tertiary Institution to reflect what you have argued for earlier in this interview?
Professor Brian de Garis  
Chair (Human Research Ethics Committee)  
October 10 2004  

Project Permit Number: Permit Number 2004/268  
Title of Investigation: Strategic Management Accounting and Managerial Decision-Making reconceptualized: towards a collectively oriented theory of organizational decision enhancement assurance (ODE)  
Chief Investigator: Mr John de Reuck  
Av Prof Lanny Entreklin  

I refer to your letter dated October 7 2004 in which provisional approval was granted for the above project subject to satisfactory resolution of three conditions. I have discussed the matter with the student researcher Mr. David Holloway and would like to state that the conditions will be met as follows:

- I will accept the permit until the return of Associate Professor Lanny Entreklin at the beginning of January 2005. I will then arrange to transfer the permit to him as the principal supervisor of the PhD thesis and I will resume my role as Associate Supervisor at that stage.

- The aggregation of participant data will be collated and analysed as one large block. This will avoid the problem you identified in making responses “attributable” if the aggregation is categorised.

- The Consent/Information letter has been revised to include a section as required to make reference to providing a copy of the relevant section(s) of the thesis to participants as feedback. Please see the attached, revised consent letter.

Having responded to the conditions listed in your letter I look forward to receiving the final approval advice prior to the commencement of the interviews with proposed participants. If you have any further queries please contact me.

Yours Sincerely,

John de Reuck
Appendix 3

HUMAN RESEARCH ETHICS COMMITTEE
Research Ethics Office: 9360 6677/6170

October 7, 2004

Chief Investigator:  Mr John de Reuck
                      A/Prof Lanny Enrekin

Title of Investigation: Strategic Management Accounting and Managerial Decision-Making
                       reconceptualised: towards a collectively orientated theory of
                       organisational decision enhancement (ODE)

Project Permit Number: 2004/268

Dear John & Lanny

Your application in support of the above project, received on September 21, 2004, has now been
reviewed by the Murdoch University Human Research Ethics Committee at the meeting held on

DECISION OF HUMAN RESEARCH ETHICS COMMITTEE:

APPROVED subject to the conditions listed below:

- It is usual for Murdoch University Permits to be issued to Murdoch University Staff only.
  However, the Committee has agreed to issue this permit to Mr John de Reuck on the proviso
  that it is transferred over to Associate Professor Lanny Enrekin on his return to Australia.
- Please clarify whether the proposed aggregation of participant data is into categories or one
  large block. The small sample used may make the responses "attributable" if the aggregation
  is categorised.
- It is suggested that reference to the proposed provision of a copy of the relevant section of the
  thesis as feedback to participants is advised in the Consent/Information Letter.

Before any work on the project commences, all conditions listed must be addressed and responses
forwarded in writing to the Research Ethics Office. Final approval to commence work will only be
given once all conditions have been addressed to the satisfaction of the HREC. Responses and all
enquiries relating to your ethics permit should be directed to ethics@central.murdoch.edu.au OR by
letter to Lynees Miles or Dr Sue Dyson at the Research Ethics Office, Division of R&D, Murdoch
University, 6150. Please quote your ethics permit number in all correspondence.

In accordance with the National Health & Medical Research Council guidelines on human
experimentation, you are required to immediately report anything that might affect ethical acceptance
of your project’s protocols. This includes adverse effects on subjects, proposed changes in the protocol,
unforeseen events that might affect continued ethical acceptability of the project and discontinuation
of the project for any other reason. Adverse Events Forms are available on the Research Ethics website at

Permits are granted for a period of three years. However, in December each year you will be required
to submit an annual report and indicate whether your research will be continuing to the Research Ethics
Office. If the project is completed before the expected completion date, please submit a request to close
the permit.

I wish you every success for your research.

Professor Brian De Garis
Chair
Murdoch University Human Research Ethics Committee

Cc: Co-Investigator or Student Researcher: David Holloway
       Murdoch Business School
14 October 2004

Mr John de Resuck
Taylors College
College Place
O'Connor WA 6163

Dear John,

Thank you for addressing the conditions placed on the application to the Murdoch University Human Research Ethics Committee (HREC), “2004/268 Strategic Management Accounting and Managerial Decision-Making reconceptualised: towards a collectively orientated theory of organisational decision enhancement (ODE)”. This Application now has outright approval.

It is noted that this permit will be transferred to Associate Professor Lanny Entrelin, as Principal Supervisor of the PhD, on his return in January 2005. Please ensure that confirmation of Associate Professor Entrelin’s acceptance of this responsibility is submitted to the Research Ethics Office for this transfer to be formally recorded at that time.

The Murdoch University HREC is conducted under the auspices of the NHMRC’s National Statement on the Ethical Conduct of Research Involving Humans. If you have any questions please do not hesitate to contact this office at any time.

Wishing you all the best for a successful study,

Yours sincerely,

Dr. Sue Dyer
Manager, Research Ethics Office

cc
Associate Professor Lanny Entrelin
Murdoch Business School

David Holloway
Murdoch Business School
The Tertiary Institution Mission

To extend knowledge, stimulate learning, and promote understanding, for the benefit of the community.

Like universities throughout the world and in all ages, the basic mission of Tertiary Institution is to add to the store of human knowledge and to inspire future generations to continue the quest for truth and wisdom.

In this respect Tertiary Institution is no different from any other research-led public university. Our point of difference is in the way in which we pursue our mission. It is in the emphasis that we place on diversity, on human values, and on sustainable solutions. These features taken together define the ‘TI ethos’, and are encapsulated in our Vision and Values.

OUR VISION

(Statement of Intent)

The greatest challenge of our time is to find ways in which human talent and natural resources can be used to create a just and sustainable society.

Tertiary Institution will respond to this challenge by educating students to understand the essential features of sustainable development, global responsibility, and social justice; and by addressing these themes in its research.

The University will apply the same principles of sustainable development in the management of its own affairs as it advocates for others.

OUR VALUES
The University is committed to provide an educational environment that supports and fosters an open, equitable, and participatory approach to teaching and learning, and thus promotes the best civic attributes in its graduates.

In pursuit of this commitment the University community (students and staff) will abide by the general values of integrity, tolerance, and mutual respect in dealing with others, and in so doing the University itself will function as a good citizen in society.

The University attempts to realize these values by adhering to the following principles:

- To provide teaching and learning that is underpinned by sound scholarship.
- To encourage a holistic approach to the various forms of knowledge through interdisciplinary programs of study.
- To maintain equality of opportunity, social justice and environmental responsibility.
- To promote high quality research that is sensitive to contemporary issues.
- To foster a spirit of collegiality and co-operation amongst staff and amongst students.
Appendix 5

DELPHI STUDY FIRST ROUND RESULTS

Summary of Responses from Panel Members

1. What does ‘Sustainability’ mean to you?
   - Sustainability has strong environmental/’green’ connotations
   - Sustainability connotes “a sense of stasis rather than dynamism”
   - Could imply just sustaining a position, just surviving

2. Is the term ‘Sustainability’ appropriate as a positioning theme for a University?
   - Doesn’t work on its own e.g. Sustainable solutions
   - Difficult to operationalise on its own
   - Requires considerable background material to see where we are coming from
   - RMIT and UTS have had difficulty operationalising sustainability as a strategic direction

3. Will the term “Sustainability” capture the imagination of our target markets?
   - Too narrow a term to be defining theme for a comprehensive university
   - If broadened beyond its environmental meaning it risks being misunderstood – becomes a catch-all phrase
   - Sustainability could be a part of a broader theme
   - Not likely to capture the imagination of a target market

Some Suggested Alternative Themes that could also incorporate Sustainability

- Most sought after students
- Competitive and adaptable to alternative futures
- Maximizes potential for students and staff
- The triple bottom line: economic, environmental and social
- Sustainable solutions for a new century
- Creating sustainability / a sustainable future
- Sustainability through innovation
- Understanding and managing social, environmental and economic change
- Changing knowledge
Appendix 6

Managership/Leadership TI Participant Responses

Questions 1 and 2 – 1) Are you satisfied with your managers/leaders? Why/Why not? 2) Explain your understanding of the role of management and leadership as practiced at TI within your personal experience?

Martin was quite specific and scathing:

Well I think we had a series of pretty lousy managers when Senior Manager A [ex Vice Chancellor] was around and I also think in terms of managing an operation Senior Manager B has to be noted for one of the bad ones. I think…and certainly looking back Senior Manager C was a disaster as a manager both from a budget point of view and also some of the contracts we got into that he signed off on you know fifty year contracts we’re going to live with (Martin, personal communication, 2004).

Dominic on the other hand was less scathing and did argue for TI having had a variety of experiences:

I think we’ve oscillated wildly at times between management and leadership. Some of the leaders I think haven’t been leaders including some of our vice chancellors. Some others of our vice chancellors have been dramatic leaders, dreadful managers. Some others have been both good leaders and good managers and I think that’s par for the course (personal communication, 2004).

Elizabeth’s focus was more pensive as follows: “I’m visualising…and I’m not obviously going to quote names but one I see as being a most dreadful leader in terms of their capacity constantly to alienate absolutely everybody” (personal communication, 2004).

Anna put this very specifically as:

Let me talk about the managers that I know well so Person A for instance and Person B who were managers [Heads of School] and were to be seen very much as leaders of groups of people and I don’t think they did either job particularly well and I think the reason they didn’t do either job particularly well, they did not…they just don’t like people very much and people didn’t like them very much and I think that they didn’t have care for the group of people that they were working with (personal communication, 2004).
Elaine’s interpretation of this communication and people skills problem was stated as follows:

The leaders have always been people with incredible intellect but not necessarily any practical skills and their people skills... I don’t know, there’s something about Vice Chancellors, they seem to be a bit short on the people skill side... don’t know how to manage people terribly well, they tend to be impatient and they’ve got a lot of stuff, not a lot of time, you know you get more from their body language than you get from their mouth, that sort of thing (personal communication, 2004).

Elaine then went on to state that she was not ready to once again train the next group of upcoming middle and senior management echelons:

Yeah and the person still standing at the end of the day that was attending all the senior exec meetings was me and you know I reckon it was one of the contributing factors to me leaving was just thinking I cannot go through a set of...or training up another set of PVCs and executive deans in things that are my bread and butter, you know things, like what’s the regulatory environment in which we operate, how does TI operate, how does the budget work, you know, what’s their role in responding to academic council or the senate or whatever… (personal communication, 2004).

On the other hand, Eric saw the current state of affairs as reflective of the degree of personal ambition, which appears according to his experience to be more and more evident in the University sector, arguing that:

…if you’ve got a good leader then a good leader is one who never counts the cost themselves, always puts the institution first. Now I’m not sure that we have too many of those sort of people right now so I think of their...you know when it comes to personal qualities I think there’s some of them, and I could say who...some of them really fall short of that mark and I feel they’re there because of personal ambition not because of what they’re going to contribute to the university and that’s a great sadness too (personal communication, 2004).

Another comment tends to capture the general feeling of a move away from a more collegially oriented model of management:

Well my guess is that many academics looking at our managers would see them moving into increasingly into the corporate style of management, you know, you just have to look around the back of numerous chairs at Senate; see all black suits. Nothing but black suits or dark blue, and some woman might be there, and then chances are she’ll have a black dress on: so we’re run by the suits now (Martin, personal communication, 2004).
Yolande went on to identify a concern over the male oriented culture in the organization:

Their organisational culture is not the same as the university’s organisational culture...because it became very evident in the research that we were doing on gender in organisational culture. They have a quite different way of talking about what the university is and what it should be from the way the troops talk about what...the very word troop, you know, we kept...when we interviewed the senior management about gender and organisational culture, what we got from them was a story that was full of sporting analogies, you know? The university...there are only X number of real players out on the field doing [playing] the game and the rest are the audience to it, they are in the stands, they’re the spectators. The trouble with the university said one senior manager to us was that all the spectators have got whistles and think that they can blow them and [have] something to do with the game, you know? There is a huge gulf, they actually don’t see themselves as us, as coming from us or as part of us, and you can see where I put myself, I’m not part of that group. Having said that you’re saying that it’s part of that culture, it’s very difficult to be other in that culture. For quite practical reasons, because they’re all temporary, they’re only there for a short period of time so the kind of investment they might have in the institution or that I might have as a tenured staff member of this...it matters to me that the institution is healthy. It doesn’t necessarily matter to them to quite the same depth as it does me because they’re going somewhere else, their tenure in the job is limited for their...what drives them is the need to make us blush at this point in time, to...you know to be visible, to be seen to be...being successful (personal communication, 2005).

**Question 3 – What would you change (if you could) in the behaviour, performance and role(s) of managers and leaders in TI?**

Teresa verbalised this as follows:

I think there’s very much...the only thing that I would say of the people that are currently the leaders and managers is there seems to have been this view that they have to change everything and there seems to be a bit of a lack of respect if you like of institutional knowledge because I think they feel that institutional knowledge is such because it won’t change (personal communication, 2004).

The primary change identified was for senior managers to extend themselves beyond their narrow fields of personal ambition and to embrace effective organizational commitment and thereby ensure ‘better’ decision outcomes. Nellie put this as:

They have to like take a break and think ‘right what is good for TI instead of what is good for me’. Now they might deny that, they might deny that that’s what they’re really after. I believe that a lot of our managers now are in the game for themselves and because of that it is not doing TI any good, now again generalising because I can think of a few who are really believing that this is for the good of TI. They’re just too ambitious (personal communication, 2004).

Yolande also argued cogently from a similar viewpoint:
Look, it is a funny...I’d like them to be like me...or like any of the people around the place that I can name who have got integrity, who aren’t in it for ego, who are in it because they want a good outcome...

I’d like people who are prepared to take problems seriously and find proper solutions to them, not easy solutions to them, not glib, quick solutions but really prepared to solve a problem, to try and find a way through competing needs, because competing needs happen all the time but try to find a way through competing needs to an outcome that is going to do least harm to most people and be productive and creative and constructive (personal communication, 2005).

Kenneth identified that there had been a reduction from a more inclusive approach to decision-making to a more pronounced degree of management hegemony. He stated that:

And what I’ve seen only in the few years that I’ve been here is a gradual eroding of student and academic voices within that...not significantly but slowly the numbers of senior execs or the high level managers on those committees grow...they did decrease in the [inaudible 320] and slowly you’re slipping towards...the voices of the management becoming louder and I’m not saying the others are silenced, I’m just saying that there’s less voices so I mean I’ve seen that happen (personal communication, 2004).

Yolande saw what was happening as a “I of teamwork” and the open exercise of personal power and control over decision-making. She first stated that:

They call themselves a team, of course they do but they’re a team against the rest of us. And they are, you know, they practise all those arts you know, they practise the art of not speaking freely to people, of having secrets, of agreeing amongst themselves not to discuss with other people decisions which are in camera and confidential (personal communication, 2005).

She went on to elucidate the following as an exemplar of the organizational pressures within Tertiary Institution that encourage a top-down approach to decision-making:

I’m not sure, I’m not sure how I would want to...want to think it through. I think you can be a lot blunter than perhaps the Foucauldian account of power might do although it’s a product of the [management] culture, it’s a product...you know they are immersed in a decision making work environment where what they do is they make decisions. They need to...the nature of the work, it’s high powered, there’s a lot of it...their entire...there’s only 24 hours in a day. When you’re immersed in that kind of thing of course things like trying to control communication flow, not taking time to go and check out you know that there may be another way of thinking about, exchanging...it becomes incredibly difficult...but it’s also part of just sheer I can do this (personal communication, 2005).

**Question 4 – Do you know any informal leaders in TI? What do they do that makes them informal leaders?**
The comment from Martin captures this best:

I’m sure there are some and if I thought about it long enough I’d probably think of something because most of the people who have become leaders within the...have ended up school head or something like that so they end up with some kind of a formal position. I actually think there’s also lots of different ways in which people do things (personal communication, 2004).

Elizabeth was clearer in identifying the positive behaviours of informal leaders although she starts by saying that:

I think they are diminishing commodity…I think you’ve heard me use this expression before, the capacity to see around corners and maybe just another name for the old fashioned mentor of staff, natural mentor rather than formal mentor, may simply be individuals who have had a breadth of experience and are happy on invitation to share some of that knowledge (personal communication, 2004).

Nellie phrased this as:

To me the informal leader [inaudible 352] leader would...will listen to them and even communicate with other people to try and find out if those problems are in reality existing and they will try to find a way of turning the complaint into a positive, getting an input from those people and turning it back on them and say okay you [are] complaining about this, how would you like to see it improved?

They are seen as involving others in the decision processes and as Yolande argues it is about:

…intelligent management, you know, his contributions are thought through and for that reason he has influence. I actually think you know...there are lots of little leaders from the bottom up, it’s whenever somebody does their homework, commits to figuring out a solution and is prepared to beat that solution out (personal communication, 2005).
Followership TI Participant Responses

The relevant questions asked were: 1) In what situations do you feel that you are a follower (as opposed to being a leader) in your current position at TI? Why? What happens? 2) Using your experience at TI explain your understanding of the actual practice of the role of followership? 3) Do you have any other comments or suggestions about your experience with followership within TI?

Administrative Responses—Passive and Active Followership

One specific example (in relation questions 1 and 2) was from a very senior staff member Elaine who stated:

I think a follower in the first instance needs to understand who pays them okay? And what they’re being paid to do. You don’t turn up [to] work you know for the love of the place. You might love the place and turn up to work but you don’t turn up and you don’t get paid basically, okay? So we all have to understand we’re paid to do a job and we’re also paid to do the job whether…without necessarily having control over the direction… (personal communication, 2004).

Nancy was more scathing in her assessment of what the TI organization expected of followers:

What would the institution think a follower would be like? Oh well, the cynical me immediately thinks the follower is [to] get on and do the job and shut up, is the follower that this institution probably would like and that’s been demonstrated quite clearly with the recent or lack of…recent lack of appointment of executive deans. Here is somebody who was doing the job who was demonstrating that he had to crunch numbers and come up with, you know, the right figures and do the right thing and yet he wasn’t appointed to the position for whatever reason and okay…but it was almost…it was almost we can treat you however we like and you will still be there doing the job (personal communication, 2004).

Elaine identified that a good follower was one who:

is sort of a good team player…to understand what skills they bring, how to apply them and if they don’t have what they need in terms of skills or tools or whatever then they could articulate [that lack]. They also show initiative and innovation because you may have been doing the same old thing the same old way ‘cause they may just say well, you know, we could actually cut that out, we don’t need to do that or we could do it better this way…(personal communication, 2004).

Teresa was more tentative in her response and focussed more on the traits of a specific leader:
I suppose it comes down to what aspect of work I’m doing and who it is I’m doing it for. So it depends really. Follow...if you like follow the ideas of people or follow the aspects of people who I have...who I’ve...who I respect and who are coming up with good ideas. But it’s not so much a concrete thing, it’s more of an abstract thing sometimes (personal communication, 2004).

Nancy focussed more on having the workplace independence to operate and the right to make changes when making the following two-part statement:

I have said before that I’m very lucky that I’m in a situation where I can get on and do my core business without having the day to day reporting to anyone.

Oh, an effective follower is when you know where you fit in, know exactly what is your responsibility and where you can make a change and being given that...the freedom to put up suggestions or to make changes in your area where you [can] make the difference (personal communication, 2004).

Eric put this notion across a little loosely in the following way:

No I mean...you know you never...[are] just a leader or just a follower you know you often...and one of the things that you...if you’re going to be effective as a part of team [inaudible 662] team you know you do need a...this notion of cabinet solidarity so interestingly enough in some of the senior roles you spend most of your time being a follower particularly...particularly if you’re got a strong vice chancellor but...so if you had a debate and the party lines become blah, blah, blah then you have to be a follower then you have to say well; no, so-and-so said such and such and therefore... (personal communication, 2004).

There is also a significant degree of personal courage involved with being an active or effective follower as clearly illustrated by Dominic:

I have in the past got into trouble for speaking my mind. A classic example was at TI where I got removed from a position because I was seen as not being a passive follower. That’s fine, I have no problem with that and I think part of a role of a good leader would be to accept the advice that is coming from followers (personal communication, 2004).
Academic/Student Responses—Passive and Active Followership

Martin put this as:

Well I’ve been a follower to the degree that I never been a leader...well not in the traditional sense.

I think…life’s gone to the dogs when I think like that so I’ve never been a follower in that sense before and that’s stuffed my career up too I must say. And I guess in many ways I don’t perceive myself as having a particular leader [style] but also not a [passive] follower (personal communication, 2004).

Elizabeth also has observed occasions where others within TI have been punished for not being passive followers:

I’ve seen followership where as I said the follower has been deemed to be a troublemaker and ostracised and punished fairly or unfairly. I’ve seen here documented...highly inflammatory documents have been put on staff files… (personal communication, 2004).

Passive followership is readily observed by the respondents particularly where it is viewed as being personally opportunistic. Yolande first identifies this succinctly as:

“…it’s that kind of personality, you know, to be a good campus citizen means doing what you’re directed to do…” (personal communication, 2005). She went on in more detail:

Oh, I think there is a very particular persona of follower in the current organizational culture of this institution and I suspect it’s on the notion you’re trying to develop. It is the person who follows the [inaudible 1:25] in order to gain power or in order to open up a career path for themselves or whatever. You know I mean amongst...there is a persona of somebody who will flatter the executive dean, who will be compliant, who will look to the executive dean for, you know, tell me what you want me to do and I will do it. There’s that kind of persona, you know, again because I know names won’t be mentioned… (personal communication, 2005).

The notion of effective (active) followership elicited a wider and more enthusiastic range of responses. Academics and students—who were themselves members of TI decision-making bodies—supported this approach strongly.

Elizabeth started this off by arguing that:

Good followership I believe is a result of good leadership and I think you have good followers if those followers are prepared...not so much publicly but are prepared to
challenge their leaders, recognising the legitimacy of debate and the leaders not being alienated by that…(personal communication, 2004).

Len referred to his own leadership role in the student movement as an advocate or almost a servant role:

“I do actively engage in leadership but my job is to help people. I mean maybe that’s not the definition, more my job is to be the advocate or representative of students…with regards to the secretariat I give them the ownership of that…there’s certainly conflict but it’s, yeah, truly discursive approach (personal communication, 2004).

Kenneth on the other hand took a position that I would argue for and support most strongly—the notion of constructive conflict and argument oriented debate:

“Interestingly I suspect a good follower would be one that’s able to make their voice heard in terms of criticism...constructive criticism of others. I think also though an ability to hear the arguments and follow the best argument rather than follow a supposed leader whoever that might be. So I would see an issue of you know as I say of hearing the arguments and following what appears to be the most appropriate route regardless of who the leader might or might not be (personal communication, 2004).

The difficulty is to alter the culture to allow for or to actively encourage such behaviour.

As Eric argues:

“The thing about a university is that you’ve got people who are by and large very talented and are capable of a lot and I think always in a university the challenge is to make sure that...the institution isn’t stifling its opportunities by not allowing those people to develop good ideas. And it’s a very difficult one because you know egos very quickly emerge… (personal communication, 2004).
## Appendix 8

### List of Tertiary Institution Interviewees

<table>
<thead>
<tr>
<th>Pseudonym</th>
<th>Organizational Position</th>
<th>Date Interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Len</td>
<td>Student</td>
<td>29 October 2004</td>
</tr>
<tr>
<td>Amber</td>
<td>Student</td>
<td>15 December 2004</td>
</tr>
<tr>
<td>Elizabeth</td>
<td>Academic Administration</td>
<td>10 November 2004</td>
</tr>
<tr>
<td>Robert</td>
<td>Academic Administration</td>
<td>17 November 2004</td>
</tr>
<tr>
<td>Dominic</td>
<td>General Staff</td>
<td>11 November 2004</td>
</tr>
<tr>
<td>Nellie</td>
<td>General Staff</td>
<td>15 November 2004</td>
</tr>
<tr>
<td>Nancy</td>
<td>General Staff</td>
<td>24 November 2004</td>
</tr>
<tr>
<td>Anna</td>
<td>Academic</td>
<td>15 December 2004</td>
</tr>
<tr>
<td>Yolande</td>
<td>Academic</td>
<td>25 February 2005</td>
</tr>
<tr>
<td>Kenneth</td>
<td>Academic</td>
<td>24 November 2004</td>
</tr>
<tr>
<td>Eric</td>
<td>Senior Administrative</td>
<td>22 November 2004</td>
</tr>
<tr>
<td>Elaine</td>
<td>Senior Administrative</td>
<td>13 December 2004</td>
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<tr>
<td>Sheila</td>
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<tr>
<td>Martin</td>
<td>Academic</td>
<td>11 December 2004</td>
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<tr>
<td>Teresa</td>
<td>General Staff</td>
<td>14 December 2004</td>
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