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Middle Managers: Key Partners in Successful Change

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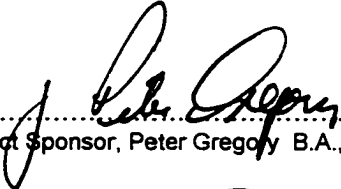
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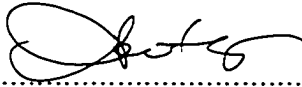
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the requirements for the degree of

MASTER OF ARTS
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LEADERSHIP AND TRAINING

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to the required standard.


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The senior executive who learns to recognize, respect, and deal fairly with the most influential middle managers in an organization will gain trusted allies – and improve the odds of realizing a complex but necessary organizational change.

(Huy, 2001, p. 79)

Acknowledgements

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The errors are my own.

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CHAPTER ONE - STUDY BACKGROUND

Introduction

Change has become a constant in today's business world. Sometimes it is deliberately triggered, as in the case of a merger or acquisition, sometimes it is the consequence of events far beyond the organization— new markets open up, customer preferences or needs shift because their customers' requirements have changed, new competitors emerge, or new technology changes how things can be done. Similarly, in the public sector, there has also been significant change as economies fluctuate and political power and ideologies shift. In several Canadian provinces, governments have sought to reduce government debt, contain costs, and streamline government services. In British Columbia, changes by government are prompting change by the Office of the Auditor General of the province.

The role of the Office of the Auditor General (OAG) is to provide the best information possible to legislators and the general public on the planned and actual results of government, and on how government is managing its risks. Under the recent Budget Transparency and Accountability Act, every ministry now must develop a service plan, and report on its performance. In addition, the Liberal government, elected with 77 of 79 seats in May 2001, has begun major restructuring of government programs and services. Not only does this have the potential to increase risk, but legislators will also require timely and accurate information in order to monitor the effectiveness of the changes. Further, the government has stated that the currently announced changes will be

followed by many more. The OAG recognizes that all its members will need to react and adapt on an ongoing basis, and it repositioning itself and its work to better fulfill its role, for which the government has shown strong support.

Purpose

Most organizations find change difficult to address. Solutions are not always obvious, and even when what needs to be done is obvious, it is much more easily thought or spoken of than brought to happen. Yet some organizations seem to survive and prosper, managing to transform themselves successfully time after time, while others struggle, or fail. In the private sector, some businesses have learned to monitor their environment, customers, and competition, to foresee or predict what will come their way, and to respond in ways that keep them ahead of the competition. Conner (1998) describes them as “nimble” organizations.

Much of the change over the past 10 years in various public services has been imposed by new legislators (e.g. Ontario, Alberta) committed to “leaner government”. Such changes may require downsizing or outsourcing, or mean that ministries are re-configured, and large groups of employees detached from one area and attached to another. Program re-evaluation or process re-design to create more efficient ways of delivering the desired services may be after-thoughts. During this same period, various think tanks, researchers, federal and provincial government task forces have been pondering “public service renewal.” (Brisson, Hehner, Rooney, Sanderson, and St-Amand, 1997; Ingstrup, 1999; Glor, 2001). These writers conclude that all levels of public service need to become

better at initiating change in how service is delivered, rather than waiting for change to be imposed.

For the OAG, a better understanding of the characteristics of “change capable” organizations will contribute to their own change process, and provide data or criteria to inform their understanding of the challenges faced by the organizations they audit, and perhaps shape future audits.

Much has been written since the 1980’s about the leaders’ role in effecting change in organizations. Senge (1996, p. 45) describes leaders as “those people who ‘walk ahead,’ people who are genuinely committed to deep change in themselves and in their organizations. They lead through developing new skills, capabilities, and understandings.” Schein (1992, p. 382) tells us, “ One of the critical roles of learning leadership (is) to notice changes in the environment and then to figure out what needs to be done to remain adaptive,” and Heifetz & Laurie (1997) explain that a leader, from above or from below, has to engage people in confronting the challenge, adjusting their values, changing perspectives, and learning new habits. In this project, the researcher will also explore the elements of “change - capability” possessed by such leaders.

Nor are change leaders to be found exclusively at senior levels in organizations (Senge, Kleiner, Roberts, Ross, Roth, and Smith, 1999; Fullan, 2001). Middle managers have been identified as critical to successful strategy implementation and organizational performance (Currie, 1999; Floyd and Wooldridge, 1994, 1997; Sayles, 1993a, and

many others), and more recently, as key contributors to the successful implementation of change (Huy, 2001; King, Fowler, and Zeithaml, 2001). Middle managers face many challenges; Laurie (2000, p. 157) says they are “caught in the midst of a sea change in management style”. Particularly in the public sector has their task been difficult.

(Thomas and Dunkerley, 1999, p. 164). Within the OAG, the middle managers are seen as critical to the organization’s capacity to develop change capability and execute its new business strategy.

Writers such as Drucker (1980), Kantor (1985), Beer, Eisenstat, and Spector (1990), Kotter (1999), Senge (1990) and Senge et al. (1999) emphasize that learning new behaviour is critical to effective change. Senge et al. (1999, p. 9) explains that where change fails, it is often because the change leaders have failed to “recognize the importance of learning capabilities”. Further, it is not enough to incite and foster individual learning. What is required is a community of learners, such that information is processed and integrated into practice across the organization (Schein, 1996a). Were middle managers to become “communities of practice”, they would be able to reinforce and support each other as they learned and faced change together.

The overall purpose of this research project is to discover **how middle managers in the OAG can contribute to building a change capable organization.**

The Organization

The OAG is an independent Office of the Legislature, and was re-established in 1977, after a 60-year hiatus. Its audit reports are referred to a standing committee of the Legislative Assembly, and presented directly to the Assembly. The mission of the Office is “to provide independent assessment and advice that enhances public sector accountability and performance”. The four “lines of business” are (OAG, 2001c, p. 4):

- Attesting to the reliability of the financial statements of government;
- Assessing the quality of government service plans and reports;
- Examining how government manages its key risks;
- Supporting legislators in the use of government performance information.

The current government restructuring makes the work of the OAG even more important. In a recent speech (Strelioff, 2002, sec 3), the Auditor General stated, “During the next few years, earning public confidence will ... require legislators to demonstrate rigorous and objective public scrutiny of the performance of government. Organizations undertaking significant change are open to risks that need to be managed and mitigated.”

The Auditor General is appointed for a six-year term through the recommendation of an all-party committee to the Legislative Assembly. The current Auditor General, Wayne Strelioff, has been in place since May 2000. His predecessor had completed two full terms, and all members of the executive team have had been with the Office for many years. Mr. Strelioff had previously served 10 years as Auditor General in another province, and his arrival brought new thinking to the senior team in the Office.

The Office has approximately 95 employees, of whom 15 to 20 have traditionally been student accountants, as the Office is an approved audit training office for all three accounting designations. Contract resources have customarily increased this number during periods of peak demand. Traditionally, auditors trained with the Office have moved into other management positions in government at a rate of approximately 5 - 10% per year. This turnover comes usually from the Auditor and Project Leader levels. "Middle management" in the OAG is represented by 16 Directors, 68% of whom have been with the Office more than 15 years, and 75% of whom have held positions at that level for more than 5 years. Turnover among Directors, whose average age is over 50, has been extremely rare.

For a number of years, the Office had been structured according to the aspect of government performance on which they were reporting. The Financial Audit Unit (approximately 70% of the work) focused on whether government finances were managed "prudently and with integrity." The Performance Audit Unit (30% of the work including that of a previously separate Compliance Audit group) examined to what extent the government was achieving something worth doing at reasonable cost, and whether public business was conducted according to public expectations. There was also a small administrative support group. Historically, each group reported to a different Assistant Auditor General, worked on different and unrelated projects according to very different cycles, and were staffed by people with mostly different qualifications. All financial auditors hold an accounting designation, while performance or value-for-money audits

can be done by professionals with program evaluation skills and a variety of academic backgrounds and experience.

A workforce satisfaction survey was conducted in August of 2000, and a number of areas for improvement have been identified. Culture, leadership, development and career opportunities, management practices, and communications are issues. The different practices and cultures of the two audit units were frequently described as “two silos”. Younger workers in particular were dissatisfied with development opportunities, leadership / management, and communications within the Office. Managers had largely been expected to deliver audit projects. Specific people-management expectations had not been established, nor training or development provided in this area.

In November 2000, the OAG was restructured into five audit sectors and a corporate services support group, each headed by a senior principal. Drivers for this change included (from internal documents):

- Significant changes internationally, nationally, and in British Columbia in the requirements for good governance, financial and management reporting;
- A major restructuring in the public sector, with a shift from program delivery and regulations to policy development, performance management and outcomes,
- The establishment of standing committees in the Legislature for key sectors;
- A desire to improve the base of sector knowledge in the Office;
- The integration of financial and performance plans into single service plans for each Ministry and other public sector organizations;

- The need to create improved synergies and a new culture for the whole Office.

A new executive team was created, although many of the players had held similar positions in the old structure. Employees from the former Financial and Performance Audit units now found themselves working side by side. Because the restructuring took place part way through a work plan year, however, employees continued initially to work on projects that had been planned under the old structure, which somewhat hampered the integration of the two groups until the fall of 2001. One of the two Assistant Auditors General was appointed to the position of Deputy Auditor General in July 1981. The other Assistant Auditor General has now retired. “Before” and “after” organization charts can be found in Appendix A.

The new sector structure and work plans include focusing on a specific group of ministries, crown corporations and agencies, and creating a 50/50 balance between financial and performance audits. These changes require employees to shift from focusing on a single performance area of government with any public sector group to developing in-depth knowledge of one sector of the public service and broadening their audit approach to all areas of government performance. As the sector teams complete their planning for the next plan year, they are realizing that achieving the new vision will require new knowledge and skills, and a different mindset on the part of all employees.

At the onset of this research project, the new structure had been in place for nine months. No change plan had yet been developed. Recommendations in response to the work environment survey prepared by a group of employees had been accepted by the

executive, and the executive had completed a two-day planning and team-building session during which they had addressed a number of the challenges they were facing in implementing the desired change. They then decided that engaging the middle managers was a key ingredient to successfully implementing their new direction.

Benefits and Risks

For the organization

All participants in this project will have the opportunity to increase their knowledge and understanding of change, and to improve their skills in leading in change. Certain phases of the research project should also contribute to improved working relationships between the executive and the directors.

The OAG has identified four areas of risk that need to be managed for the Office to be successful. They are: independence, credibility, relevance, and resources and competencies (OAG, 2001b, p. 13). Further, the Auditor General has stated that the Office “must be seen to walk its talk”. Where applicable, he wants to be able to show that the Office has attempted to do itself what is recommended to others, and is therefore basing its recommendations on actual experience. The Office has developed a three-year service plan, and will report on its own performance. In addition to the goal of ensuring that legislators and the public receive the best information possible, the OAG has also set a goal of becoming an exemplary organization serving the Legislative Assembly and the public (OAG, 2001c, p. 6). Being able to demonstrate that it is becoming “change

capable” will significantly enhance OAG credibility. The full commitment and involvement of the middle managers is needed for the Office to attain these goals.

Across the BC public service, a recent workforce satisfaction survey shows that leadership, change management skills, and the work environment do not support the kind of flexibility needed in the public service. (OAG, 2002b). The new Deputy Minister responsible for the Public Service Commission has initiated a project on workforce renewal, targeting these issues: perception of erosion/devaluation of public service, politicisation of public service, lack of HR strategy, inadequate change management practices, command and control management mentality. A successful experience of change within the OAG will give them all confidence and credibility to provide further examination and advice in this area to the Legislature.

Some employees have said that the OAG does not seem to learn from its mistakes, that all too often there are disconnects between intent and results. Some participants in this research project have expressed concerns that failing to successfully accomplish the shift in direction could seriously damage the credibility of the Office, and hurt employee morale, particularly with the potential for increased public visibility as a result of published service plans and reports.

For the academic community

The OAG is small, and not necessarily representative of the public sector at large. In its employee make-up and operating style, it is more similar to a public accounting, legal or consulting practice. The challenges it faces in implementing change are nevertheless

very similar to those of many other employers: shifting external expectations, a largely ageing and near-retirement management group, minimal replacement of expertise over the past 10 years, particularly in professional and middle-management ranks, budgetary restrictions, and increased competition for the “new workers”, whose expectations of their employers and their work environments are significantly different from those of the retiring generation. It should therefore be possible to apply learning from the experience of the OAG to other organizations.

This project will also synthesize research from four areas: middle management roles, change processes, change leadership, and organizational learning. It is to be hoped that this project will contribute to a more coherent and integrated approach to these issues by other researchers. It should also offer workable applications for organizations wanting to increase their change capability, change implementation practitioners.

CHAPTER TWO - LITERATURE REVIEW

Review of Organizational Documents

There are both external and internal drivers for the changes at the OAG. On the public website (<http://bcauditor.com/AuditorGeneral.htm>) can be found not only all the audit reports issued by the Office since 1994/95, but also business planning documents, funding proposals, annual reports, speeches or presentations made by the Auditor General or other key members of the Office, and other documents related to the execution of the mandate of the Office. Overall, this material permits a good understanding of the external drivers.

External Drivers

A review of the reports, particularly those relating to the public accounts or to government financial accountability, shows that the Office has consistently recommended improvements to government financial and performance reporting. Many of those recommendations have recently been or will soon be implemented. The business plans since 2000 show how the work for the coming years are an outgrowth of the implemented recommendations, as well as a response to changes by the new government. In other words, many of the changes in the Office are an outcome of their own success. The following summary is from the November, 2001 Strategic Direction and Funding Proposal (OAG, 2001c, p. 3):

By supporting the Budget Transparency and Accountability Act, an initiative we had advocated for some time, legislators will begin to receive much-needed information on the planned and actual performance of government. The information is to include an important focus on results. To make this happen,

legislators have directed government to provide such information in its service plans and service plan reports.

Through that Act, legislators have also directed government to implement a complete financial planning and reporting framework by April 2004. A key implementation step will be to adopt generally accepted accounting principles. In addition, legislators have begun to put in place a more active system of standing committees.

An explanation of the Office restructuring can be found in the February, 2001, Strategic

Direction and Funding Proposal (OAG, 2001a, p. 3):

I have reorganized my Office to focus more directly on key sectors of government. Staff are now able to focus their work more directly on the accountability and risk management challenges faced by each sector. ... Our reorganization will allow us to develop our competencies and expertise concerning key government programs, to examine complex information systems, to assess management control over large infrastructure projects, and to use best practices in assessing government performance plans and reports. As a result of this reorganization, we will provide legislators with improved information, assurances and advice.

In addition to the long-standing objectives of reporting on the reliability of government financial statements and supporting legislators in assessing government performance, the Office will begin to examine the quality of government performance plans and reports, and to assess how government manages its key risks, both of which will require additional knowledge and skills on the part of many audit staff. Through to the 2001-02 year, resources had been dedicated approximately 65% to financial statement audits, and 35% to performance or value-for-money audits. For the next program year (2002 - 03), approximately 50% of resources will be allocated to financial statement audits, and 50% to risk and performance assessment (OAG, 2002a, p. 26).

Internal Drivers

Understanding of internal drivers for change has been developed by a review of a number of unpublished documents, such as:

- Findings from the employee work environment survey;
- Recommendations to management of the Work Environment Committee;
- Employee newsletter (OAG Gazette);
- Minutes from executive committee meetings (have attended some);
- Participant pre-workshop survey for the September, 2001, executive retreat;
- Observer notes and outcomes from executive retreat;
- Project Management Reports (time & costs for each initiative);
- Minutes from open staff meetings with the Auditor General;
- Decision logs from executive deliberations on outstanding strategic issues.

As of September 2001, the internal drivers for change were:

Business strategy and plans:

- The future direction of the Office was not clear;
- Reasons for changes (e.g., the shift to a 50 / 50 balance between financial statement audits and performance audits) were not understood, nor necessarily embraced;
- Not all employees were familiar with the office strategy and work program, even though it was on the Intranet;
- Implementing the new structure was taking much longer than expected;
- Business planning tools and processes were embryonic;

Work environment and culture:

- Employees are proud of the work they do, and believe it makes a difference;
- Employees were dedicated and customer focused;
- Open discussion and exchange were common among colleagues and with direct supervisors;
- Considerable distrust had existed between members of the two former audit units; among the new work units, communications were poor and information did not flow freely. People feared a shift from two to five silos;
- Opportunities for development and career advancement were perceived to be inadequate; people were not learning from each other or from others' experience;
- Not all decisions or actions appeared to be based on the Office values;
- Workplace communications required improvement; employees felt they had insufficient information about Office-wide issues and events. People were seen as polite and avoiding confrontation, which often meant that issues did not get resolved;

Leadership:

- The overall perception of senior management was generally not positive, and they were not perceived to be providing appropriate leadership;
- People management practices left room for improvement, particularly in areas of performance feedback and coaching;
- The executive team was not united or aligned around the new strategic direction, and was not working well together;
- Management style and decision-making processes were traditional and hierarchical; executive members saw themselves as appointed at the pleasure of the Auditor

General with responsibility to advise him, rather than to participate collaboratively in decisions.

In summary, the internal picture was one of an organization in transition, which it in fact was. Despite the new structure, and the experience of developing a new work plan for the coming year, employees continued to work on the old work program until the summer of 2001. As this project began, a new planning cycle was underway, and the executive had started to tackle a number of unresolved issues that had been set to one side and were known as the “Parkade”.

Review of Supporting Literature

There are four themes covered in this literature review. In this climate of continuing change, some organizations flourish and others fail; some leaders thrive and others crumble. This researcher began by wondering whether there might be a pattern to the successes and failures, and what might explain the patterns. Were some organizations and individuals more “change capable” than others, and if so, what were the defining characteristics? Thirdly, given the sponsoring organization’s dependence on knowledge utilization, what were the links between change capability and organizational learning? Finally, the actual execution or implementation of change usually falls to the middle managers of most organizations. Senior management can announce, or mandate, a change, but it is at the working levels of the organization that the change becomes reality. Because this last element is of particular concern to the sponsor, the research concludes with an examination of the role of middle managers in change.

Change capable organizations

The intent of this section is to respond to the question: what does it mean for an organization to be “change capable”? Many organizations attempt change but their efforts produce less than stellar results (Conner, 1998, p. 7; Kotter, 1999, p. 75; Mourier and Smith, 2001, p. 13; Senge et al., 1999, p. 5). What differentiates those who are successful, not once, but time and again? Are there distinguishing characteristics for those organizations that are consistently able to respond effectively in change?

Thriving successfully in change seems to depend on six factors: change capable organizations exhibit a clear sense of purpose, they understand that people are the critical success factor in any change, they appreciate the complexity of change, they take time to assess the situation and prepare before initiating change, they know how to effect change, and they nurture change leadership at all levels of the organization. As a result, they become flexible and responsive to the continually changing external context.

Display a sense of purpose

Change capable organizations understand that their success depends first, on their ability to continually create value for its customers, and second, on how well their “employees coordinate with one another in accomplishing these core ‘value-creating’ tasks.” (Beer et al., 1990, p. 12). They realize that they are operating in an inherently unstable external environment. Daryl Conner (1998) describes organizations which successfully deal with ongoing turbulence as “nimble”, defining nimbleness “as the ability for an organization to consistently succeed in unpredictable, contested environments by implementing important changes more efficiently and effectively than its competitors.” (p. 39).

Because these organizations expect change, they are better able to predict shifts in the marketplace or among customers. They understand that today's strategy is based on a few simple core processes, selecting the right people with the right roles and freeing them to choose and respond to emerging opportunities, and a mix of mostly small, incremental changes plus some midsize changes and a few large, radical changes (Eisenhardt, 2002). Not only do they add new products, services, processes, markets and/or customers, they follow what Peter Drucker (1999, screen one) calls a process of "organized abandonment", in which organizations regularly and systematically review and eliminate whatever no longer offers future benefits. By continuously paying attention to the environment, these organizations are able to maintain their focus and clarity of purpose through change. In addition, the reasons for change, what is to be achieved by change, and how it can be measured are made explicit, even when the details of the final destination can only be approximated.

People are the critical success factor

Over the past twenty years ago, the contribution of people to organizational success has been increasingly seen as important (Beer, Spector, Lawrence, Mills and Walton, 1984; Pfeffer, 1998, Bartlett and Ghoshal, 2002). In change, when success is predominantly a product of people thinking and acting differently, and one initiative often overlaps with another, the human dimension is *critical*. Whatever tools are chosen to realign the organization, "they must be orchestrated by sound implementation strategies that address the human response to change," (Conner, 1998, p. 7) and, "organizational...success is ultimately dictated by the ability *individuals* display for absorbing disruption in their lives." (Ibid, p. 11). Duck (2001, p. 9) agrees, "Changing an organization is inherently

and inescapably an emotional human process.” Kim and Mauborgne (1997, p. 69) argue that trust and commitment are engendered by “fair process,” which includes engagement, explanation, and expectation clarity. An excellent example of a people-centred change success can be found in the turnaround story of Alberto-Culver (Bernick, 2001).

Appreciation for the human side of change also helps the organization as it proceeds through implementation. The “change curve” or “wave of change” described by many different change practitioners is a visual representation of the reactions experienced by people as they move through change. Employee behaviour in change can vary widely, and people are likely to show a great deal of ambivalence. An understanding of the rationale for employee reactions is “useful in predicting the mode in which employees will communicate their responses to change agents and in identifying the most appropriate process for addressing their responses.” (Piderit, 2000, sec. 4, para. 3).

Change capable organizations devote considerable energy to listening closely to and monitoring employee reactions during change.

Appreciate change complexity

Organizational change can vary from “not very” (adaptive or evolutionary change) to “extremely” (transformational or revolutionary change) complex. Hill and Collins (2000, sec. 4, para. 1) show that incremental and radical change can be combined to generate the degree of evolution needed by the organization. Generally, the more radical the change, the greater its complexity. Further complexity is generated by the paradoxical nature of change. Renewal requires that organizations explore and learn new ways while concurrently exploiting what they have already learned (March, as cited by Crosson,

Lane and White, 1999, p. 522). In simple terms: leaders have to run the business while they change the business, and they have to deal with a constantly shifting point of balance between what was and what will be (Senge et al., 1999, p. 30). In addition, leaders can experience tension within themselves between the two sets of requirements, and among themselves because of differing interpretations of what is required (Floyd, 2000).

Change is also messy. Harari (1999, p. 32) spells it out, “Change is unruly, chaotic and unpredictable. It wreaks havoc on plans and egos. It rips an organization inside out. It's not an analytically detached process; it's an emotional process – both painful and exhilarating.” The complexity – and accompanying messiness – can be exacerbated by the type of change, by human dynamics, and by overlapping or parallel change initiatives. Mourier and Smith's research (2001, p. 21) shows that many change efforts involve more than one type of change, thereby increasing the difficulties to be faced in making change happen. Senge et al. (1999, pp 26 – 30) says that organizations face key challenges as they implement change: those of initiating (with a pilot area), of sustaining momentum, and of redesigning and rethinking as the initiatives collide with established practices and beliefs. An understanding of change can help the organization to better comprehend the degree of complexity it can expect, and to better predict the issues needing to be dealt with as the change moves forward.

Prepare for change

Organizational change usually has impact on a number of interrelated facets of the organization. Change capable organizations take the time, before initiating change, to identify patterns related to the issue targeted by the change, and to foresee, where

possible, the short- and longer-term consequences of potential actions. They also use analytical tools and processes to develop an understanding of the existing mental models or mindsets in the organization.

Argyris (2000) warns that organizational defensive routines can unintentionally inhibit capacity for change and growth. Senge et al. (1999, p. 26) stresses the need to discover and catalyze the growth processes that can aid our efforts, and anticipate the natural challenges or limiting forces that can impede progress, while Monash and Monash (1999) and Reger and Mullane (1994) strongly recommend conducting a cultural audit before embarking on a change initiative. Conner (1998) has introduced the concept of "Human Due Diligence" as a methodology for investigating the situation prior to embarking on change. An example of how to assess readiness is offered by Duck (2001, p. 124).

Effective analysis takes courage, too; "The listening process often reveals a hard truth that leaders seldom face: getting close to your own organization is tougher than getting close to your customers." (Duck, p. 68) The information gathered during this preparation phase will help the organization to deal with change reluctance when it appears as the change progresses.

Effect change

Researchers and practitioners continually analyze the change experience of different organizations, in an effort to develop the perfect "how to" of change. While Mourier and Smith (2001), Fullan (2001), Argyris (2000), and others are concluding that there is no single, magic checklist, there are, however, a number of elements that are common to different recommended change processes. The actual change implementation strategy

adopted must fit the circumstances and needs of the organization (Reger and Mullane, 1994, sec. 6, para. 4). The following factors are based on the resources consulted and the researcher's personal experience of change implementation.

- **Foster dialogue:** Change consultants, books, and toolkits all emphasize how communication is key at every stage of the change process. In fact, communication alone is insufficient. It is the involvement of people in dialogue that leads to what Senge, Kleiner, Roberts, Ross and Smith (1994) call making meaning through conversation. Argyris (2000, p. 41) explains that while external commitment can be generated "by management policies and practices that enable employees to accomplish their tasks," internal commitment, which helps employees to voluntarily contribute their best to the change, "requires ... the participation of employees in defining both goals and performance standards." Labianca, Gray and Brass (2002, sec. 5, para. 3) tell us, "managers ... need to stimulate dialogue with employees about their various interpretations and the feelings they engender." In addition, research on strategic change processes shows that disagreement can play a key role in supporting organizational renewal (Piderit, 2000, sec. 4, paras. 6-7). It is through ongoing dialogue that change capable organizations clarify purpose, create readiness for change, and stay the course through the change.
- **Define roles:** One of the purposes of dialogue is to permit employees to see the relationship of each task to the whole (Senge et al., 1999, p. 439). Beer et al. (1990, p. 45) call the process of redefining work roles, responsibilities and relationships "task alignment," and describe it as a way to enhance coordination and provide greater flexibility than that normally available through traditional, hierarchical

organization charts. This is a very different process from either reshaping the organization chart or rewriting job descriptions, and “capitalizes on the power of social context to change individual behavior (where) simultaneous changes in ... interrelated roles... announce new expectations to all role occupants at once.” (Ibid, p. 60). Mourier and Smith (2001, p. 77) remind us “the people whose jobs are affected by the change will be the determining factor in whether the change effort proves successful.” “Translate the change into job-level details” is one of their ten tactics for successful change.

- **Address change dynamics:** The complexity and messiness inherent in change have already been discussed. Throughout change implementation, these natural tensions can repeatedly cause complications, which must be addressed. Conner (1998, p. 17) cautions, “the human dynamics concealed within the process of change are infinitely more layered than they appear to be when we look only at the ‘what-we-are-doing’ level.” Doyle, Claydon and Buchanan (2000, sec. 7, para. 4) conclude in their study that “All attempts significantly to change a complex organization are liable, naturally, to generate unintended consequences, unforeseen implications, unpredictable ripple effects and arguments from those who anticipate a sense of loss from the revised arrangements.” It is essential, according to Reger and Mullane (1994) and Conner (1998), to correctly assess how much change *capacity* exists at any one time in the organization, and be careful not to overload the organization. Change capable organizations realize that what is often labelled “change resistance” or “change reluctance” is a product of normal change dynamics. They use the data from

preliminary analyses to predict and forestall what tensions they can, and use dialogue, project management, and measurement to foster alignment among the players.

- **Make it manageable:** Large change is less overwhelming, and more likely to be successfully accomplished, when broken into discrete, manageable chunks (Mourier and Smith, 2001, pp. 65 –66.). Kotter (1999, p. 87) describes this tactic as “creating short-term wins,” which help people see that “the journey is producing results.” Conner (1998, p. 109) explains, “the total magnitude of change at the local, working-unit level encompasses change pressure from all directions,” and is often greater than that imagined by senior change initiators. Reger and Mullane (1994, sec. 6, point 4) suggest introducing change “as a series of mid-range steps”, which allow leaders to “widen the gap” sufficiently to “motivate the change,” without overloading capacity.
- **Apply project management:** When it comes to implementation, all of the classic phases of project management – initiation, planning, execution, close out, change control – apply, and the same tools can be used. As Duck says, (2001, p. 156) “excellent project management skills will go a long way to reassure the organization,” and give participants “a greater sense of control and greater optimism about succeeding.” Mourier and Smith’s research (2001) showed that failed change is often associated with breakdowns in leadership support or a lack of well-articulated goals and planning (pp. 24- 25). Project charters, project sponsors, champions, managers and teams must be identified and communicated to the rest of the organization. Project execution must be monitored.
- **Monitor, measure and celebrate:** Mourier and Smith (2001, p. 61) argue that “action-oriented executives often find it hard to accept that complex organizational

changes can take years to implement,” and recommend integrating change into the business plans of the organization, so that progress is monitored on an ongoing basis along with other organizational results. Kotter (1999, p. 87) suggests that “a renewal effort risks losing momentum if there are not short-term goals to meet and celebrate.” Conner (1998, p. 8) introduces the concept of ROC_{hg} : return on change = yield from effort (movement toward goals)/execution cost, and suggests that leaders should be as vigilant about ROC_{hg} as they are about ROI (return on investment). Duck (2001, p. 189-190) stresses, “It is extremely important to find ways to celebrate wins and successes, no matter how small, as early as possible during Implementation. People take heart when they see that success is possible with the new requirements, and they gain pride and energy from the success of others.” Ongoing measurement, then, helps everyone involved to see what has been accomplished, allows change leaders to identify where adjustment are needed, and provides opportunities to celebrate success.

- **Promote learning:** Senge et al. (1999) tell us that “sustaining any profound change process requires a fundamental shift in thinking” (p. 10) and “given the opportunity to take part in ... new activities, people will develop an enduring capability for change.” (p. 33). Fullan (2001, p. 126) agrees, saying, “learning in the setting where you work, or learning in context, is the learning with the greatest payoff...” and further (p. 130), “organizations transform when they can establish mechanisms for learning in the dailiness of organizational life.” Change capable organizations know that communication and training are insufficient to accomplish the learning required to institutionalize change capability, and will make every effort to deliberately foster

individual and organizational learning. (Organizational learning is addressed at some length later in this chapter.)

Nurture change leaders

Finally, change capable organizations understand, as Fullan (2001, p. 137) says, that “what is needed for sustainable performance, then, is leadership at many levels of the organization,” and they know that change can only be accomplished by what Senge et al. (1999, p. 16) describe as communities of leaders, who generate the “creative tension” need for change. They therefore nurture change leadership at every level, and foster dialogue and shared learning among all leaders. This theme is explored more fully elsewhere in this chapter.

Change capable leadership

Fullan (2001, p. 33) reports, “many of us have concluded that change cannot be managed. It can be understood and perhaps led, but it cannot be controlled.” What, then, are the characteristics of change capable leaders? According to the research, these leaders show characteristics similar to those of change capable organizations, which are enhanced by several additional, crucial attributes. That is, change capable leaders do have a clear sense of purpose, see people as critical to successful change, appreciate change complexity, know how to effect change, and nurture leadership in others. In addition, change capable leaders have a strong ethical or moral basis for their actions, they “walk their talk”, they lead by asking questions, they foster relationships and networks, and they manage themselves for endurance and growth.

For leaders, a clear sense of purpose is grounded in ethical standards and principles, which operate as a guide for all their actions (Kouzes and Posner, 1987, p. 300). Fullan (2001, p. 3) defines “moral purpose”, one of his five components of change leadership, as “acting with the intention of making a positive difference in the lives of employees, customers, and society as a whole.” According to Dee Ward Hock (as cited by Laurie, 2000, p. 108), “An organization’s success has enormously more to do with clarity of a shared purpose, common principles, and strength of belief in them than to assets, expertise, operating ability, or management competence.” O’Toole (1995) states that values-based leadership is a function of attitudes and ideas, rather than technique (p. 71) which create “transcendent values that provide a tent large enough to hold all the different aspirations, and in which all can find satisfaction.” (p. 258).

Credibility is possibly the single most important characteristic that people seek in their leaders (Kouzes and Posner, 1987). Particularly in times of change, people need to be able to trust their leaders; trust that they know what they are doing, where they are going. Credibility allows the leader to obtain commitment from others, to persuade them to come along on the change journey, to reach for the goals that have been set. “Leading by example is how leaders make visions and values tangible. It is how they provide the *evidence* that they are personally committed.” (Kouzes and Posner, 1996).

Values and credibility are interwoven, as actions are shaped by values. Even when unstated, values will be inferred from a leader’s actions, as Max DePree (1992, p. 5) points out, “Whether leaders articulate a personal philosophy or not, their behavior surely

expresses a personal set of values and beliefs.” Having integrity, being honest, showing character, “walking the talk” – a leader’s actions allow others to discern what is really meant by the words they hear, and to judge whether the leader can be trusted. Shaw (1997, p. 64) states, “consistency in words and actions is vital if trust is to be sustained.” In change, the credible leader will consistently reinforce the new values and take action to discourage the old (Laurie, 2000. p. 118).

Change capable leaders also know that they cannot do it alone (Kouzes and Posner, 1996). Laurie (2001, p. 22) describes “the real work of leaders’ as creating “the conditions that enable the whole workforce to adapt to change and participate in solving the problems their organizations face.” They will also recognize openly that they do not have all the answers. According to Handy (as cited by Honore, 2000, p. 56) “to admit not knowing something and to invite debate and questions is part of the hallmark of a good leader because, otherwise, they seem impregnable and invulnerable.” Their willingness to seek for answers encourages others. Schein (1992, p. 383) suggests “The ability to acknowledge complexity may also imply the willingness and emotional strength to admit uncertainty and to embrace experimentation and possible errors as the only way to learn.” Change capable leaders listen attentively, and resist the temptation to provide answers (Laurie, 2001, p. 33). They see themselves as co-learners in the change journey, and use dialogue to invite debate and discussion, and to build commitment.

The change journey “...can only be propelled by energy from within people who willingly subscribe to its requirements.” (Conner, 1998, p. 64). Change capable leaders

know they need to stay in touch with what is happening in the organization, and “they need the influence that comes with being available to others.” (Shaw, 1997, p. 113). They make a point of seeking out diverse reactions throughout change, particularly through listening to those Duck (2001, p. 187) describes as “Cassandras, Networkers, and Influencers.” They deliberately foster relationships and networks throughout the organization. Fullan (2001, pp. 75 - 76) argues, “the development of relationships among diverse elements in the organization, including those who raise objections, is essential,” and Senge et al. (1999, p. 50) report, “we know of no company that has generated significant momentum in profound change efforts without evolving spirited, active, internal networks of practitioners.”

Change is complex, messy, and difficult, and can be physically and emotionally demanding for those involved in leading change. According to Fullan (2001, p. 7), change leaders demonstrate energy, enthusiasm, and hopefulness in a way that is “infectiously effective.” They are individuals with the persistence and stamina (Duck, 2001, p. 236) needed to stay the course. Conner (1998) calls this quality “change resilience,” and describes such people as positive, focused, flexible, organized, and proactive. They also know themselves well, and will “draw effectively on whichever characteristic, or combination of characteristics, is called for in a particular situation” (p. 193). In addition, change capable leaders continuously seek to expand their understanding of change, taking advantage of the lessons to be learned through the experience to increase their competence and proficiency (Conner, 1998, p. 283) for the future.

Organizational Learning

One of the characteristics of change capable organizations is that of being an organization that learns. Senge et al. (1999, p.24) say that all organizations learn, in the sense that they adapt as the world around them changes, and Huber (as cited by Malhotra, 1996, para. 1) notes: “An entity learns if, through its processing of information, the range of its potential behaviours is changed”, whereas Argyris (1991) tells us that learning organizations are those in which the individual members have learned *how* to learn, to reason productively to produce individual performance improvement, and DiBella and Nevis (1998, p.28) describe organizational learning as “the capacity or processes within an organization to maintain or improve performance based on experience”

Organizational learning, then, involves change ... changes in thinking processes and patterns, and changes in behaviour, on the part of the individuals who make up the organization.

Organizational learning is dependent on individual learning, but individual learning will not guarantee organizational learning. Schein (1996a, section 5, para. 1) contends that organizational learning is “ultimately a social process that occurs in a community of practice”. This view is supported by Lipshitz (2000, pp. 470 – 471), who says that individual learning is a cognitive process, whereas organizational learning is “essentially a process of social interaction”. In his very thorough analysis of Argyris’ influence, Lipshitz (Ibid) explains that “the conceptual confusion surrounding organizational

learning results from a failure to specify in concrete form how learning by individual organizational members is transformed to organizational-level learning”.

Crosson et al. (1999) propose four interrelated processes: intuiting, interpreting, integrating, and institutionalising, and link learning at individual, group and organizational levels. Their research supports that of Schein (1996a), who explains that organizational learning will have occurred only when the new ideas are embedded in the routines of practitioners, and says, “This argument applies in particular to transformational learning where the new practices are based on new cultural assumptions.” (sec. 5, para. 2). For organizational learning to be an effective lever for change, systems and processes must facilitate the conversion of individual learning into organizational learning. Senge et al. (1999, p. 24) tell us “The key is to see learning as inseparable from everyday work”.

It sounds so simple. Yet many change initiatives stall, and some argue it is because the organization has failed to learn. What happens? Argyris (1991, p. 106) advises that good communication plans and other typical change management techniques are insufficient: “focusing on an individual’s attitudes or commitment is never enough to produce real change” and Senge et al. (1999, p. 33) say, “to change organizations for the better, you must give people the opportunity to change the ways they think and interact”. He goes on to say that “this cannot be done through increased training, or through command-and-control management approaches.” What then, will help to embed those new behaviours into practice, so that the organization can be said to have learned?

Argyris (as cited by Fulmer and Keys, 1998, p. 28) suggests that managers need to practice their new behaviours while focusing on problems that are important to the business. DiBella and Nevis (1998) argue that learning is ongoing, embedded in the processes and culture of the organization, and that organizational learning capability can be developed, starting from where the organization is currently. Shukla (1997, p. 249) proposes creating an organizational architecture focused on leadership processes which create the *strategic intent to learn, learning mechanisms* which facilitate creation and acquisition of knowledge, and *supporting structures & processes* which encourage learning activities. This same theme is taken up by DiBella and Nevis (1998), who state that developing learning capability requires an ability to describe how learning occurs and what gets learned and to evaluate the characteristics that promote organizational learning (p. 23). They also offer a diagnostic approach designed around the three processes first proposed by Huber (as cited by DiBella and Nevis, 1998, p. 28): knowledge creation or acquisition, knowledge dissemination, and knowledge use.

Organizational learning capability, therefore, can be developed. But how? Where to start? Wenger (1998) states that learning is an integral part of everyday life, and (Ibid, p. 9) warns, “perhaps more than learning itself, it is our *conception* of learning that needs urgent attention when we choose to meddle with it on the scale on which we do today.” Dixon (2000, p. 5) asserts, “If people begin sharing ideas about issues they see as really important, the sharing itself creates a learning culture.” DiBella (2001, p. 124) proposes

four “best principles” (rather than best practices) that integrate learning and change as interwoven and continuous processes.

Both Senge et al. (1999) and Crosson et al. (1999) caution that existing systems actually resist change: Senge et al. talk about “organizational limiting processes;” Crosson et al. explain there is naturally tension between the learning needed to explore new possibilities (renewal) and that of exploiting what has already been learned (needed to continue to operate). DiBella (2001, p. 127) confirms “Learning means confronting the certainty and apparent structure of today with the ambiguity and chaos of tomorrow, and resolving that tension through ongoing change.... The more we exercise our ability to learn, the more confident we become to cope with chaos and change and to improvise.”

Addressing organizational learning requires the involvement of the whole organization, and a careful coordination of the elements. Leaders must be aware of the interdependence and play of opposing forces (change vs. established order), and manage that interplay (structural tension) to fully effect the desired change. Fostering communities of practice can accelerate the learning process for participants, and enhance the sharing of knowledge and experience. As Schein (1996a, final para.) says, building learning organizations is a task of great complexity, and “It is time to accept the reality of this complexity and stop oversimplifying systemic learning processes by touting particular remedies like leadership, vision, re-engineering, total quality, customer focus, systems thinking, and the like.” There is not a single answer. There are processes that, carefully linked to business priorities, can make a significant difference.

Middle managers

In this section on middle managers, Huy's (2001, p. 73) definition – “any managers two levels below the CEO and one level above line workers and professionals” is being used by the researcher. The literature has been examined to develop answers to the following questions: In change capable organizations, how do they add value? what are the challenges they face? in what ways are they change capable themselves? what is needed for them to become change capable?

A decade ago, self-directed teams and employee empowerment were prevalent themes in the literature, and some writers were describing middle managers as a vanishing group. In corporate downsizings, middle managers were being eliminated at a faster rate than other levels of workers (Ireland, 1992, p. 18). Yet, other writers (Perry, 1991; Ireland, 1992; Sayles, 1993a and 1993b; Floyd and Wooldridge, 1994; Sherman, 1995) were suggesting that middle managers would be key to the successful implementation of the many changes sweeping the North American workplace. They seem to have predicted rightly. Mourier and Smith's research (2001, p. 26) indicates “change is most effective when it is sponsored by top management *in conjunction* with middle management.”

Sayles (1993a, 1993b) bases his concept of the “working leader” on years of research and consulting in a wide variety of organizations, arguing that effective middle managers are those who keep adapting, modifying, adjusting, and rearranging the complex task and function interfaces that keep slipping out of alignment (1993a, p. 83). They perform

numerous balancing acts, between detail and more strategic perspective (Ibid, p. 108), between their needs and the needs of other groups (1993b, p. 10), and between the formal plan and the operating realities, all focused on making sure that things work the way they need to for organizational success. Floyd and Wooldridge (1997) claim that these “boundary-spanning” activities are, in fact, key to strategic renewal.

Middle managers can enhance the quality of business strategy as it is developed because of their knowledge of how things work (Floyd and Wooldridge, 1994). Equally, their participation in strategy development means that during implementation they are able to make the trade-offs needed to achieve the full intent of the strategy, rather than merely following the letter of a formal plan (Floyd and Wooldridge, 1994, 1997; Sayles, 1993a). Currie’s case study (1999) describes how middle managers, even in less than optimal circumstances, worked to achieve the objectives of a strategic change process. Ireland (1992, p. 19) suggests that middle managers are best placed to understand the strategy / culture interface, serving as integrators, or a “crossroads through which much of an organization’s information travels.”

That integrating or “boundary spanning” behaviour is also a vital contributing factor in the development of core organizational capabilities. King et al. (2001, p. 95) explain, “Because middle managers must reconcile top-level perspectives and lower-level implementation issues, they help determine the use of competencies that, in turn, affect firm performance.” These researchers further suggest that middle managers need to be involved in identifying, describing and monitoring/modifying the competencies used to

manage performance and create competitive advantage, and establish that “middle management consensus on competencies is associated with higher performance.” (Ibid, p. 104). Floyd and Wooldridge (1994) identified the same phenomenon, noting “boundary-spanning middle managers appeared to use strategically important knowledge in ways that fostered the development of core capabilities.” (p. 52).

Because of their mid-level position, because they can work horizontally as well as vertically in organizations, and because they focus on making things work, middle managers play a critical role in strategic change, particularly when they have also been involved in developing the strategy. Huy (2001, p. 79) supports this view. He states,

Middle managers understand - in a deep way - those core values and competencies. They're the ones who can translate and synthesize; who can implement strategy because they know how to get things done; who can keep work groups spinning into alienated, paralysed chaos; and who can be persuaded to put their credibility on the line to turn vision into reality.

Curiously, the middle manager's contribution is often not recognized by senior executives (Ibid, p. 73). In fact, one of the biggest challenges faced by middle managers is that of obtaining acknowledgment and support from the executive in their organization. Sayles (1993a) emphasizes the courage required by middle managers who want to initiate change, and says, “Senior management often appears not to value those managers who take the initiative ... they fail to reinforce the personal courage and risk taking involved when a manager really assumes responsibility for making things work well and integrating his work into larger systems.” (p. 212). Huy (2001, p. 74) observes that many executives appear to assume that middle managers will be resistant to change, and they

either do not listen to, or discount, ideas coming from middle managers. This viewpoint is explicable: uncommitted – or worse, angry – middle managers can quickly derail a change initiative (Duck, 2001, p. 237; Hallier and James, 1997, sec. 7). Yet the positive influence they can have is such that it behoves executives to make every effort to engage the middle managers by adopting the practices of change capable leaders. As Huy (2001, pp. 76 - 77) says, “If the middle managers with the best networks - and the most credibility - genuinely buy into the change program, they'll sell it to the rest of the organization in subtle and non-threatening ways.”

Another significant challenge for middle managers is that of balancing the multiple demands made on them during change. They face conflicts between their traditional roles and the new roles they must play, horizontally & vertically within the organization, as well as externally with suppliers and customers (Floyd, 2000). Also, more than any other group in the organization, the middle managers are subject daily to change dynamics, the tensions between change and continuity. Effective, or change capable, middle managers need to see the whole system at work. Sayles (1993a) shows how effective middle managers can apply a systemic view of their organization to resolve operational issues. Oshry (1995, pp 150 - 162) explains how “middles” can combine forces, or integrate, to deal with the “tops,” the “bottoms,” and their own challenges for improved performance and synergy. They become “tightrope artists” (Huy, 2001, p. 78).

Developing change capability

The research shows that change is rarely successful without the positive involvement of change capable middle managers. How do they become change capable? Four factors

seem predominant: the role played by the organization's executive, the openness and dedication to learning on the part of the individual middle manager, the organizational systems and structures which support organizational learning, and the opportunity to learn by doing.

The executive leadership sets the tone. While change capable middle managers can and do develop without executive support, their path is much more difficult. Executive leaders shape the formal structures and processes of the organization, they mentor other leaders, and they serve as role models (Senge et al., 1999, pp. 566 – 567). Their actions convey the belief that the middle managers make an important contribution, so that middle managers feel trusted, respected, and cared for (Antonioni, 1999). According to Fullan (2001, p. 132), “when leaders model and promote ...values and practices in the organization, they improve the performance of the organization while simultaneously developing new leadership.”

The individual middle manager must want to develop change capability. This means being ready to follow the path to change mastery laid out by Conner (1998), to take chances and accept the consequences, to volunteer ideas, to risk failure (Harari, 1999), being willing to change themselves, to develop change resilience, to exchange feedback with executive leaders and peers (Conner, 1998, p. 302), to participate authentically in dialogue, to be receptive to different perspectives (Laurie, 2000), and to take time to reflect and learn from each experience (Conner, 1998).

Fullan (2001, p. 132) proposes “to develop leadership, you should focus on reciprocity, the mutual obligation and value of sharing knowledge among organizational members.” This means creating the explicit expectation that individuals are responsible for sharing what they know / learn, removing barriers to sharing, creating mechanisms for sharing, and rewarding those who do share. Middle managers can create their own learning communities (communities of practice), sharing experiences, exchanging best practices, resolving problems, and developing common meaning and understanding for issues and events (Wenger and Snyder, 2000).

A ratio widely used by professional trainers (cited in Buss, 2001, p. 45) is that learning happens 70 % on the job, 20% through coaching and mentoring, and 10% in the formal classroom setting. People learn best by doing, or what Fullan (2001, p. 125) calls “learning in context.” Leaders, therefore, need to ensure that middle managers have frequent opportunities to be involved in change issues and initiatives, and to enhance their individual capabilities. Wherever possible, structured reflection and debriefing should be incorporated.

Some organizations have adopted a process known as “action learning” (Dick, 1997), in which participants, usually from a variety of departments, often working on similar or the same projects, are formed into learning teams for a defined period. They meet regularly together and share their learning experiences, often working with a facilitator. Other organizations create task forces or project teams to tackle strategic issues, wherein the participants work under the guidance of a member of the executive (Beer, 1998), or

create learning forums lead by their own executive (Tichy and Cohen, 1998), or develop case studies based on actual organizational experience (Crom and Bertels, 1999).

Whatever the approach chosen, the ultimate purpose is to develop change capable leadership throughout the organization, thereby strengthening the organization (Fuller, 2001, p. 134).

Summary

How, then, can middle managers contribute to creating change capable organizations?

Middle managers know how things work. They act across functional boundaries to align tasks and processes, and to remove barriers and improve effectiveness. Because they know how things work, the strategic planning process is enriched by their participation. Through their involvement, networking, and trade-offs, they strongly influence competency development, strategy alignment and change implementation in the process setting an example for other employees. In organizations that are committed to developing change capability, with strong executive support and plentiful learning opportunities, the middle managers can make an invaluable contribution to the organization's future.

CHAPTER THREE - CONDUCT OF RESEARCH STUDY

Research Methods

The overall purpose of this research project is to discover how middle managers in the OAG can contribute to building a change capable organization. It is an exploratory study of the experience of a group of middle managers during a small segment of a much larger and longer change process. Denzin and Lincoln (2000, p. 4,) observe that there are usually several interpretive practices used in one study, while Patton (1999, sec. 4, para. 1) states, “the important challenge is to match methods appropriately to empirical questions and issues.” Reflecting these views, the approach adopted for this project is that of action research, informed by some of the theories of appreciative enquiry.

Action research is appropriate to the iterative nature of qualitative research (Palys, 1997, p. 298). Each step of the project was designed, in discussion with the sponsor, based on the outcomes of the previous phase. Action research offers a process by which change and understanding can be pursued at the one time (Dick, 1997), and allows the researcher to work in partnership with the client. It involves repeated iterations of the plan, act, observe, reflect cycle, from which learning is taken and change emerges.

While action research has been used more frequently in the education and social research than in business, “industrial action research has an extended history...taking a preferred focus on reflection and the need for broader organizational and social change.” (Kemmis and McTaggart, 2000, pp. 571 – 572.) According to Ellis and Kiely (2002, sec. 1, para.

4) action inquiry approaches “address the unpredictability of business life by enabling managers to develop new knowledge that is sensitive to continually changing and dynamic situations.” In addition, the iterative process “equips businesses for dealing with future challenges and transformational change. They learn to act and reflect so as to learn, and then reflect on learning in order to act more effectively.” (Ibid, sec. 5, para. 5).

Action research, then, is a method wholly consistent with a project that focuses on creating and leveraging change, for the leaders in the organization and for the broader organization.

The interactive phases were conducted using an appreciative process, a type of appreciative enquiry which is a form of action research “that attempts to create new theories / ideas / images that aid in the developmental change of a system (Cooperrider & Srivastva, as cited by Bushe, 1998, para. 1). The Appreciative Inquiry (AI) approach is inclusive, in that it involves those for whom the discussion and results have significant meaning, and it focuses on what is positive, rather than on problems, with a view to discovery of what is working, understanding why it works, and looking for ways to enhance that which already works (Bushe, 1995). Bushe (1998) argues that appreciative inquiry, when used appropriately, is an excellent vehicle for fostering change in organizations, because as people talk to each other, they are constructing the world they see and think about, and as they change how they talk they are changing that world (1998, para. 7). The appreciative process “creates change by focusing attention on where things are working and amplifying them through fanning ... rather than paying attention to problems.” (Bushe, 1998, paras. 24 - 27).

Limitations and Benefits of Approach

Any method selected will have its limitations and potential benefits. Here are those that were noted at the onset of the project:

Limitations:

- Can generate large quantities of data to be sieved;
- Requires researcher to separate the duality of work role from research role;
- Requires all participants to adopt a discipline of reflective practice, which does not come naturally in a busy office setting;
- Requires tremendous focus and consistency on part of researcher;
- Impossible to predict outcomes;
- Execution of plan is subject to Office priorities.

Benefits

- Meets the standards of reasonableness, redundancy, and transferability (Hamilton, Greer, Parsons and Dewar, 2001, p. 2-9)
- Represents an opportunity to model a practice that is transportable and easily replicable;
- Offers the possibility of triggering meaningful change for the sponsor's workplace;
- Offers excellent learning opportunities for researcher, sponsor, and participants.

Ethical Considerations

In the researcher's opinion, the topic and design of this research project do not involve more than minimum risk to any participant. Directors were invited to participate in both focus groups, in each case some opted not to do so. It still proved possible to reflect

diversity in years of service, financial or performance auditing experience, experience at executive level, Office tenure, etc. in each group. For each discussion, the questions were provided at least twenty-four hours in advance, thereby offering participants the opportunity to reflect, and a last opportunity to withdraw. Each participant in the focus groups and group interviews provided informed consent by signing a consent form; the forms used can be found in Appendix B.

While initially there may have been some scepticism on the part of the Directors, all the processes used were similar to those used in performance audits, and familiar to the participants, which provided for a considerable degree of comfort. The first focus group was tape-recorded; the tapes were immediately removed from the Office premises, and not returned. They will be destroyed at the completion of this project. For the other interviews, conducted only a few weeks ago, it was not deemed necessary to use recording equipment due to the experience of the researcher in interview note taking.

In order to protect privacy and confidentiality, ground rules, including that whatever was said in a room stayed in the room, were established for all discussions. For published material, the Auditor General wants to show that the Office has done the work, and lived the experience, without the strengths or gaps of any particular individual or unit being attributable after the fact. At the same time, the integrity of the independence of the Office must be protected.

The Auditor General has been with the Office since May 2000. He is influenced by nearly 10 years' experience as Auditor General in another province, and by his strong vision of what he wants to accomplish here. While he initially agreed to assume the role of sponsor, the Deputy Auditor General actually became the sponsor because of his more direct involvement in the project. He has been with the organization for approximately 25 years. Both agreed to all major steps in the project, and together they represent a balanced picture of internal and external influencing factors.

Researcher Bias

At the onset of the project, the researcher had been employed by the OAG since May 2001, in an internal consultant / human resources role, and had no previous history with the client organization. The employment relationship ended in December 2001. The rest of the project was completed with the researcher in an external capacity. The termination of the employment relationship has had no impact on the research.

In her internal role, the researcher carried out the thematic analysis of the results of a workplace satisfaction survey, and worked with a committee of employees who developed recommendations for actions that should be taken in response to survey findings. The researcher also worked closely with an external consultant to design a two-day workshop for the executive group, and attended that workshop as an observer. The researcher's picture of "how things are" at the onset of this project may have been influenced by these other projects.

The researcher also has significant experience with less than fully successful change initiatives in other organizations. While that provided a great deal of motivation to influence this process appropriately, it could also have created expectations of what will or will not work that might be inaccurate. The researcher has made every effort to use this additional experience and information to inform the research in a useful way, while remaining open to all possible outcomes.

Data Gathering Tools

Janesick (2000, p. 384) states that qualitative researchers most often use “some combination of participant observation, interviews, and document analysis.” All three of those inquiry strategies, plus a questionnaire, were used in this project.

Document analysis

Analysis of the outputs of previous and related work done in this area in the Office was conducted in order to understand the context in which the future events would occur and to provide an additional perspective on participant comments and reactions. Planning initiatives, surveys, etc., had taken place in the medium to recent past, and it is evident from casual conversations that the expectations and mental models of some employees are framed by this previous experience. That information is summarized in Chapter Two. (It is possible that the researcher’s previous academic training in historical research also influenced this choice of strategy.)

Participant observation

Kirby and McKenna (1989, p. 76) state, “direct participation and observation by the researcher is thought to provide meaning for the behaviours and attitudes expressed by individuals being researched.” For this project, observation was the strategy of choice on two occasions. The researcher functioned as a “complete observer” (Palys, 1997, p. 1999), remaining inconspicuous and taking notes. Playing this role was facilitated by the facts that the researcher already had an established relationship with participants, and the participants were all informed about the purpose and nature of the research project.

Interactive strategies

Interviews and questionnaires are both interactive inquiry strategies (Palys, 1997, p. 144), albeit differing in the degree of personal interaction between the researcher and the respondent(s).

Interviews

Morgan mentions, “group interviewing has long been used to complement survey research and is now being used to complement participant observation.” (as cited by Fontana and Frey, 2000, p. 668). Larger and smaller group interviews were conducted during this project. Palys (1997, p. 157) points out that group interviews can provide “provocative or insightful information to the exploratory researcher who is looking for unanticipated consequences to organizational interventions; is interested in ... issues of importance ... or in acquiring new insights about the phenomenon ...” The researcher has considerable experience in the use of interviews for data gathering, and opted for a semi-structured approach, in that the questions were prepared and distributed to participants in

advance, then used as a framework to guide the participant discussion. In all situations, the researcher used questions of clarification (or probing) and summarizing to help the group keep its focus and move forward.

Questionnaires

Palys (1997, p. 147) describes questionnaires as the “optimal alternative when... the questions you want to ask are relatively straightforward, and you’re interested only in acquiring a fairly large, heterogeneous sample.” A questionnaire was deemed the most efficient way to gather the collective impressions and opinions of the Director group following the Director Workshop. It conveyed the message that their feedback was important, and simultaneously supported the action research approach by stimulating them to reflection on their experience.

Study Conduct

The question and the approach were selected in discussion with the sponsor. The methods and project milestones evolved as the project advanced; only the first two steps actually happened as initially planned. Each of the remaining steps was designed based on the outcomes of the previous process. After each step there was a period of review and reflection with the client, before proceeding to the next step.

Background

A different research theme, in the area of measuring organizational learning, had initially been proposed to the sponsor. As previously mentioned, a large change initiative was underway in the sponsor’s organization. An external consultant (with whom the

researcher had previous experience in another organization) had been retained to facilitate a workshop for the executive team. This researcher had concluded, after observing that workshop, that there were a number of critical issues in the change process that the organization would need to address before it was ready to look at its approach to learning, and that this was not an appropriate research focus at this time.

At the same time, the executive group expressed concerns about the lack of alignment of the directors with the change initiative. They decided that they wanted to “bring the directors on board,” and proposed that the consultant return to conduct a similar workshop with the directors. Based on previous challenges faced in working with middle managers during change, the Auditor General expressed interest in making the work with the directors the central theme of the research project. The Proposal was therefore adapted, and the research plan amended accordingly in late September 2001.

The Director Workshop was scheduled for the end of October 2001. The researcher and the external consultant agreed that the initial phase of the research would be used to inform the design of the workshop, and that the researcher would also be responsible for workshop post evaluation. In fact, the external consultant and the researcher held numerous discussions on the workshop design, and the researcher assembled most of the OAG content for the workshop. The collaborative relationship between the researcher and the external consultant continued after the researcher ceased to be employed by the OAG.

First director focus group – October 11, 2001

Invitations were sent to all 16 directors. The invitation is in Appendix C, page 1. Eight accepted. Together, they were fully representative of both the new and former structures, time in job, and primary audit expertise, although not representative of the current male/female mix. The focus group questions, which were sent to the participants 24 hours before the discussion, can be found in Appendix C, page 2. The focus group was tape recorded, and the researcher took notes as well. It lasted two hours. The notes, but not a transcript of the tapes, were shared only with the external consultant.

Director workshop – October 29 – 30, 2001

The researcher acted as observer during the entire two-day workshop, with the exception of one segment, in which she acted as facilitator. The workshop was designed to allow participants to discover, discuss, and analyse the information that was available on the reasons for change and types of changes that would be taking place in the Office, and to prepare to spend the afternoon of the second day in dialogue with the executive team. The segment facilitated by the researcher was designed to foster reflection on how their roles might change as the Office changed.

An evaluation questionnaire was prepared by the researcher for distribution to participants at the end of the session. It was not used, because a degree of understanding of and commitment to the change had been assumed in preparing the questionnaire that was not evident during the session. A different evaluation questionnaire was distributed to all participants by email three days after the workshop, with an invitation to respond

anonymously by completing and returning the questionnaire in hard copy form. 11 of the 16 Directors responded. The tabulated results were shared with the Auditor General, the Deputy Auditor General, and the Senior Principal, Corporate Services. The questionnaire can be found in Appendix D.

Reconfiguring

The original Project Proposal had assumed that after the Director's Workshop, the next step would be to hold a follow-up focus group some time in January. However, the responses to the questionnaire, and a number of other related initiatives, led to modifications to the plan. There had been a tentative plan to run a similar workshop with the other employees (those who had not yet participated in a workshop), some time in December, and the questionnaire had asked the Directors for recommendations on the content of that workshop. The office also had a tradition of holding an off-site meeting in January, which they called the Update, which needed to be planned. At the same time, the executive was preparing the 2002 – 03 funding request and Service Plan for presentation to the Legislature with the assistance of many of the directors.

It was decided to combine the employee workshop with the "Update" event, and to create a workshop with three elements:

- The other employees would review and discuss the changes taking place in the OAG;
- Audit employees would work in sector teams with their directors and senior principals to finalize their 2002 – 03 plans, and begin to create their three year plans;

- The support group would rejoin the workshop, and each sector team would present their draft plans to the whole Office.

The same external consultant was invited to act as facilitator for this next workshop. A framework for the workshop was developed by the researcher and the consultant before the researcher's departure from the OAG. It was agreed that the follow-up focus group would be held approximately two weeks after the Update workshop.

Update workshop – January 30 – February 1, 2002

Prior to the workshop, the Senior Principals were asked to meet with their reporting directors prior to the workshop, and to discuss with them the role they were expected to play during the planning sessions. (No written statement of that role was prepared.) The researcher was provided with a copy of the OAG background materials, and was present as an observer for portions of the workshop.

Second director focus group – February 14, 2002

Again, 16 invitations were sent out, and 8 directors accepted. Three of the eight individuals had participated in the first focus group. At this session, representation was balanced in terms of gender (two women participated) as well as both the old and new Office structure. The questions were distributed to participants more than 24 hours in advance, and the focus group lasted two hours. The invitation note and the questions can be found in Appendix E. Recording equipment was not used; the researcher took detailed notes.

Wrap-up interviews – February 18 and 21, 2002

At the onset of the project, considerable data was available on how the employees and the executive group perceived the directors. During the first day of the Update workshop, that issue was again touched on by the employees. The whole project had been initiated at the request of the executive group, and their perspective was needed on the changes (if any) that had occurred in the elapsed four months. Two small group interviews were held, one with the Auditor General and Deputy Auditor General, to whom the senior principals report, and one with three of the five sector senior principals, to whom the directors report. Again, the questions were sent in advance. The first interview was arranged in person with the sponsor, the second by email invitation. That invitation and the questions for the two interviews can be found in Appendix F.

Data analysis

The analytical process used is informed by the work of Ryan and Bernard (2000). The researcher wanted to be able to track the *experience* and *evolution* of the directors and the OAG context from the beginning to the end of the project, then to compare and contrast, both within the time frames of the project, and to the information and models developed during the literature review. The analytical work was an iterative process, using word processing tools and what Kirby and McKenna (1989, p. 150) call “living with the data”, that is, work with the data interspaced with periods of reflection, a review of the literature and the research log, and a return to the data, until clear themes and patterns had been identified. “Usable quotes” were then selected for inclusion in the first section of Chapter Four.

CHAPTER FOUR - RESEARCH STUDY RESULTS

Study Findings

As previously stated, this project looks at specific groups of people experiencing change over a period of time. The findings are presented in chronological order, whereas the conclusions summarize what has been learned over the complete time period in relation to the question and to the literature. The recommendations will show how the OAG can continue their learning journey to change capability.

First director focus group

The initial focus group represented the first opportunity that the directors had had to discuss together their experience of the change underway in the Office. The overall tone was one of frustration, combined with humour, evident commitment to the role and purpose of the Office, and a genuine concern for its future.

Confusion was expressed over the future direction, for example: “the work plan isn’t clear,” “priorities aren’t clear,” we haven’t said what we *won’t* do,” “the goal posts keep changing,” “there’s no clarity on product or on desired output,” and “the messages are conflicting.” The directors spent some time discussing what was meant by the “50/50” (balance between financial and performance audits) and how that might be achieved. They emphasized practical issues, for example, where people were “moving from financial to performance audits, productivity will drop while they learn – don’t think they’ve thought about that.” A number echoed the one who said, “I’m concerned that

there will be public criticism because we're not producing," with comments such as "The number of projects being done has gone down," and "we mustn't die of invisibility – we have a good reputation, can it be sustained?"

The directors acknowledged the challenges of change, saying that "transition is the challenge: it's different, depending on where we want to go," "the new work relationships are a positive," and "it's a re-organization in name, not yet reality – I thought last year was to be transition, but looks more like this year will be," while expressing considerable frustration with the pace, "the change isn't that radical, but the process is problematic," and the amount of time devoted to planning: "there's no focus to get the change moving, we don't have clear objectives," we spend more time on planning than on doing," and "what will it produce? show us that there is a pay off to planning."

When asked how they saw their roles, one director said, "we used to like our work, we've survived scarce resources, difficult times, because we liked what we do, now we're eating into the good will," while others said "fire-fighting and crises," and "the next idea or flavour of the day, from the executive." There was then a complex exchange about the planning processes and the amount of resources (increasing, in their view) devoted to administrative work. They had heard that with the change, more work would be "pushed down" to them. Directors had no concrete suggestions about how to improve their own effectiveness, but recommended that the executive "make some decisions and get on with it." The Parkade as a vehicle for resolving outstanding business issues evoked considerable black humour and cynicism, as one said, "most of the issues have been

issues for years, and they don't get resolved because they are issues of power, not technical or content issues... so we don't choose, and we don't talk about it."

The directors nevertheless concluded that there might be some value in a workshop if it helped them get clarity, and made several suggestions that were very similar to what the external consultant had proposed. They were pleased by the prospect of a dialogue with the executive and said, "we want it to be real."

Director workshop

During the first day of the workshop, the issues and tone of discussion were quite similar to that heard during the focus group. Not only were the directors struggling to understand the strategic direction, there were many concerns over whether the right decisions were being made, or what the rationale was for the decisions. There was a strong sentiment that they lacked sufficient information to "make the right trade-offs in the day-to-day." Some felt that the office had several times embarked on change initiatives that eventually had no impact, and said, "we would like to know we're doing something useful" that will really lead somewhere.

An exercise designed to clarify the roles that *should be* played in the new organization elicited widely varying perspectives. While the directors noticed their differences, they seemed reluctant to explore the causes or to offer opinions on the role their level might play in the future environment, and to expect a "right answer." One said, "we don't have any problems with our roles," although they had identified "the contribution of the

directors” as one of the most important issues to be addressed. A discussion of change and change processes was well received by all directors. They rapidly embraced concepts such as the “change curve,” and the need for a change plan.

Throughout the discussions, there were frequent references to “them” and “they,” seeming to imply that the executive was responsible for whatever was not working well. The tone was mostly sceptical, and very analytical (remembering that these are all highly skilled auditors!). One group did point out that as “they could determine who they audit, how they audit,” they might actually be facing a significant opportunity “to shape our own destiny,” and the notion that “we need to work together with the executive,” emerged once or twice, but the more positive comments were not picked up by the group.

The directors selected specific themes or issues for discussion in the dialogue with the executive. They all sat in a large circle, the 8 executive mixed in with the 16 directors and the facilitator. The free exchange of information lasted 3 hours. While some directors spoke more frequently than others, all participated in the discussion and openly expressed their views on specific issues. Executive team members took the lead where each had been the “owner” of the Parkade issue, and built on each other’s comments. The directors seemed to be seeking precise and concrete answers, asking, “did you consider...? what about...? is a process...? how it is being managed?” while the executive were describing a work in progress. Executive members were open about the uncertainties they had had themselves as they wrestled with the issues, and frank, “this is how far we are today... it’s not perfect, we are moving in the right direction...”

When, near the close of the session, the Auditor General asked, “how do we make sure we’re in this together? That we take responsibility collectively for moving things forward?” One director responded, “if we all own the future, who owns the present? Who keeps the shop going while change happens?” Another executive member pointed out that the executives faced the same challenge, working on the future and the present simultaneously, and several other directors added that they wanted to be involved but were concerned about the time taken by meetings while work needed to be done, and suggested directors needed to be involved only in some issues.

Post workshop feedback questionnaire

The tabulated responses can be found on the next page. Participants found it particularly worthwhile to have had time together, and to discover that they had similar concerns, were dealing with similar issues, and that “others had no more answers than I.” They also valued having an opportunity to learn about the change process, and to gain a better understanding of the strategic direction of the Office. They said that they understood better that change takes time and has its ups and downs, but were frustrated by the lack of a concrete change plan for the Office.

Several found that the dialogue with the executive had raised expectations that were not met, shown that there were still some inconsistencies to be resolved, and spent too much time revisiting old issues. The discussion of roles was not relevant, either because “they are clear already,” or “there are many different views, which is part of our problem,” or “the Office does not appreciate our contribution, so discussion changes nothing.”

Overall, they felt the workshop would contribute to more realistic expectations, more patience with the change process, and improved communication among directors.

Questionnaire Section A:

As a result of the two-day *Dialogue on Direction* Workshop, and compared to before the workshop,

	☹ ①	②	③	☺ ④
1. I have a clearer understanding of what needs to change for the OAG to be successful in the future.	2 no change	2	6	1 much improved
2. I know <i>why</i> change is required.	not at all	5	6	much more
3. I have a better understanding of the future direction of the Office.	2 no change	5	4	much improved
4. I believe the Executive are aligned around the future direction.	2 not at all	6	3	com- pletely
5. I can support the future direction of the Office.	not at all	4	4	3 whole- heartedly
6. I can describe the challenges we will face in achieving the desired direction.	not at all	3	7	1 much better
7. This future direction will have an impact on my role and the role of the other Directors.	1 not at all	3	5	2 signifi- cant
8. I want to actively contribute to creating the future direction, even if it means a change in my role or in how I do things.	1 not at all	2	5	3 a great deal
9. I would like to participate in building the change plan for the Office.	1 not at all	3	4	3 fully

Update workshop

Those employees who had not yet participated in a workshop spent a day together, talking about change, and reviewing a summary of the business plan information and Parkade issues. This was their first opportunity for discussion in a large group since the restructuring more than a year earlier. Participants expressed a wide range of feelings in regard to the change in progress in the Office: anxious, confused, frustrated, uncertain, excited, and optimistic were those most frequently mentioned. In general, they viewed the destination positively, but described the journey as difficult. While they wanted to discuss many of the same issues that had been raised by the directors, their tone was less challenging, and more curious. They were able to list many elements of the current and future situations, although struggled with describing the respective roles of senior principals and directors. The overall tone in the room was more positive and upbeat than had been the case with the directors. This group was also more informed about the Office direction, so they were asking “why” and “how will that work” more than “what,” “where,” and “when.”

The employees were then joined by the Senior Principals and directors, and broke into the five audit sector teams to work on their three-year plans. On the third day, the Corporate Services group rejoined the others, and a mix of employees and directors from each sector team presented their draft plans to the assembled Office. At the end of each presentation, the other teams had an opportunity to ask for clarification and raise implications. A high degree of alignment with the macro Office plan was observed. In each case, however, the other sectors identified cross-sector impacts that had not been

mentioned by the originating sector, and it was clear that some further work is needed to have a planning and monitoring process that supports both sector independence and Office-wide interdependence. Overall the tone and attitude of participants was extremely positive throughout the whole day, and the workshop wrapped up on a very positive note.

Second director focus group

There was a notable difference in the second directors' focus group. Four months had gone by, in which they had participated in two workshops and helped develop the business plan for the coming year and the three-year outlook. The tone of the conversation was much more positive than in the previous focus group, and the directors seemed more supportive of each other.

They still saw the impact of the changes on them as meaning more work, but sounded accepting and positive as they added “we are now responsible for a multiplicity of things,” “we are more publicly accountable,” “there is no longer as much focus on revenue generation,” and the “main change is a growing awareness of complexity of this type of practice.” At this point, the future direction, “at the strategic level ... is becoming clearer,” but “*how* we get there (the road) isn't clearer.” These comments were qualified by “maybe my expectations have changed – I realize the executive *can't* just tell us,” “or I'm more comfortable with uncertainty?” and “we are working on how – we are still in the valley, or climbing the slippery slope, working on processes.”

The directors identified several areas that were working better (more service centred, better able to meet the needs of the Legislature, alignment with ministries, professional practices, sector teams), and were optimistic that they could “do more knowledge building by sector, linking professional development to people’s work.” However, they also saw inconsistent implementation, and said the “lack of process means lack of synergy” because “issues are interrelated.” They highlighted a need to improve communication across the sectors, and between the executive and themselves, stating, “we don’t have a picture of what is happening Office-wide,” “we need to understand how decisions are made, communicate them in a way that doesn’t cause confusion.” The directors expressed considerable concern about the operational aspects of change, saying “we have to make operational decisions when the framework isn’t really clear,” “there are inefficiencies in the process (of) matching resources to priorities,” and “we need processes, for planning, for implementation, for decisions.” They also identified a need to clarify which measures would be used, “we need to be using the same vocabulary so we’re all talking about the same thing,” who had which responsibilities, and how accountability (for sector plans, for sharing resources) would work.

This session, the directors had a number of ideas to offer about their own contribution: “why don’t they consult us, rather than trying to solve it all by themselves?” “no one asks us, yet we’re the ones who have to make it work, we could help;” “we could provide input or develop a discussion document for the executive to work with;” “we need to accept changing expectations, that how we used to do things and how we do it now are different;” “lead by example, instead of setting a negative tone;” “challenge the status

quo with them more often.” They wanted more transparency, and a better understanding of what happens at executive level, because “for many audit clients, we *are* the Office – we need to know what the thinking is at the executive level, have the big picture,” and better planning for the non-audit work, saying “we plan audits, why can’t we plan the other stuff?” Perhaps most importantly, they wanted to feel that the executive trusts them, that they can add value, and can work together.

This had also been a time for learning about change. The need for a change plan was repeated, while one participant added “it’s easy to make the plan, doing it is at least ten times more difficult.” Others observed, “so many problems have come from lack of communication and unrealistic timelines,” “get things in the right order, understand the dependencies,” “change takes time,” and “change affects everyone; (it) takes the focus off the business, affects productivity.” All directors felt that the Update workshop had been very worthwhile, and said that follow up was needed.

Wrap-up interviews

As explained in Chapter Three, interviews were held with the executive group, to obtain their perspective on developments since the onset of the project. In this report on findings, the comments of the senior executive (Auditor General and Deputy Auditor General) and the senior principals are combined.

All reported seeing an increased sense of ownership by the directors for the new direction, with some questions still to be answered, by statements such as “I see more

sense of ownership, they play a role in decision making, can have impact,” “they see that it offers more challenge, & see opportunities,” “they are seeing the value of the new model,” “they are showing interest in learning – almost enthusiasm, but they still want more information,” “now they’re asking: “what does it mean? How will I fit in? what about my skills? What do I have to do?” “they always saw themselves as carrying out the plan, now are seeing themselves as involved in developing it,” and “I was very pleasantly surprised, they were thinking Office-wide (at the Update workshop).”

The executive demonstrated understanding of the shift the directors are making, by saying, “If their previous role was to “carry it out”, that would explain why they saw that as their primary responsibility,” “that shapes a lot of things, e.g. resource sharing – taking care of one’s own deliverable, vs. thinking about the whole Office,” and “there is some fear of new job responsibilities, ... letting go of mastery,” “people think they are being pushed “not” to do something they consider very important,” and “they feel they have a responsibility to protect the Office.”

While recognizing progress, the executive also saw a lot of work still to be done: “So far there has mostly been discussion, we aren’t really doing things the new way yet ... they need to see themselves carrying it out to really see their contribution,” “I see the directors as the group with the least amount of certainty about where they fit,” “the directors are still doing too much doing, involved in too much detail,” “we need to encourage them to collaborate, to come forward with office-wide concerns,” “we need a forum for them to discuss it with us,” “they need to show more leadership qualities, take more initiative to

make things go the way we want to.” The executive also recognized that they had a part to play, saying that they need to “be mentoring directors to be able to think at a higher level,” “recognize roles and responsibilities are changing, outline expectations, work with the directors ... to help them, what it means, how to deal with it,” “make sure we send common messages, talk to each other, share, work together, keep the focus on what’s important.”

The executive members also had observations about the Office change process: “it has helped the whole Office appreciate what government is or will be going through ... we need to build that into our audits,” “we’re moving too slowly, we’re not getting there fast enough,” “we have to have turned the corner on internal things and get to productivity ... we still have a lot of work to do about the commitments we’ve made,” “we came through, but it wasn’t pretty ... we need to continue to keep clear focus on expectations – work program and internal organization.” The senior principals repeated the concern of the directors or employees that they might be moving toward five silos; although some progress had been made in eliminating the old two silos, there was a perception that those from the old financial unit “had embraced change more,” while others (from the performance unit) seemed to see the change as applying to others, not themselves.

The challenges they identified echoed the directors: “we need ... to stay motivated – be reminded about why we’re changing, be reinforced,” “too much administration, too many meetings,” “more communication, more in groups, and more individually (is needed) to build trust,” “there’s a lot of angst about ‘learning how’ and we need to make sure that

it's supported," "what is more difficult is walking the talk," "the biggest challenge ... is to have the Principals act in a coordinated manner," and "we're implementing a business model with budget responsibility, yet ... there isn't really accountability."

The following learning had occurred: "be patient and persevere ... keep focus and embrace challenge, set targets," "when you start a change, you have a tendency to think about technical issues, but it's the people stuff," "people hear the same message differently," "seeing that we may be far along our curve, but that others on their curve haven't even started," "don't raise expectations if you can't deliver," "you have to be willing to make a mistake," "we need more exchanges for better alignment," and "to have ownership of something, everyone has to contribute."

Study Conclusions

The purpose of this project is to discover how middle managers in the OAG can contribute to building a change capable organization. By the closing of this study, the directors who are the middle managers of the OAG had demonstrated a significant shift in their approach to the changes taking place in the Office. At this point, this researcher concludes that the middle managers are beginning to contribute to building change capability, through their participation in the planning processes, through their expressed desire to work together across the functions, and with the executive, in "making the change work." They are, however, still close to the beginning of the change journey. Continued attention, energy and effort will be required by both the directors and the executive for the OAG to become a truly change capable organization.

Throughout this project, the OAG, and more specifically, the directors, showed many of the symptoms and characteristics typical of individuals and groups going through change. The change was triggered by a restructuring, which could not be fully implemented for a number of months. McKinley (2000) proposes that the act of restructuring, particularly in a turbulent environment, creates a sense of “cognitive order” for the executives who initiate it, while other layers of the organization experience “cognitive disorder” because it disrupts the established business processes (sec 6, para. 1). This research might explain how the reorganization of the OAG could be seen as a step forward by the executive, but little appreciated by employees (as reflected by Work Environment Committee participants) and directors. Particularly for directors with long service, there was a concern that they were moving away from a successful model. In other words, the change was seen as devaluing what had been accomplished, rather than a need to do differently moving forward. Using the change curve model proposed by Duck (2001, pp. 16 – 17), the OAG was experiencing both productive and negative anxiety, common to the preparation phase of change.

Over the period of the study, the OAG moved from restructuring to detailed business planning, and began to implement its new way of working. Again using Duck’s model, the OAG has moved through the implementation phase into the determination phase, in which people begin to live in the changed environment, and where change can easily lose momentum or derail. Managing change dynamics, one of the elements of change capability described in Chapter Two, is vitally important to moving forward with success

(Duck, 2001, p. 212). Steps that could contribute to their success will be outlined in the next section. In this section, we will examine the OAG and its leaders in the light of the criteria developed in the literature review (Chapter Two).

Conner (1998, pp. 71 – 72) says that to create a nimble organization, leaders must seek to become “consciously competent” in their understanding of change processes and “how (they) form the interdependent relationships that compose the whole.” Change experts agree; it is impossible to “fix” the players, independent of the system in which they operate. Both the systems and the individuals of the OAG will therefore be reviewed.

Organizational change capability

The OAG displays a strong sense of purpose. The OAG has reconfigured its product mix and developed a concrete business plan and three year outlook reflecting its new focus. All employees have had an opportunity to discuss the new direction and participate in the planning. They are expressing understanding for the reasons for change, and a much stronger results focus is emerging.

At the onset of the project, some understanding seemed to exist of how change affects individuals, but there was a more limited understanding of how it works at the organizational level. Significant improvement has been noted in this area. Both the executive and the directors now speak of recognizing the time, energy and patience needed to truly change an organization, and better employee understanding of change processes was also heard.

Considerable concern for people has been voiced by the executive of the OAG. Although they seemed initially somewhat surprised by director and employee responses to the change, by the closing of the project they definitely expressed greater awareness for the impact people can have on a change process. Two of the three principles of fair process were respected: engagement, by asking individuals for input, and explanation, which means that everyone had an opportunity to hear how decisions were reached and why they were made (Kim and Mauborgne, 1997). OAG planning to date, however, has focused more on business than people issues. While they recognize the significance of this element, and speak of the need to support the directors as their roles change, they seem to be struggling to determine how best to address it in a concrete way.

It is perhaps not surprising that only limited attention seems to have been given to preparing the organization for change, given their incomplete understanding of organizational change, and the OAG's previously top-down, hierarchical management style. Data was available from the employee work environment survey, and employee participation in a strategic planning exercise, but the data does not seem to have informed the decision-making or communication processes, particularly at the beginning of the change. This researcher fully expects that given the improved understanding of change that now exists, the OAG would approach another change initiative differently.

The Office is clearly committed to nurturing its change leaders, although perhaps not sure of how best to approach this issue. The fact of sponsoring this research has been a sign to

the directors that they and their involvement are important to the executive and the organization. The sponsor has specifically asked for recommendations in this area.

Change implementation capabilities, at this point, are mixed. Their professional skills may, in fact, be something of a handicap in this area. Schein (1996b, pp. 12 – 13) describes how “occupational communities ... share some tacit assumptions about the nature of their work” which can actually act as a barrier to learning when the thinking requires a different set of assumptions. Most OAG leaders are accountants or management consultants, trained either in professional firms, or the OAG itself. Their *métier* is to gather and analyze data and submit reports. They have highly developed analytical abilities, and a responsibility to “tell” information to others. Implementation is the responsibility of the audited organization, not the OAG staff.

There does not seem to be, or to have been, much evidence of a “management” culture, which could also be because of the “professional” mindset referred to in the previous paragraph. Under the former administration, although expenditures were carefully restricted, and every opportunity sought to increase revenue, only a limited support infrastructure existed, and the actual costs for individual audit projects do not seem to have been monitored. Many even at the executive level are new to the disciplines of business planning, budgeting, and monitoring actual results in relation to plan.

Information systems to facilitate these activities are just now being developed. As of the end of this project, accountability for specific aspects of people management had not been assigned. Employees frequently expressed frustration with the lack of feedback or

development support, but were not sure to whom, in particular, they could turn for assistance. Not all directors were clear on their exact responsibilities in this area, or how their responsibilities might differ from those of a senior principal or a project leader.

The executive and directors are beginning to demonstrate an appreciation for open & candid discussion, although it does not come easily. They have a history of “politeness” and of avoiding confrontation or open conflict and lack experience with genuine dialogue, which, combined with the professional mindset mentioned above, may explain why they seem to find it difficult to integrate this different way of communicating into their normal business interactions.

They are also sensitive to the change capacity of the Office, and are attempting to set goals that offer sufficient challenge, but are not overwhelming. Here again, the goals are largely on the business side, although they recognize a “need to make clear what the balance should be, for the work program, for our internal change.” It is not evident at this point whether they have truly grasped the depth and duration of attention that will be required to attain the culture change they have said they want. Need for learning is obviously recognized, although some of those interviewed expressed the opinion that little was yet being done in this area. (Further analysis of this theme is located in the section on organizational learning.)

Their change does not yet meet the requirements for “manageability.” A macro, integrated change plan for the Office, independent of the business plan, did not exist at

the time this project ended. The large change had not been broken into discrete sub-projects, which would allow a more immediate sense of accomplishment as they were completed. Thus far, project management for change, with assigned roles, responsibilities, timelines, and change control, has not been evidenced. The whole executive – which really means no one – is responsible, as it is all seen to be part of the business plan and general operations. Without specific attention and assigned accountability for the elements of change, there is a risk that the change process will dissipate and not be completed. Although “change management” is insufficient alone for building ongoing change capability, all the writers consulted for this paper emphasize its significance.

Two areas of change implementation in particular were highlighted by the directors and the senior principals as needing attention. Roles and accountabilities are not clear, and measures have not yet been agreed on. Both groups made frequent reference to the lack of a clear process and the length of time required for decision-making, and expressed frustration with meetings that did not seem to bring resolution to issues. In addition, the directors were concerned that they were forced to make operational decisions without a clear framework or established guidelines, and worried that the new “sector accountability” would lead to less sharing of resources when they saw a need for more. They also stated that Office productivity was suffering, and perceived a need for improvement in how resources were assigned. In this researcher’s experience, all these issues are typical symptoms of an organization in which individual accountabilities are

fuzzy or overlapping, management processes are inadequate or embryonic, and targets for expected results have not been debated and agreed upon.

While the need for clearly defined roles has been discussed by the executive, as of the end of this project, little progress had been made. It is interesting, from a research perspective, to see that the organization which played a significant part in the implementation of accountability in government has still to find ways of bringing that accountability down to the individual level, although this challenge appears to be shared by many public service entities. Similarly, in an organization that has little experience with a “management” culture, developing measures and using them to track progress can appear threatening rather than helpful, and is difficult to do for those who have not previously worked in this way. That said, the executive are committed to having their Office meet the same requirements for performance planning and reporting as all government ministries, and to reporting on their progress in improving the work environment. The Auditor General has stated that he wants their efforts and evolution in this area to be transparent, and included in their annual report.

Change capable leadership

It can be seen from the preceding analysis that the leadership of the OAG is successfully developing a number of the characteristics of change capable leaders. They are a highly principled and ethical group of people. They are learning to involve others and to lead by questioning rather than by giving answers, they are making significant progress in improving the working relationships between the executive and the directors, and among

the members of each of these groups. All have demonstrated an interest in learning and improving their individual change leadership capabilities, and they are working to improve their credibility with their employees.

The trust that has been created is fragile, however, and needs to be carefully nurtured. There is a fairly widespread perception that some decisions are still made “because of politics” among executive members, and. During the closing focus group and interviews, all participants used as an example a recent action which they felt was arbitrary, and contrary to existing agreements, and all expressed concern that such actions risked destroying the alignment and confidence that was being created by participation in planning, and other initiatives. Leaders play a critical role in effecting change; as Duck (2001, p. 247) says, “when the leader demonstrates that he or she has changed, others will take that change challenge seriously and engage in their own change process.”

One other leadership theme emerges from an analysis of the findings, and that is the apparent lack of in the OAG of what Jaques and Clement (1991) call “managerial leadership,” one of the key elements of a “management” culture. While not unique to change leadership capability, it is critical to the capacity to generate results with people in any situation. Jaques and Clement (Ibid, p. 17) state that in the managerial hierarchy of an organization, “part of the work of the (managerial) role is the exercise of leadership,” and argue that “managerial leadership ... lies at the heart of the ability of an organization to muster every ounce of creative human energy from its people, and to get that energy driving in the right direction.” (Ibid, p.23).

Organizational or managerial hierarchy is the framework that allows managerial leadership to function effectively. Kraines (2001) explains that while hierarchy and accountability have developed negative connotations due to their poor application by many organizations,

Good hierarchy exists in companies with properly distanced levels of management, ... with properly defined roles populated by people whose capabilities match their roles. Good hierarchies feature managers who develop clear, mutually agreed-upon accountabilities with their subordinates, ...(giving) their subordinates the authority to take and implement decisions needed to fulfill their obligations. Good hierarchy ... encourages individual initiative by giving people a clear mission and the right resources, clear boundaries, and enough of what I call *mental elbow room* to add their unique value. (p. 26)

Attention to this dimension of organizational design would go a long way to resolving the concerns expressed by the senior principals and directors regarding decision-making and other managerial processes, measures, and role responsibilities, and could contribute to significant improvements in productivity.

Organizational learning

This is overall an area of future development for the Office. They definitely realize that the creation, dissemination and use of knowledge is important to their future success, and have involved employees in analyzing the kind of learning needed (e.g. Professional Practices). They have not yet developed the systems (not just technology), processes, or other vehicles that will support ongoing learning, and many have a tendency to think of training in new skills and knowledge as the primary vehicle for learning.

The researcher noted that, for operational issues, making time to “think in a group” is relatively new, and not necessarily equally valued by all executive members and directors. The action learning cycle of plan, act, observe results, and reflect is not deliberately used; the reflection phase tends to be skipped. This is common to many organizations, which may see the discussion as a waste of time rather than a way of developing shared meaning (Senge et al., 1994, p. 60). The OAG style is characteristic of organizations that focus on professional knowledge or skill building as learning rather than seeing that learning is also about changing mental models or mindsets, and developing new behaviour patterns.

The greatest potential difficulty is that a different kind of learning than that at which most professionals in the Office have consistently demonstrated success may be required.

Argyris, in his 1991 article entitled “Teaching Smart People How to Learn,” describes a state of “skilled incompetence” in which “defensive reasoning” can block learning even when individual commitment is high (p. 100). He suggests that people can be helped to recognize and change the unproductive reasoning that blocks learning (p. 106) through facilitated forums, in which participants can consciously practice new behaviours while working on issues that are important to the business (p. 107). Senge et al. (1994), Dixon (2000), Wenger (1998) and others offer a variety of tools and approaches that could be of benefit.

Middle managers

In many respects, the directors evolved more rapidly than was expected by the executive. At the onset of the project, they seemed to see themselves as not responsible for future direction, not responsible for thinking about change, not responsible for making change happen. While they expressed their concerns about what was or was not happening, they did not seem to see themselves as having any power to change or influence the situation. The directors are now asking for a degree of participation that would not have been predicted four months ago. In addition to the workshop in which they were invited to reflect on their assumptions, their participation in the annual planning cycle and the Update workshop seems to have helped them to look at things differently. Interestingly, they do not seem to realize that their increased competence and capability could free the executive for more strategic and external work.

The directors are talking about how to “operationalize the change” and deal with balancing across sectors, the need to establish decision-making processes & guidelines, and how to integrate learning with work. They are suggesting that by working with the executive, they can add value and substance to plans and solutions that are developed, and they are proposing to work with each other, across the sector “boundaries,” to help keep the sectors in alignment with each other. They are demonstrating the capacity to take a “whole systems” or big picture view of issues in the Office, and asked for more information. They are showing willingness to learn, which for some means leaving a zone of mastery and building new knowledge and skills. With this group, it appears that learning by doing has been successful. In fact, there is considerable momentum developing, which needs to be sustained and nurtured.

For the directors to continue in the direction they have begun, they need to know what is expected from them, and to see how they contribute to the organization's progress. They need to receive support, feedback, and encouragement from the executive, and to see that the value they can add is fully appreciated. Moving forward will mean many of the same challenges for the directors as it does for the executive: the readiness to examine how, as they execute the work program, they can also create a different culture, to explore the links among work environment, culture, and their own behaviour, and to look at what they need to do differently in order for others to behave differently. The change is as much internal to these players as it is external to what work is done, how the work is done, or how others perform. They will need to learn together.

Summary

Overall, this study has shown that middle managers want to, and can, become effective contributors to building change capable organizations. Change capability will not be attained solely through the actions of the middle managers, however. The organization and its leaders need to simultaneously foster capability in organizational change, change leadership, and organizational learning, as well as seeking out and developing the middle managers.

Study Recommendations

Rather than attempting to make recommendations addressing every issue introduced in the study, this section will focus on those issues and elements of change capability that

are likely to make the greatest difference to the OAG, with an attempt to present them in as “do-able” a format as possible. Based on the literature review and the researcher’s experience, these recommendations are based on two assumptions about change:

- Sustainable change can only be accomplished when individual organizational members change their thinking and their behaviour (Conner, 1998; Senge et al., 1999; Duck, 2001);
- People’s behaviour in change is often the product of one or more organizational systems, which must also be altered through learning for sustainable change to occur (Oshry, 1995; Schein, 1996a; Senge et al., 1999).

There are five core recommendations:

1. Expand capability to effect change;
2. Continue to address the human element;
3. Move towards a “management” or accountability culture;
4. Foster dialogue and learning, among individuals and peer groups, across and between senior principals and directors, across sectors and organization;
5. Support, challenge and develop directors.

Expand capability to effect change

The OAG has achieved substantial progress with its change initiative during the term of the study. At this point, it could be tempting to say, “there, that’s done,” and get back to business as usual. In fact, Kotter (1999, p. 88) identifies “declaring victory too soon,” upon the completion of the first short-term wins, as one of the reasons for which change

efforts fail. He further advises that short-term wins should be used “to tackle ... systems and structures that are not consistent with the transformation vision and have not been confronted before,” and cautions that comprehensive renewal can take several years (Ibid, p. 89). The OAG had no formal change plan or milestones in place, so cannot point to a specific item as completed, nor identify those concrete changes which still need to be made as a way of retaining the focus and energy of the players. The following actions would better equip them to sustain their change effort:

- Describe the shift (old OAG, new OAG), so there is something against which to measure progress;
- Build a plan that unites or ties together the key elements of the change, so it can be tracked at the big picture level. Post a copy of the plan with a progress chart somewhere when everyone can see it (lunch room, Intranet);
- Assign responsibility to oversee the plan to someone specific (likely the Deputy AG);
- Break the change initiative into discrete chunks, with measures for each, and assign specific steering responsibility for each chunk;
- Monitor and measure progress on each element;
- Communicate and celebrate success as key milestones are achieved; remind everyone of what still needs to be done;
- Recognize that as time passes, the objectives will shift. Update the macro change plan regularly (e.g., every 6- 12 months).
- Accept that change complexity will continue... be gentle, tolerant, firm, and persistent. Recognize and deal with the stuff that gets in the way, stop to ask if there are connections and unintended consequences before acting.

These recommendations should be seen as complementary to those on dialogue and learning. As Conner (1998, p. 201) points out,

The renewal process begins with the difficult task of bringing to the surface previously unquestioned assumptions that have served as the foundation for prior decisions and actions. ... constructing a new paradigm means intentionally challenging what has worked in the past and deliberately constructing a fundamentally different alternative.

Continue to address the human element

Kim and Mauborgne (1997, p. 69) explain, “managers who believed the company’s processes were fair displayed a high level of trust and commitment, which, in turn, engendered active cooperation.” *Engagement and explanation*, two of the core principles of fair process, continue to be important. Duck (2001) warns that in the determination phase of change, as people begin to understand the concrete realities of the “new world,” it is common for them to develop “retroactive resistance.” (p. 199). She suggests that keeping the communication lines open, reinforcing the core messages, ensuring consistency, and maintaining change discipline are key leader responsibilities during this phase. “For change to be real and long-lasting, it has to take place deeply and completely – emotionally, intellectually, and operationally.” (Duck, 2001, p. 249). All three dimensions must be addressed concurrently.

Another human element in change, anxiety, was recognized by all members of the executive during the study. Schein (as cited by Coutu, 2002, pp. 104) describes two kinds of anxiety, “learning anxiety – being afraid to try something new for fear that it will be too difficult, or that we will fail, and survival anxiety – the realization that in order to make it, you’re going to have to change,” because the business reasons for change are

convincing. He states, “learning only happens when survival anxiety is greater than learning anxiety.” (Ibid, p. 105). While many organizations choose to increase survival anxiety by threatening people, he recommends the more difficult option of decreasing learning anxiety by “creating a safer environment for unlearning and new learning.” When the leaders themselves become learners, and openly acknowledge their own vulnerabilities and uncertainties, they “set a good example and help to create a psychologically safe environment for others.” (Ibid). The OAG is uniquely positioned among BC government organizations to be able to adopt this approach, as its funding is relatively secure for the next three years.

Successful strategic renewal also means that individuals must cope with the natural tension between change and continuity, between developing new ways of doing things and using those which are still relevant from the past (Crosson et al., 1999). People need a learning context that encourages individual exploration and provides positive feedback for even small successes, while recognizing the value of established skills and prior contributions. When leaders see learning as a dynamic process, in which progress is inconsistent, they can prevent the established or institutionalized mindset from becoming a barrier to learning, and provide people with support and encouragement along the way.

Move towards a “management” or accountability culture

The symptoms and consequences of a lack of a “management” or accountability culture were discussed in the previous section, as was the notion of “good hierarchy” and the

need for clear role definitions. Clement and Jaques (1991, p. 7 - 8) explain that role relationships exist within every social structure, and

tell us what we are entitled to expect of one another as we work together, play together, live together. ... Accountabilities are those aspects of a role that dictate the things that the occupant is required to do by virtue of the role.

The core managerial leadership accountabilities are for the outputs of others, for maintaining a team who are capable of producing the outputs required, and for leading others so that they “collaborate competently and with full commitment with the manager and with each other in pursuing the goals set.” (Ibid, p. 23). Clement and Jaques argue,

these accountabilities need to be made explicit, and every manager at every level needs to be taught clearly and unequivocally that he or she is accountable for these critical functions. Effective managerial leadership is not possible unless every manager is aware of and carries out these explicit duties. (Ibid).

To allow managers to function effectively, accountabilities need to be aligned with authority, and there needs to be an appropriate number of managerial layers for the size and complexity of the organization (Jaques and Clement, 1991; Kraines, 2001). In the OAG, this would mean five levels:

- The AG/DAG, with overall “business unit” responsibility;
- The senior principals, each responsible for a segment of the business;
- The directors, who function as middle managers, and have significant impact on operational issues;
- The project leaders, who function generally as first line supervisors, assigning tasks, managing task execution, and providing on-the-job support;
- Those with no supervisory responsibility.

Individuals at each level have accountability for the outputs or results of themselves and those who report to them, and are accountable to the level to which they report for results in relation to the agreed-on expectations. The specific accountabilities at each level would be different, although frequently more than one level will handle different aspects of the same business issue (e.g. project costs, people development). In a culture of accountability, clearly defined roles are aligned to the business goals, accompanied by recognition for performance that meets expectations, and consequences for performance that does not, and supported by the performance management process.

Managerial role accountability does not mean rigidity. As has already been discussed, getting things done in organizations depends on collaboration through the informal networks that managers establish and maintain. Another of the tensions that must be balanced in changing environments is that of inspiring people and controlling output (Kotter, 1999, p. 23). The challenge for the OAG is to create sufficient role accountability such that managerial processes function both efficiently and effectively.

Roles are important not only for managers, but for all organizational members. The third principle of Kim and Mauborgne's (1997) "fair process" is expectation clarity. They state,

once a decision is made, managers (must) state clearly the new rules of the game. Employees should know up front by what standards they will be judged and the penalties for failure. ... To achieve fair process, it matters less what the new rules and policies are and more that they are clearly understood. When people clearly understand what is expected of them, political jockeying and favoritism are minimized, and they can focus on the job at hand. (p. 69).

Tubre and Collins (2000) conclude that role ambiguity (ambiguity in the expectations surrounding a role) is negatively related to job performance, and warn, “role ambiguity ought not to be lightly dismissed as unimportant. Indeed, the present results show a correlation that could substantially and negatively impact job performance.” (sec. 7).

Establishing roles and accountabilities, then, can be seen to be an important step in an organization’s ability to achieve results. They need not be constraining; they do need to establish clear boundaries. Normally, one or two sentences that explain the specific purpose or “value add” of the role are sufficient. Four or five statements of specific accountabilities may accompany the role statement. This approach is significantly different from that of old task-based job descriptions, and provides a clear framework along with flexibility.

For the OAG, role accountabilities would offer answers to questions such as:

- Where is the decision made to assign a specific resource to a project? For project leaders? For auditors and audit assistants?
- Who has accountability for overall project costs? Costs related to resources? Costs related to travel or other operational expenses? Costs related to project schedule and timelines? Who can make which decisions?
- Who should be monitoring project execution? At what point should discrepancies be flagged and addressed?
- Where does responsibility for project timelines lie?

- For each audit project, what generic tasks or responsibilities lie with the project leader? The director? The senior principal?
- Which level or position is responsible for providing performance feedback and coaching for which employees?
- Which level or position conducts performance assessments for which employees?
- When an employee has a personal issue for which OAG support is required, to whom should the employee speak?
- To whom can employees go to discuss future work assignments and long-term career development?

Foster dialogue and learning

All participants in the closing interactive data gathering expressed satisfaction with the discussions. They stated that they valued the opportunity to exchange perspectives, and said that they should engage in that type of activity more often. Dialogue is an excellent vehicle for improving working relationships; it is also a tool for helping individuals to uncover the assumptions that lie behind their words and actions. Dialogue and reflection can also be used to facilitate learning, and are the primary tool for learning communities or “communities of practice.” In addition, the “shared insight” produced by reflection in groups can in fact reduce the time spent in developing and revising plans, and accelerate the speed with which the group can move to action (Senge et al., 1994, p. 62). Many concrete steps can be taken by the OAG.

Learning & working together as individuals & leaders:

- Define the characteristics of good dialogue, develop skills in tools such as advocacy & inquiry, left-hand column, consciously work on improving dialogue skills and consciously integrate dialogue into practice;
- Take time to stop and talk at the end of a discussion about how the discussion went;
- Institutionalise the action learning cycle of plan, act, observe results, and reflect;
- Examine how you are personally dealing with change, ask yourself: Which of my behaviours will I stop/start or change? What specifically, am I willing to do? How will others know? How might I sabotage myself? What is the payoff in this for me? (Duck, 2001, pp. 103 – 105);
- Monitor how you are “walking the talk;” continue to work on developing synergy among all members of the executive team, and use dialogue to address any apparent disconnects;
- Because no one is perfect, when something goes wrong, use it as a learning opportunity;
- Act as coaches to each other, form support networks to share challenges and best practices (executives, directors, other employees);
- Create individual accountability for building knowledge of business and for personal development;
- Use external experts where needed to help advance the process or facilitate learning.

Learning & working together, in the roles of executive and directors

- Create opportunities for directors to work with various executive members on a variety of task forces and projects;

- Invite directors to prepare discussion papers, participate in debate, or propose solutions to operational issues, rather than just asking them to implement a decision that has already been made;
- Meet regularly (quarterly) with directors to review work plan progress and budget / expense results;
- At the beginning of the planning cycle, executive and directors meet together to do an overview of progress and issues on the current plan, and identify themes for the coming year;
- Give directors the opportunity to attend executive committee meetings, either as observers or as stand-ins for the senior principals.

Learning & working together, across the Office

- Identify external and internal challenges to be faced, then regularly share information on what is being done;
- Encourage discussion of the specific behaviours through which the OAG Values and new culture can be demonstrated and explore how such behaviours can be nurtured;
- Invite employee participation and recommendations on specific initiatives;
- Identify “local experts” who can act as resources to others on specific topics;
- Establish “communities of practice” around various development needs, and to help the employees learn from each other.

In change, “the unanticipated can ... be predicted. ...what is conventionally regarded as ‘planning error’ in change implementation could be regarded instead as a platform for discussion, argument, learning and debate, addressing the fresh issues uncovered.”

(Doyle et al., 2000, sec. 7, para. 5). Change presents exceptional learning opportunities. The opportunities have only to be seized.

Support, challenge and develop directors

The research shows that middle managers can make a significant contribution to organizational change capability. Huy (2001) describes four roles: the entrepreneur, the communicator, the “therapist” (attuned to employee needs), and the “tightrope artist” (dealing with the tension between change and continuity) and says (p. 79),

The senior executive who learns to recognize, respect, and deal fairly with the most influential middle managers in an organization will gain trusted allies – and improve the odds of realizing a complex but necessary organizational change.

Huy (Ibid, p. 75) also lists the qualities that executives should look for and foster in middle managers: early volunteers – those who see change as an opportunity and step forward with ideas; positive critics – those who can offer suggestions about how to “achieve the results with less pain;” people with informal power – those with influence whose advice and help are sought by others; versatility – those who have already shown resilience in change; and emotional intelligence – those with emotional self-awareness who are also sensitive to the emotions of others.

The recommendations in the preceding sections: address the human factor, move towards a “management” culture, foster dialogue and learning, will also support and enhance the directors’ capabilities. Some of the following recommendations are already being implemented and are listed as a reminder of their importance, others are offered for consideration:

- Continue to involve them in strategy, business planning, and operational reviews;
- Listen carefully to their observations and push them to provide analyses and solutions, not just raise objections;
- Encourage debate over the trade-offs that need to be made as they balance change and continuity; recognize the value of their suggestions and the contributions they make;
- Provide reinforcement when they take the risk of speaking up, or taking initiative;
- Clarify the managerial leadership role they are expected to play in the OAG (for people, for process, for business administration) and offer development opportunities where experience or skills are lacking;
- Encourage the timid or the reluctant to move forward at a pace they can tolerate; remember that change *reluctance* is usually a product of anxiety or lack of understanding;
- Give them space to experiment and reward even small successes; free them from daily routine by streamlining processes and by clarifying the managerial leadership roles of the project leaders and senior principles as well;
- Show them how their success contributes to the success of others and of the Office;
- Encourage them to embrace a learning approach, to step out of their comfort zone, to share with each other and their staff their challenges and discoveries;
- Nurture their development through feedback and coaching; foster resilience;
- Deal with those who have a negative outlook or who refuse to even attempt change, as a way of reinforcing the new expectations;
- Identify and groom individuals who can be developed to move up to the role of director as the current incumbents retire or move on for other reasons.

In his article on middle manager motivation, Antonioni (1999, p. 30) concludes, “one important way for executives to demonstrate respect, trust, and caring is to spend regular quality time with middle managers. Spending this time pays off by contributing to a motivational environment in which managers choose to be high performers.” The effort is well worth the reward; Conner (1998, p. 196) advises, “To the extent that you can shape a system that reinforces people who display the resilience characteristics, you will reap the benefits by finding yourself surrounded by people who can match your speed of change.”

CHAPTER FIVE - RESEARCH IMPLICATIONS

Organization Implementation

The results of the applied research with the OAG show that they are moving in the right direction, and have made significant progress during the term of the study. This researcher has offered recommendations, which would permit them to continue and broaden their current initiatives. Implementation steps are embedded in most recommendations.

Throughout the period of this project, there has been debate in the Office as to whether their restructuring and the reorientation of their work really involves substantive change for the employees. This underlying, unresolved debate is probably the primary reason that they have not created a change plan; many do not see a need for one. At a tangible level, it is true that the change is greater for some employees than for others. Employees whose experience is limited to financial statement audits or performance audits may now have to learn other audit methodologies. All employees, however, will be shifting from a primary focus on a single area of government performance to building significant “knowledge of business” in a selected area of the public service for all areas of government performance as the new work program moves forward.

The change, in the perception of this researcher, is more at the intangible level, involving significant alterations in their internal processes, in mental models or mindset, and in behaviour patterns among the executive, between the executive and the directors, among

the directors, and across the Office, if they are to create the kind of collaborative, change capable learning culture that they say they want. It is much harder to describe this kind of change in a way that engages all participants, it is more difficult to effect change that is largely focused on the “way things get done” and the underlying actions of people, than it is to re-engineer production methods, restructure, or downsize. Yet this is the only kind of change that brings long-term, lasting results, and it can be accomplished. An organization like the OAG, small and all located under one roof, is ideally positioned to undertake such a transition.

The major challenge for the OAG will be to decide whether they really want to attempt this kind of fundamental change, and to invest the necessary attention and energy over the longer term to accomplish it. Their current service plan (OAG, 2002a) would seem to imply that they do; their second goal is to be an “an exemplary organization,” supported by objectives of continuous performance improvement, and building the organizational capacity needed to complete their work. Established measures include, “our management practices reflect best practice” and “we maximize the contribution of our people to the goals of the organization, i.e. we make full use of their knowledge and skills.”

Beer et al. (1990, pp. 60 - 62) warn against what they call “programmatic change, ” which starts with the assumption that “the problem in changing organizations is one of changing individual knowledge, attitudes, and, in a few instances, behaviour. Such changes, it is assumed, will ultimately lead to large-scale organizational transformation.” Their research has led them to a different set of conclusions about organizational change.

They state, “ after behavior is changed, then attitudes and knowledge will change. Since behavior is powerfully shaped by the role individuals play in the larger organization, the means for changing the behavior of many interdependent people is to change the network of interdependent roles.”

To expand on a previous quotation from Senge et al. (1999, p. 33),

Organizations are products of the ways that people in them think and interact. To change organizations for the better, you must give the people the opportunity to change they ways they think and interact. This cannot be done through increased training, or through command-and-control management approaches.

This researcher’s experience of more than 20 years in organizational change confirms this view; programs, however well designed, communicated, and managed, do not generate change. Only a systemic approach, focused on identifying and changing mindsets and developing new behaviours, embedded in the operational realities of an organization, will lead to fundamental change.

The message here for the OAG is that, as laid out in the recommendations, change will be accomplished by entrenching the learning of all members of the organization into how they go about their work; it cannot be accomplished alone through programs directed by human resources, professional practices, or other support units. Note that a key component of the change, according to Beer et al. (1990), is the redefinition of roles.

The OAG is vulnerable to the same danger faced by many organizations, that their attention to the change will lag in the immediacy of moving forward with the new work program. There would be no formal abandonment of the change initiative; like those

elsewhere, it would simply peter out over time. The consequences would, however, be significant. They have acquired momentum with the workshops held over the past four months. They have committed to improving the work environment. Expectations have been raised. To not persist would risk fracturing the fragile trust that has been established with employees and directors, seeing them disengage, and reawakening the cynicism that pervaded some of the initial conversations.

As Shaw (1997, p. 181) points out,

once lost, trust is not easily regained. In cultures of distrust, people take note of any behavior or event that confirms their suspicions. Their suspicions thus become self-perpetuating and highly resistant to change. In such cultures, people are also likely to ignore or discount any information that indicates that it is safe to let go of their distrust.

Duck (2001, p. 274) agrees, saying,

When managers allow an initiative to fail, or pretend that no one will notice if it's ignored and no longer discussed, they do themselves and the corporation a real disservice. People will begin to believe that half-measures are all the company is good for, that spectacular results are beyond the realm of possibility, and that mediocrity is all that's expected.

There is a positive side, however, as Duck also comments (Ibid, p. 273),

when the change initiative works, people can discover that the new work provides them with ample opportunities to shine, to exhibit qualities they didn't know they possessed or had not taken to this level before. ... When a company comes through a transition successfully, the entire organization benefits in renewed pride, confidence and a sense of control. ... This kind of experience can lead to the courage needed to step up to a future challenge and assume they can succeed – and possibly even be role models for someone else.

The research shows that middle managers can make a significant contribution to change, and the directors of the OAG have responded very positively to the invitation to

participate in making the OAG a change capable organization. Oshry (1993, p. 410 - 412) observes, “There is a great need for empowered Middles – Middles who act responsibly toward others, who are committed to their success, and who can deliver the information, direction, and support that others need. Middles who integrate are a potent force in their systems.” This researcher would be disappointed, were the momentum to dissipate.

Future Research

This project began with questions about change capability and the relationship between change and organizational learning, and then focused on the role of middle managers in building change capability over a four-month period in one small organization. These are several broad topic areas to be dealt with in one research project, and this research has only skimmed the surface of the themes discussed. At the same time, the period covered is relatively short for a fieldwork study, and the OAG, which does no policy development or program management, is not necessarily typical of most public sector organizations.

Within the OAG, further research could be undertaken in the following directions:

- In six to 12 months, to discover what progress they have made with their change initiative, and to test to what extent the organization is developing change capability, over the longer term;
- To analyse the change capability of their leaders;
- To ascertain the strengths and areas for development of their organizational learning style and capabilities;
- To explore the evolution of a “management culture” within the OAG.

New frameworks for change capability and change capable leadership were proposed as a result of the literature review. They have only been tested in this one small organization. In particular, the notion of change capability merits further research. Does the proposed framework have merit when compared to a larger body of research? Can it be applied to other public sector organizations? In the private sector? In the non-profit sector? What elements would need to be adapted in the different sectors? If the framework has merit, what recommendations could be made to organizations that want to become change capable?

The relationship between change capability and organizational learning also deserves more investigation. While writers all seem to agree that true change occurs only when new mindsets and behaviours are developed, there is limited practical data available on how to foster and protect the kind of on-going organizational learning that would be needed for continual change capability.

A third area of further research would be to discover what processes and techniques are most effective for developing change capable leadership abilities. This researcher, based on her own professional experience, suspects that structured action learning and other “in the moment” types of learning would be most effective, but has no data to substantiate that opinion. A related area of interest is the relationship between “change capability” and “managerial leadership” as defined by Jaques and Clement (1991). Particularly in for-profit, shareholder owned organizations, a focus on bottom line results is essential,

and that mindset is becoming more prevalent in the public sector as well. How can these two different, and equally relevant, ways of looking at leadership be blended to minimize confusion for leaders who need to create capability in their organizations? In all of the areas mentioned in this section, applied research projects in organizations would be required to obtain information that could be really useful to practitioners as well as theorists.

CHAPTER SIX – LESSONS LEARNED

Research Project Lessons Learned

This project has been, for this researcher, an outstanding learning journey. The selection of topic area was driven not only by the sponsor's needs, but also by my interest in gaining a better understanding of patterns I had observed over more than 20 years of experience in organizations undergoing rapid change. My learning has been tremendous, yet I have the impression that I have only skimmed the surface. The project's scope – change capability, change capable leadership, organizational learning, and the contribution of middle managers – is much broader than I realized at the start. It was at times difficult to keep all the elements in balance. I would strongly second the recommendation our professors made to us before we began, that researchers need to narrow the question as much as possible.

This project also generated a lot of data. I really wanted to take an action research approach, and to discover what would be the outcomes of an “organizational intervention” over a given time span. In my professional life, I have conducted interviews, focus groups, and surveys, analyzed data, and presented recommendations. Two focus groups, some observation, and a couple of interviews did not seem to me to be excessive, and I still believe that each added value. I did not truly appreciate to what extent the academic approach is more rigorous until faced with writing Chapter Four. It is probable that an “elapsed time” type of study is not the best approach for a master's

degree research project. I certainly would not recommend it to anyone using these data gathering tools for the first time.

Being an employee of the organization at the onset of the project was of great help to my understanding of the business issues they faced, and of the history and dynamics of the organization, without which the context would have been very difficult to establish. I would recommend, however, that student researchers who want to work in their own organizations select a project that is not directly linked to their job responsibilities. This project was embedded in a larger change initiative, which I was supporting, and it was very difficult to keep separate my thinking about the two projects. It has been considerably easier to do the analysis and develop the findings as an external observer and researcher, where I am responsible only for the outcomes of the research project.

There is a one more area of learning that I think would benefit future researchers. The sponsor organization is highly professional, and undertakes studies as part of its work. The members are used to tools such as interviews, focus groups, and surveys. They were not, however, familiar with the action research model, although everyone to whom I explained it nodded in understanding. I personally had limited experience with using reflection as a learning tool. My assumption in preparing the research design was that the sponsor (and possibly the executive) would work through the action research cycle in partnership with the researcher, sharing discovery and reflection. In practice, joint discovery and reflection were limited. I believe I could have created a better understanding of the intended process, and taken more actions myself to work toward

reflective partnership. I rather suspect, however, that my mixed internal/researcher role and their lack of experience with reflective dialogue were additional impediments to full implementation of this approach. My recommendations to other researchers are first, to select a research approach with which the sponsoring organization is comfortable, or which it sees a benefit in learning to apply, and secondly, to invest more time than I did at the onset of the project to be sure that the research process is well understood by all.

Program Lessons Learned

I began the MA LT program because I felt a need to develop a better theoretical and academic framework for the extensive practical knowledge and experience I had acquired throughout my very rich career. This program has offered far more than that. The two years of the RRU MA LT have been an outstanding learning journey, well beyond my expectations, and in areas I would not have thought would come from an academic degree. I wish it had been there ten years ago; it would have enriched my professional practice that much sooner. It has given me tools for continuing that journey.

My existing skills in systems thinking, research, writing, and self-directed learning have been enhanced by this project. I have become more sensitive to the type of leadership I am best equipped to provide, more consistent in its demonstration, and have a better understanding of how this capacity can be further developed. In this project with the OAG, I have had an opportunity for hands-on experience in working with individuals and groups through a “change initiative,” and developed a much better appreciation for how learning and growth can manifest themselves in such circumstances. I hope to be able to put this learning to good use in helping other organizations in the future.

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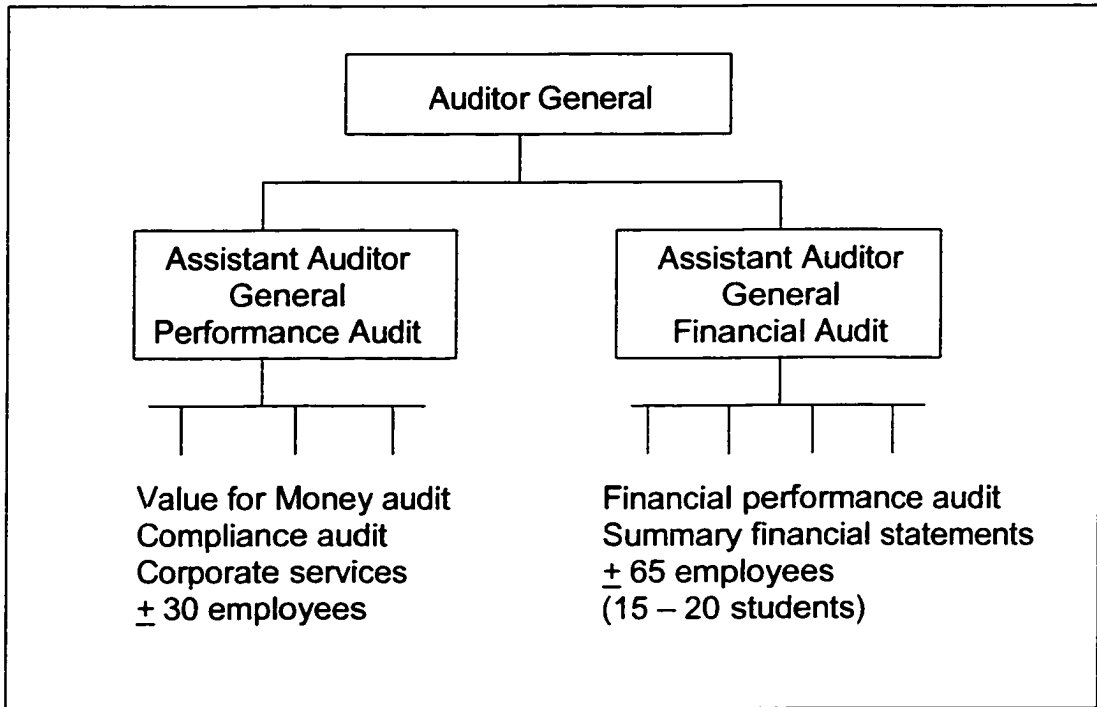
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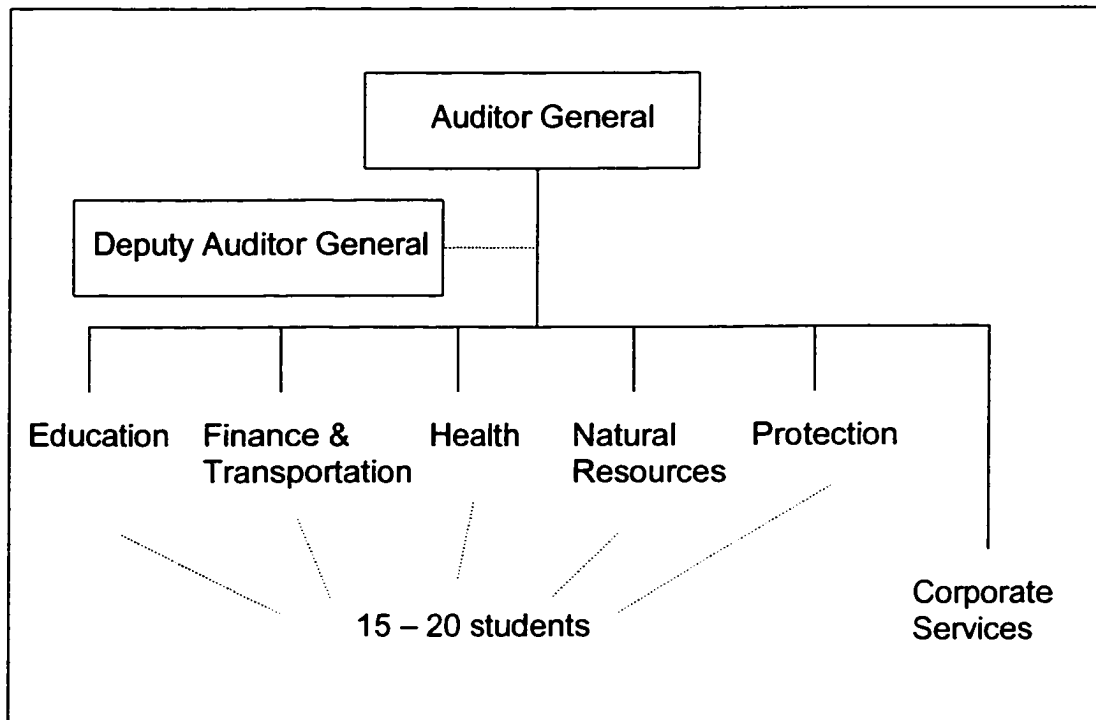
Appendices

A: OAG structure

Former OAG structure



New OAG structure



B: Research Consent Form: Directors I

This research project is part of the requirement for a Master of Arts in Leadership and Training.

The student concerned is **Nancy Dickson**. Ms. Dickson's credentials with Royal Roads University can be established by telephoning either Dr. Gerry Nixon, Dean of, Royal Roads University at (250) 391-2569 or Ms. Angela Wilson, Program Associate, MALT, at (250) 391-2589.

Purpose:

This document constitutes an agreement to take part in a research program, the objective of which is to enhance the change leadership capacities of the middle managers in the OAG.

Process:

The research will consist of two focus groups, one preceding the Directors' Workshop, and one approximately two months after the Directors' Workshop. Each will last not more than two hours. The first focus group will address questions such as how the Directors are experiencing the change taking place in the OAG, and what they currently perceive their roles and responsibilities in the organization to be. The second focus group will be an enquiry as to the experience of the Directors subsequent to the Directors' Workshop.

Confidentiality and Anonymity:

At each focus group, there will be a facilitator, plus a note taker. With the permission of participants, the focus group will be tape-recorded. Ground rules will include the agreement that what is said in the room stays in the room, and will not be discussed outside the room by any participants. Tapes and notes will be kept in a locked cabinet at the researcher's home, and destroyed at the completion of the project (April 2002). Findings will be summarized, in anonymous format, in the final research report. At no time will any comment be attributed to a specific individual.

Benefits expected to be gained by this project:

- Offers this particular group a forum in which to focus specifically on issues of concern to themselves as individuals and as a group, and to develop enhanced change leadership skills, and to build stronger collaborative working relationships.
- Helps align all the Directors as a group with the revised Vision for the Office, and with the Executive team.
- Increases Office capabilities to respond to change.
- The findings and recommendations from this research can be of assistance to the BC Public Service Renewal initiative, and could also be used in an audit to follow up on the one currently being completed on the public service work satisfaction.

A copy of the final report will be housed at Royal Roads University.

Prospective research subjects are not compelled to take part in this research project. If an individual does elect to take part, she or he is free to withdraw at any time with no prejudice. Similarly the choice not to take part in this research project will have no consequences for the employee.

By signing this letter, the individual gives free and informed consent to participating in this project.

Name: (Please Print): _____

Signed: _____ Date: _____

PLEASE SIGN TWO CONSENT FORMS, RETAIN ONE AND RETURN ONE TO THE INTERVIEWER.

B: Research Consent Form - Directors II

This research project is part of the requirement for a Master of Arts in Leadership and Training.

The student concerned is **Nancy Dickson**. Ms. Dickson's credentials with Royal Roads University can be established by telephoning either Dr. Gerry Nixon, Dean of, Royal Roads University at (250) 391-2569 or Ms. Angela Wilson, Program Associate, MALT, at (250) 391-2589.

Purpose:

This document constitutes an agreement to take part in a research program, the objective of which is to enhance the change leadership capacities of the middle managers in the OAG.

Process:

The research consists, in part, of two focus groups, one preceding the Directors' Workshop, and one two – three months after the Directors' Workshop. Each will last not more than two hours. The first focus group addressed questions such as how the Directors were experiencing the change taking place in the OAG, and what they currently perceived their roles and responsibilities in the organization to be. The second focus group will be an enquiry as to the experience of the Directors subsequent to the Directors' Workshop.

Confidentiality and Anonymity:

At each focus group, there will be a facilitator. With the permission of participants, the **first** focus group has been tape-recorded. Ground rules will include the agreement that what is said in the room stays in the room, and will not be discussed outside the room by any participants.

Tapes and notes will be kept in a locked cabinet at the researcher's home, and destroyed at the completion of the project (April 2002). Findings will be summarized, in anonymous format, in the final research report. At no time will any comment be attributed to a specific individual.

Benefits expected to be gained by this research project:

- Offers this particular group a forum in which to focus specifically on issues of concern to themselves as individuals and as a group, and to develop enhanced change leadership skills, and to build stronger collaborative working relationships.
- Helps align all the Directors as a group with the revised Vision for the Office, and with the Executive team.
- Increases Office capabilities to respond to change.
- The findings and recommendations from this research can be of assistance to the BC Public Service Renewal initiative, and could also be used in an audit to follow up on the one currently being completed on the public service work satisfaction.

A copy of the final report will be housed at Royal Roads University.

Prospective research subjects are requested, but not compelled, to take part in this research project. If an individual does elect to take part, she or he is free to withdraw at any time with no prejudice. Similarly the choice not to take part in this research project will have no consequences for the employee.

By signing this letter, the individual gives free and informed consent to participating in this project.

Name: (Please Print): _____

Signed: _____ Date: _____

PLEASE SIGN TWO CONSENT FORMS, RETAIN ONE AND RETURN ONE TO THE INTERVIEWER.

B: Research Consent Form - Interviews

This research project is part of the requirement for a Master of Arts in Leadership and Training.

The student concerned is **Nancy Dickson**. Ms. Dickson’s credentials with Royal Roads University can be established by telephoning either Dr. Gerry Nixon, Dean of, Royal Roads University at (250) 391-2569 or Ms. Angela Wilson, Program Associate, MALT, at (250) 391-2589.

Purpose:

This document constitutes an agreement to take part in a research program, the objective of which is to enhance the change leadership capacities of the middle managers in the OAG.

Process:

An action research model is being used. The applied research consists of gathering data through two focus groups with the Directors, one preceding their Workshop, and one two – three months after the Directors’ Workshop, and through two group interviews at the same time as the second focus group, one with the Auditor General and Deputy Auditor General, and one with some of the Senior Principals to whom the Directors report.

Confidentiality and Anonymity:

At each focus group, there will be a facilitator. With the permission of participants, the **first** focus group was tape-recorded. For the group interviews, the interviewer will take notes. Ground rules will include the agreement that what is said in the room stays in the room, and will not be discussed outside the room by any participants.

Tapes and notes will be kept in a locked cabinet at the researcher’s home, and destroyed at the completion of the project (April 2002). Findings will be summarized, in anonymous format, in the final research report. At no time will any comment be attributed to a specific individual.

Benefits expected to be gained by this research project:

- Offers this particular group a forum in which to focus specifically on issues of concern to themselves as individuals and as a group, and to develop enhanced change leadership skills, and to build stronger collaborative working relationships.
- Helps align all the Directors as a group with the revised Vision for the Office, and with the Executive team.
- Increases Office capabilities to respond to change.
- The findings and recommendations from this research can be of assistance to the BC Public Service Renewal initiative, and could also be used in an audit to follow up on the one currently being completed on the public service work satisfaction.

A copy of the final report will be housed at Royal Roads University.

Prospective research subjects are requested, but not compelled, to take part in this research project. If an individual does elect to take part, she or he is free to withdraw at any time with no prejudice. Similarly the choice not to take part in this research project will have no consequences for the employee.

By signing this letter, the individual gives free and informed consent to participating in this project.

Name: (Please Print): _____

Signed: _____ Date: _____

PLEASE SIGN TWO CONSENT FORMS, RETAIN ONE AND RETURN ONE TO THE INTERVIEWER.

C: First Focus Group Invitation

Email to all the directors, October 2:

The Executive team found their two-day workshop in early September very valuable, and would like to offer you a similar experience. As a group, you (the Directors) are very important to the Office's ability to achieve its short and longer term goals, and the Executive has decided to invite the same facilitator, Stephen Baetz, to come back to Victoria for a Director's Workshop. Please reserve October 29 - 30 on your agendas. The event will be off-site. More details will follow.

We will be holding one or two focus groups on October 11, to gather some data that will help us to plan this event.

As some of you may know, Wayne has agreed to act as sponsor for the Major Project that I need to do to complete my MA. Because of the importance of the middle management group to the Office and throughout government -- as change implementors, as those who develop our future professionals, as those from whom replacements for the existing executive will come -- the research will focus on how public sector middle managers can contribute to building change capable organizations. The work we do with you as a group will therefore be an element of the research project.

The focus group will support the research projects as well as helping us to build an event that meets your needs. An invitation will follow.

Any questions about the purpose and reasons for the workshop should be directed to your Senior Principal. I will be acting as the project coordinator.

Meeting invitation to all directors:

In follow up to my email about the Director's Workshop, I would like to invite you to attend a focus group to help us understand how you perceive the current situation in the Office, and to make sure that the workshop is appropriate for your group.

There are 16 Directors. We need at least 8 to participate in the focus group, preferably at least one from each Sector. Please respond to this invitation directly -- I will manage the numbers.

If there is enough interest, we can hold two separate focus groups of 6 - 8 people each. I'll get back to everyone once I see the response to this invitation.

We will be providing the questions in advance; Ce will be helping by taking notes. Because the focus group is also part of my RRU research, we will also be tape recording the conversation (for use in the research ONLY), and will be asking each participant to sign a consent form. Participation in the focus groups is voluntary.

call or drop by to see me if you have any questions.

Nancy

C: First Focus Group Questions

1. The Office was restructured nearly one year ago. What impact has that had on you and your work?
 - What do you think is working well?
 - What would you like to improve?
2. What is your understanding of the future direction of the Office?
3. To what extent do you perceive this as a change? how significant a change? do you expect further change? of what type?
4. What do you think is the role (and are the responsibilities) of a Director in the Office? (your personal perception). What could make you more effective in your role?
5. You've heard that the Office is organizing a workshop specifically for the Directors, as a follow-up to the one that the Executive team attended. Are there any specific issues that you would like to see addressed?

D: Feedback Questionnaire

A. As a result of the two-day *Dialogue on Direction* Workshop, and compared to before the workshop,

	☹			☺
10. I have a clearer understanding of what needs to change for the OAG to be successful in the future.	1 no change	2	3	4 much improved
11. I know <i>why</i> change is required.	1 not at all	2	3	4 much more
12. I have a better understanding of the future direction of the Office.	1 no change	2	3	4 much improved
13. I believe the Executive are aligned around the future direction.	1 not at all	2	3	4 com- pletely
14. I can support the future direction of the Office.	1 not at all	2	3	4 whole- heartedly
15. I can describe the challenges we will face in achieving the desired direction.	1 not at all	2	3	4 much better
16. This future direction will have an impact on my role and the role of the other Directors.	1 not at all	2	3	4 signifi- cant
17. I want to actively contribute to creating the future direction, even if it means a change in my role or in how I do things.	1 not at all	2	3	4 a great deal
18. I would like to participate in building the change plan for the Office.	1 not at all	2	3	4 fully

B1. For me, the **most** useful part of the workshop was:

Because?

B2. For me, the *least* useful part of the workshop was:

Because?

B3. the most important learning for me was:

B4. I will be able to use what I have learned back on the job: yes no

B5. If yes, how?

B6. If no, what barriers do you perceive that will prevent you from applying your learning?

B7. My suggestions for improving similar sessions for other Office employees are:

E: Focus Group II Invitation

Email to all the directors:

As you know, the Office is acting as sponsor for the Major Project portion of the MA at Royal Roads University in which I am enrolled. I am investigating how middle managers can contribute to building change-capable organizations.

Back in October, a number of the Directors participated in a focus group that helped in the design the workshop at the end of October. Following that workshop, most of you completed a survey, which was used to structure the Update meeting held at the end of January. As the final phase of the applied research, I will be gathering data from both Directors and Senior Principals.

You are invited to participate in a focus group, to be held February 14, 2002. The questions will be emailed to you a day or two before the workshop, to give you time for reflection.

As with the last workshop, confidentiality is guaranteed to all participants. For those of you who participated in the October focus group, we will NOT be tape recording this session, and no consent form will be required. Those who did not participate in the October session will need to sign a form, consenting to my using the data in my research project, and I will forward this form to you as well.

E: Focus Group II Questions

The Office was restructured approximately one year ago. Back in October, some of us talked about the impact on the Directors of the restructuring and related changes in the Office. Then there was a Workshop, during which the future direction of the Office and the changes were examined.

1. One year down the road, what would you say have been the most significant outcomes of the reorganization?
2. In October (both Focus Group and Workshop), a number of Directors said that the future direction of the Office (in Stephen's terms, the "land of milk and honey") was not very clear to them. Today, how clear is the Office's future direction for you?
3. What do you think is needed to make that future direction a reality? For example:
 - What do you see as key issues for the Office?
 - In terms of moving forward to that direction: what is working well? what could still be improved?
 - Some of you made comments such as "we've seen this before -- it's not any different, the process is inefficient, they should tell us clearly what is needed, and let us get on with it"... how do you now perceive the situation?
4. How do you think the Directors can / should contribute? What do you need (from your leaders, and in the work environment) to make that contribution? What would you say are key issues for the Directors?
5. What has been your most significant learning from this change process?

F: AG/DAG Interview

The OAG context for this discussion includes a major government change and reorganization, data gathered through the employee work environment survey, and the restructuring that occurred approximately one year ago. Our specific focus here is the middle management group, represented by 16 Directors.

1. Back in September, you expressed a desire to better involve the Directors in the change process. In your interactions with and observations of this group, do you perceive any change? Of what type?
2. You also stated that you would like to see the Directors “own the work plan”. To what extent do you feel your objective has been achieved? What remains to be done?
What do you feel has worked well in getting there? With reflection, is there anything you might do differently another time?
3. Looking forward, what challenges do you see in terms of involving the Directors in continuing change in the OAG? For the Executive team? For the Directors? For the Office?
4. What has been the most significant learning for you from this process?

F: Interview invitation to senior principals

Hi folks: as you know, the OAG is continuing to sponsor of my RRU research project. Peter Gregory, with whom I worked closely in planning & debriefing the Director workshop, has taken on the individual sponsor role.

One more phase of applied research remains. Peter and I agreed on the elements Jan. 30. He may not have had a chance to tell you -- I know he is tied up with CCOLA meetings. I am writing to you because this last phase will involve most of you, as well as a focus group with some of your Directors.

I am investigating how middle managers contribute to creating "change capable" organizations, and will be making recommendations that should be useful to the OAG as it continues to implement its change, as well as offering criteria that could be used in a future audit.

At the outset, we had data from the employee survey and the Executive Workshop in September, as well as specific comments from a number of you about how better to involve the Directors in the Office change process. The following activities then occurred:

- a focus group with Directors
- the Director workshop
- a follow-up survey of the Directors
- the Planning workshop held Jan 30 - Feb 1, in which the Directors played a part.

At this point, I need to gather data to determine the overall impact of these activities in relation to Director involvement, and need to have data from several different perspectives. A focus group with Directors is scheduled for February 15, and an interview with the Auditor General and Peter for February 18.

In addition, I would like to meet with those four of you to whom the majority of the Directors report, who were involved in this process from the beginning: A....., B....., C... and D....., all together, on February 21. (we could call this a large group interview or a small focus group!) for 1.5 to 2 hours.

Your input will be invaluable -- your participation will be greatly appreciated, and I thank you in advance. I will provide the interview questions a day or two before we meet.

Nancy Dickson

F: Senior Principal Interview

The OAG context for this discussion includes a major government change and reorganization, data gathered through the employee work environment survey, and the restructuring that occurred approximately one year ago. Our specific focus here is the middle management group, represented by 16 Directors.

1. After the Executive workshop, you expressed a desire to have the Directors better aligned with and more involved in the new Office direction. Compared to last September, have you observed / experienced any change? What kind of change?
2. In your personal interactions with the Directors reporting to you, as you work to establish a different relationship, what have been the most significant gains? The biggest hurdles?
3. Looking forward, what do you see as the key challenges for the Office to successfully implement the changes? For yourself? For the Directors?

How would you want the Directors to contribute?

4. How might these challenges be addressed?
5. What has been your most significant learning from this process?