AN EXAMINATION OF LEADERSHIP AND CHANGE AT MULTIPLE
ORGANISATIONAL HIERARCHY LEVELS IN A LOCAL GOVERNMENT SETTING

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Thesis Summary

The central question of this thesis is: What leadership behaviours, functions and processes are required and exhibited at multiple hierarchy levels of a local government organisation in undertaking a major change management project? In answering this question, this thesis seeks to address a number of identified research gaps.

Despite the implicit understanding in research literature that leadership effectiveness is inherently multi-level, there has been limited progress to date in the development of theories that consider leadership at multiple organisational hierarchy levels (Yammarino and Dansereau 2008; Chun, Yammarino, Dionne, Sosik and Koo Moon 2009). The literature also highlights an absence of empirical investigation into the leadership approaches contributed by the various members of cross-organisational teams, particularly where the team consists of multi-level leaders (Pearce and Sims 2002).

It is also recognised that despite the continuing growth in the public sector in western countries (Oreg and Berson 2011, p. 650), management and leadership research in the public sector remains limited (Kelman 2005; Shapiro and Rynes 2005; Pettigrew 2005; Dutton 2005; Worthington 2007, p. 389). This issue is heightened in the context of the constant and challenging reforms being faced by Australian public sector organisations. A specific gap in the research relates to the impact of organisational leadership approaches to change management in the Australian public sector, and most particularly, in local government (Aulich 1999b, p. 12).

In response, this thesis provides a detailed, empirically based descriptive case study of the leadership functions and processes evident at multiple hierarchy levels in a self-initiated change management project within a Victorian local government organisation. More specifically, the study develops a deeper level understanding of the leadership behaviours, functions and processes demonstrated by leaders at multiple organisational hierarchy levels in enacting successful change. It does this by referencing and building on full range leadership theory and authentic leadership theory.

The research determined that whilst strong transformational leadership behaviours were demonstrated at the three hierarchy levels examined, an inverse relationship was found between strength of transformational leadership behaviours demonstrated, and hierarchical level. That is, those at lower hierarchical levels demonstrated higher levels of transformational behaviours compared to those at higher hierarchical levels. Further, this
research study found a strong inter-relationship between the positive influence of authentic transformational leadership behaviours on communication effectiveness, and the resultant positive contribution to change success. A theoretical construct that draws together the inter-relationship between authentic transformational leadership, change management and communication is proposed as a result.
Statement of Authorship

Except where reference is made in the text of the thesis, this thesis contains no material published elsewhere or extracted in whole or in part from a thesis submitted for the award of any other degree or diploma.

No other person’s work has been used without due acknowledgement in the main text of the thesis.

The thesis has not been submitted for the award of any degree or diploma in any other tertiary institution.

All research procedures used in the preparation of this thesis have received La Trobe University Ethics approval.

Signed

Graeme J. Emonson
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Referencing Style

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Chapter One: Introduction

1.1 Background to the Study

Multiple financial, cultural and political factors are creating an impetus for exploring new leadership in Australian local government contexts – leadership capable of creating an environment for change that enables ongoing, sustained, self-initiated change management practices.

Local government plays an important role in Australia’s system of government and in contemporary Australian society. Its functions include service delivery, representation and participation, and advocacy of constituent needs to higher levels of government (Aulich 2005, p. 197). Local government in Australia is responsible for annual expenditure in excess of $27.8 billion (2009/10), manages assets valued at more than $326 billion (ABS 2011, website), and employs approximately 192,000 employees (Australian Centre of Excellence for Local Government 2013, p. 1). Aulich (1999b) argues that local government plays a significant role in the Australian federal system by giving voice to local aspirations for decentralised governance and by providing a mechanism for efficient delivery of services to local communities (p. 19).

As part of considerable reform of the Australian public sector over the past two decades (Aulich 1999b, p. 12; Aulich 1999a, p. 38; Aulich 2009, p. 47; Dollery, Grant and Akimov 2010, p. 217; Worthington and Dollery 2002, p. 496; Kloot and Martin 2002, p. 1), local government has experienced a period of externally imposed, intense reform. These changes have included structural, functional, financial, jurisdictional and internal organisational and managerial reform. Changes have been most evident in the form of forced consolidation of municipal units (Dollery et al. 2010, p. 217; Marshall 2010, pp. 84-85; Aulich 2005, p. 193; Worthington and Dollery 2002, p. 496). This has seen the number of municipal authorities reduce from 840 to 559 between 1982 and 2008. The appetite for higher tiers of government to amalgamate council units has been largely driven by a desire for improved operational efficiency and enhanced local government service delivery (Dollery, Byrnes and Crase 2008, p. 333).
Much of the structural reform of the past two decades has been driven by an ideological agenda based on New Public Management (NPM) thinking. State and territory governments have embarked on local government restructuring in the belief that larger units will create greater efficiencies and improve financial sustainability (Dollery 2009, p. 5; Marshall 2010, p. 85; Kloot and Martin 2010, p. 130); provide more effective government; be better suited to the needs of a modern economy; and be better equipped to deliver improved services and governance (Aulich, Gibbs, Gooding, McKinlay, Pillora and Sansom 2011, p. 13). Despite these reforms, evidence suggests that compulsory mergers of local government authorities and other micro-economic reforms have not been the ‘silver bullet’ for remedying financial problems in Australia’s local governments (Dollery et al. 2010, p. 218).

In 2006, PriceWaterhouseCoopers (PWC) undertook a review titled the National Financial Sustainability Study of Local Government (2006). The PWC (2006) report concluded that approximately 40 per cent of all Australian local councils ‘are currently not sustainable’, and further, a ‘significant proportion’ of all councils face ‘sizeable sustainability challenges’ (PWC 2006, p. 117). PWC estimated that there is a potential national infrastructure backlog of between $12.0 billion and $15.3 billion across all seven Australian local government jurisdictions (PWC 2006, p. 11). Additionally, the PWC report indicated that an annual shortfall in expenditure on existing local infrastructure renewal occurs in the range of $0.9 billion to $1.2 billion (PWC 2006, p. 11).

Australian local government has reached a pivotal threshold in its development. Dollery, Wallis and Allan (2006b) argue that if current financial arrangements for Australia’s system of local government continue and no new sources of funding are found, the current expansionist offering of services by local government can only occur at the cost of further infrastructure degradation, and with severe community consequences. It is clear that fundamental change and restructuring is required within Australian local government units for the sector to remain viable, and importantly, relevant to the communities they serve.

All spheres of Australian government are attempting to respond to the increasing demands for participation from a better educated, more articulate and more demanding citizenry. Many citizens express a declining level of trust in political institutions (Aulich, Wettenhall and Evans 2012, p. 1) and a growing belief that purely representative democracy can result in a ‘democratic deficit’ (Aulich 2009, p. 52). This view is expressed through demands for citizen engagement beyond traditional democratic processes. Exercising the right to vote as part of a four year election cycle seems no longer enough.
Additionally, there is recognition that in the modern world, public policy problems are becoming increasingly complex (Stoker 2011, p. 23) and are therefore demanding new, creative forms of resolution.

Governments are seeking to move on from public policy solutions based on notions of public choice inherent in NPM, to embrace notions of public value and ‘new localism’ (Stoker 2004, p. 117). This makes a distinct divergence from the neo-liberal concept of reducing the role and size of government, a key tenet of NPM. This divergence arguably requires local government leaders to substantially re-frame their approaches to leadership. An additional challenge for local government’s leaders in moving more towards greater participatory governance lies, as indicated, in the community’s anti-politics culture and the general distrust for government and politicians (Mortimore 1995, p. 31; Aulich, Wettenhall and Evans 2012, p. 1). The recent global recession and related financial corporate losses and failures have placed a spotlight on leadership integrity and trust, with some arguing that the worldwide financial losses are a direct result of corporate leadership that lacks integrity (Time 2008, p. 18-26). Such negative perceptions of leadership also invariably flow to the public sector.

Against a backdrop of globalisation, increasing financial vulnerability, growing distrust in governments and their leaders, pressures for greater citizen participation, and shifting social and demographic trends, it is posited that a primary future role for local government leaders will be the leadership of transformational, or discontinuous (Hayes 2002, p. 6), change. Little historical evidence exists of Australian local government authorities embarking on the type of self-initiated, sustained transformational change required to address contemporary challenges. The Australian Centre of Excellence for Local Government (2011) found that ‘many councils appear reluctant to embrace necessary change unless and until it is sanctioned or enforced by states’ (p. 5). Further, they found that ‘local government could do more to control its own destiny, and take the lead more often’ (p. 5). Reasons for this reluctance to lead self-initiated, transformational change are likely to include a discomfort with the uncertainty that is associated with change; a strong attachment to established cultures; and perceived negative effects on personal interests including political and professional interests (Palmer, Dunford and Akin 2006, pp.148 – 149).
Empirical research highlights that attempts to implement organisational change are predominantly unsuccessful, with up to 70 per cent of change initiatives reportedly failing (Higgs and Rowland 2005, p. 122). Gill (2003) argues that the reason for this poor performance is not necessarily poor management, ‘but more likely a lack of effective leadership’ (Gill 2003, p. 307).

1.2 Research Rationale

Despite the continuing growth in the public sector in western countries (Oreg and Berson 2011, p. 650), management and leadership research in the sector remains limited (Kelman 2005; Shapiro and Rynes 2005; Pettigrew 2005; Dutton 2005). Many authors (e.g. Feldman 2005; Shapiro and Rynes 2005; Pettigrew 2005) note that limited research in the public sector is a cause for alarm given the serious challenges countries are facing in ‘managing public organizations [sic] effectively, and of solving intractable public problems that have a strong management component’ (Kelman 2005, p. 967). This issue is particularly heightened in the context that public organisations are facing significant and challenging reforms, often initiated by external influences and authorities (Oreg and Berson 2011, p. 650).

Voluminous literature demonstrates that leadership is comprised of complex, non-formulaic processes that can exist at a variety of unspecified points across a number of simultaneously functioning continuums that include behavioural traits, knowledge content, functions performed, tasks completed, attitudes demonstrated, and goals achieved. A review of leadership and change management theory literature supports the view that the need for research in public organisations is particularly high with respect to the topic of change (Oreg and Benson 2011, p. 650). The literature also identifies a paucity of research into the impact of organisational leadership approaches to change management in the Australian public sector, specifically in local government. This dearth of research is even more acutely apparent when searching for case studies that provide an in-depth, empirical evidence base. It is proposed that this represents an important theoretical gap.
There is also an absence of empirical investigation into the leadership approaches contributed by the various members of a change management, cross-organisational team, particularly where the team consists of multi-level leaders. In organisational change, leaders at the top of the organisational hierarchy rarely act in isolation. They are heavily reliant on working collaboratively with others within the organisation and at multiple hierarchy levels to achieve successful implementation of change (Menges, Walter, Vogel and Bruch 2011, p. 893).

So, in a multi-level change management team, if different leadership approaches and processes exist, what are they and how do they individually and collectively contribute to, or detract from, the success of major organisational change? An empirically-based, in-depth examination of this phenomenon will enable advanced theoretical understanding of the influence of leadership at multiple hierarchy levels in organisational change. Such learnings would be valuable in assisting Australian public sector organisations to develop their capacity for self-initiated, successful transformational change of the type necessary to manage the challenges and pressures confronting the Australian public sector, and most particularly, local government. The importance ascribed to these theoretical learnings forms the rationale for this research.

1.3 Research Aim

As indicated, the aim of this research is to provide a detailed, empirically-based examination of the leadership behaviours, functions and processes evident at multiple organisational hierarchy levels. Specifically, this examination has been contextualised within a recently-completed successful change management project in a Victorian local government setting.

It is proposed that a variety of leadership behaviours, functions and processes may be evident (or possibly even required) at different hierarchy levels of the organisation to be effective in a major change management process.

The central research question of this thesis is therefore:

What leadership behaviours, functions and processes are required and exhibited at multiple hierarchy levels of a local government organisation in undertaking a major change management project?
This research question enabled an in-depth examination of the experiences, observations, behaviours and feelings of members of a change leadership team that represent multiple organisational hierarchy levels, and the findings are presented as an idiographic explanation (see below and more detail in Chapter Four).

The specific change management project selected for the case study involved the divestment of a 102 bed residential aged care facility from the operations of a local government authority, namely Knox City Council in Melbourne, Victoria. The divestment included the sale of the business, the disposal of land and buildings and the retrenchment of over a hundred staff.

1.4 Research Objective

The primary objective of this research study is to determine and analyse the leadership behaviours, functions and processes exhibited at multiple hierarchy levels of the subject case study local government organisation in undertaking a major change management project. To meet this research objective, a number of specific objectives have been established which form the basis of the research design, as follows:

- a determination of the leadership behaviours, functions and processes exhibited by the subject change management team (unit of analysis);
- a determination of how the exhibited leadership behaviours, functions and processes contributed to the success or otherwise of the subject change management project;
- a determination as to whether the exhibited leadership behaviours, functions and processes are consistent or variable across organisational hierarchy levels; and
- a determination as to whether the exhibited leadership behaviours, functions and processes correlate with broader organisational leadership attributes based on an analysis of secondary data.

A secondary objective of this research is to extend existing leadership and change management theory. This objective will be achieved by advancing a theoretical model that draws together the influence of leadership behaviours, functions and processes on change management practices and outcomes.
1.5 Research Method

The research method used was based on a single descriptive case study design. Using inductive typology (de Vaus 2005, p. 226) descriptions were selected and organised for comparative analysis by referencing full range leadership theory. Further refinement of the full range leadership theory categories was also applied by providing comparative analysis with authentic leadership components. Full range leadership theory conceptual categories (transformational leadership, transactional leadership and laissez-faire leadership) and authentic leadership theory conceptual categories (balanced processing, internal moral perspective, relational transparency and self-awareness) were used in the form of comparison with ideal types (de Vaus 2005, p. 225). These ideal types were used as a yardstick against which to analyse and compare the leadership approaches of each of the embedded units of analysis.

The research used a retrospective design, and applied a mixed methods research approach. As an embedded case study, the research relied on in-depth interviews with the specific change leadership team members for the collection of primary, qualitative data. The project also utilised a questionnaire based on Avolio and Bass’ (2004) Multifactor Leadership Questionnaire (5X-Short) (MLQ) to collect primary, quantitative data about the leadership approach of the embedded units of analysis. Data from secondary data sources such as internal reports were also sourced as part of the mixed methods research approach.

The research attempts to provide an idiographic explanation. It focuses on the leadership demonstrated in a particular major change management project, and uses qualitative and quantitative data in order to develop a complete, deep explanation of the leadership behaviours, functions and processes required and exhibited at multiple levels of the organisation (de Vaus 2005, p. 22). This involves examining as many factors as possible that contribute to the case, including unique factors (de Vaus 2005, p. 22). This allows for a full and contextualised understanding of the case (de Vaus 2005, p. 234).

Finally, the research method includes insider research; the researcher is an employee of the case study organisation. The advantages and limitations of applying insider research in this research study are explained in detail in Chapter Four. All ethical guidelines have been met.
1.6 Limitations of the Research

This research focused on gaining a deeper, empirical understanding of a phenomenon in a Victorian local government authority, using a single case study examination. As such, the generalisability of the findings of this research may be limited. These limitations are explained more fully in Chapters Four and Six. Despite these limitations, the findings are still relevant to other Victorian and Australian local government units and, to a lesser extent, international local government units and the broader public sector.

1.7 Thesis Structure

Following introductory material outlined in this current Chapter, Chapter Two provides a more comprehensive examination of the context and rationale for this research study. It contextually positions local government in Australia's system of government; describes the challenges and limitations currently confronting traditional forms of local government in Australia; and summarises reform measures implemented in Australian local government in past decades. Finally, Chapter Two outlines the need for new forms of leadership to enable self-initiated, transformational change in Australian local government.

Chapter Three provides a review of literature relevant to this research, with a focus on leadership and change management theories. Chapter Four provides a detailed description of the research design applied to this study. Chapter Five presents the detailed results and findings from the qualitative and quantitative research, and Chapter Six presents a discussion of the findings in relation to the research aim. Chapter Seven presents the conclusions from the research study and examines the limitations arising from the research, as well as additional opportunities for theory extension. Figure 1 below provides a diagrammatical representation of the thesis structure.
Chapter One: Introduction

Figure 1: Thesis Structure
Chapter Two: Background and Context

2.1 Introduction

This Chapter provides an overview of the context in which local government operates within the broader Australian system of government and the challenges and vulnerabilities faced by contemporary Australian local government. An outline of significant local government reforms undertaken in the past two decades in all Australian jurisdictions is also provided. The literature shows that despite significant structural and micro-economic reform, local government in Australia continues to face considerable challenges associated with financial austerity, distrust from constituencies and pressures for new forms of participatory democracy and leadership. A new approach to leadership is advocated as a means of progressing public management in Australian local government from the influences of NPM to notions of public value.

Extensive literature highlights the mounting pressure for change in the Australian public sector. The literature also identifies an historical reluctance of the Australian local government sector to initiate and enact transformational change. The pressures for change highlighted in this Chapter pose a compelling case for increased capacity for change leadership at various levels within Australian local government organisations. This context provides the backdrop for the significance of this research study, and forms the basis of the following research question to be examined in a case study of transformational change undertaken in a large metropolitan municipal council in Melbourne, Victoria, Australia: What leadership behaviours, functions and processes are required and exhibited at multiple hierarchy levels of a local government organisation in undertaking a major change management project?

2.2 Local Government in Australia

Local government plays an important role in Australia’s system of government. Its functions include service delivery, representation and participation, and advocacy of constituent needs to higher levels of government (Aulich 2005, p. 197). As a direct provider of local services and facilities, and with responsibility for administrative and governance functions, Australian local government plays a significant role within local communities and the broader government service delivery environment (Australian Centre of Excellence for Local Government 2013).
Local government bodies have existed in Australia for in excess of 170 years, commencing with the establishment of the Adelaide Corporation (now known as the City of Adelaide) in 1840 (Australian Local Government Association 2012). With the exception of the Northern Territory, where most local governments are relatively recently established, Australia’s system of local government is generally regarded as being functionally and politically mature (Aulich et al. 2011, p. 13). In 2013 there are 565 local government bodies promoting local interests and delivering important services and infrastructure to their communities. Of note, populations of Australian local government authorities range from a few hundred to more than one million. Similarly, the geographical areas of local government bodies in Australia are diverse with their geographical areas ranging from less than one square kilometre to almost 380,000 square kilometres.

By way of international comparison, the powers and functions afforded to Australian local government by way of state and territory legislation are relatively narrow, sometimes regarded as the narrowest range of local government functions of any western country (Aulich 1999b, p. 12; Aulich 1999a, p. 37; Aulich and Pietsch 2002, p. 14). This narrow range of functions should not diminish the importance of the local government sector in Australia’s system of government, or the contribution local government makes to Australian society. Self (1997) claims that the value of Australia’s system of local government is that it ‘remains genuinely local and grass roots in a way that is no longer true of most overseas systems’ (p. 298). Richardson (2004) agrees, arguing that Australian local government offers advantages for securing community outcomes not possible through other tiers of government due to ‘its manageable scale, its local nature, and its ease of identification with the community’ (p. 6).

The role of Australia’s local government in the national economy should also not be understated. Australian local government accounts for annual public expenditure of more than $27.8 billion (2009/10). Local government authorities annually collect over $10 billion in taxation to provide an essential range of local services vital to national well-being (Commonwealth of Australia 2010). Local government collects approximately 4 per cent of total taxation revenue in Australia (National Office of Local Government 2002, p. 5), and employs approximately 192,000 people nationally (Australian Centre of Excellence for Local Government 2013, p. 1). On average, there are 350 local government employees per local government authority in Australia, making local government a significant employment sector in the Australian economy (Australian Centre of Excellence for Local Government 2013, p. 1).
Appendix A provides a more comprehensive description for the interested reader of the evolution, functions, constitutional arrangements, challenges and contemporary position of Australia’s system of local government. Appendix B also provides a detailed description of the history, contemporary profile and recent reform of local government in Victoria, as the jurisdiction in which the subject case study municipal authority is located.

2.3 Recent Reform of Australia’s Local Government

As part of considerable reform of the Australian public sector over the past two decades (Aulich 1999b, p. 12; Aulich 1999a, p. 38; Aulich 2009, p. 47; Dollery et al. 2010, p. 217; Worthington and Dollery 2002, p. 496; Kloot and Martin 2002, p. 1), local government has experienced a period of intense structural change. Whilst change and reform in local government has occurred in many forms, most evident is forced consolidation of municipal units (Dollery, Grant and Akimov 2010, p. 217; Marshall 2010, pp. 84-85; Aulich 2005, p. 193; Worthington and Dollery 2002, p. 496). Council amalgamations are not a new phenomenon in Australian local government, as Anne Vince (1997) found in her review of Australian municipal reform. Vince (1997) described council amalgamations as ‘a golden thread which runs through Australian local government history’ (p. 151). This was an observation on the apparent long standing consensus amongst policy makers in higher tiers of government that amalgamation of council units ‘represents the most powerful policy tool available to improve both the operational efficiency of municipal authorities and enhance local government service delivery’ (Dollery, Byrnes and Crase 2008, p. 333).

The preference for Australian local government policy-makers to choose amalgamation of local government units as the preferred reform tool is evidenced by the total number of municipal authorities in Australia decreasing from 1067 to 559 between 1910 and 2008 – a reduction of more than 47 per cent – despite the total recorded population of Australia increasing from 4,425,083 to 20,209,993 during this same period (ABS 2007).

It is noted that the desire for local government reform in Australia has continued more or less unabated irrespective of the political complexions of state and Commonwealth governments (Worthington and Dollery 2002, p. 496). A report to the Australian Government in 2012 noted this ongoing interest and desire for reform of local government in Australia. In their report, Grimsey, Jones and Hemingway (2012) highlight that ‘[a]s both a cause and consequence of its changing role in society, it seems that the local government sector in Australia is almost permanently under the microscope’ (p. 10).
Whilst Australian state governments have imposed programs of local government reform of differing degrees of intensity for more than a century (Dollery 2009, p. 1; Marshall 2010, p. 84; Dollery, Byrnes and Crase 2008, p. 333), structural reform had its greatest impact in the 1990s. Driven by an ideological agenda based on NPM thinking (Aulich 1999b, p. 13), Australian state and territory governments embarked upon local government structural change in the belief that larger units would create greater efficiencies and improve financial sustainability (Dollery 2009, p. 5; Aulich 1999b, p. 13; Marshall 2010, p. 85; Kloot and Martin 2010, p. 130); provide more effective government; be better suited to the needs of a modern economy; and be better equipped to deliver better services and governance (Aulich et al. 2011, p. 13). A broad range of micro-economic reform, including National Competition Policy Principles, has underlined this reform (Aulich 1999a, p. 38).

Much of local government’s structural reform has taken place under the influence of neo-liberal economic rationalist doctrine (Dollery, Grant and Akimov 2010, p. 217) and in line with NPM philosophy (Aulich 1999b, p.13; Kloot and Martin 2002, p. 1; Stoker 2006, p. 45; Brunetto and Farr-Wharton 2008, p. 38; Pullin and Haidar 2003, p. 286). NPM, which emerged in the 1980s, was in part a reaction to the recognised shortcomings of traditional public administration that was criticised for its inflexibility, lack of responsiveness, and an inefficiency stemming from a focus on processes rather than outcomes (Alford and Hughes 2008, p. 134). The basic themes of NPM include: the use of market discipline to improve productivity; a shift away from policy-making and more towards management skills; from process to output; from hierarchies to competition; and from uniform and inclusive public service to contract provision (Kloot and Martin 2002, p. 2). The adoption of managerialist philosophies in the Australian public sector has been an attempt to see the public sector function more like the private sector.

Aulich et al. (2011) highlight that a recurrent theme in local government reform in Australia has been the issue of municipal amalgamation and the various benefits that are assumed to flow from it. They note that proposals for council amalgamations have often focused heavily on economic arguments to the exclusion of other issues such as good governance, effective local democracy and representation (p. 3).
Despite the economic efficiency interest in council amalgamations by policy-makers, Aulich et al. (2011) found that any efficiency gains from municipal consolidation should not be expected to deliver significant reductions in rates and charges as often claimed by proponents of council amalgamation. Rather, they found that any efficiency gains are more likely to be reflected in enhanced strategic capacity or improved service delivery rather than reduced expenditure (pp. 9-10).

Whilst structural reform in the shape of council amalgamations has been the most recognisable form of Australian local government reform in recent decades, it is just one of several different approaches adopted by higher levels of government to enact reform of local government authorities. Gooding (2013) notes that local government reform has, and continues to, include a wide variety of inquiries, reviews and change processes. An analysis undertaken for the Australian Centre of Excellence for Local Government in February and March 2013, titled Review of Current Local Government Reform Processes in Australia and New Zealand (2013), found that nearly 30 review and reform initiatives were underway or about to commence in local government in the two countries at that time. These initiatives comprised a variety of forms ranging from broad reviews to detailed reforms (Gooding 2013, p. 3). All reforms identified by Gooding (2013) shared an intention to improve some aspects of the structure, performance or accountability of local government (Gooding 2013, p. 3). It was noted that the reform initiatives underway or proposed ranged from addressing the operations of the whole local government sector in the respective jurisdiction, to others concentrating on ‘specific aspects of council operations or key geographic areas’ (Gooding 2013, p. 3).

It is useful to provide a categorisation of the reform processes applied in Australian local government in recent decades to comprehend the breath and scale of reform. Dollery, Garcea and LeSage (2008) provide a typology of reform in their comparative study of local government systems in Australia, Britain, Canada, Ireland, New Zealand and the United States of America (Gooding 2013, p. 4). They identified five specific types of reform. These are useful for classifying recent municipal reform programs in Australia:
a. Jurisdictional reform, which consists of changes to the authority and autonomy of local government, including general competency powers, and specific by-law making powers;

b. Organisational and managerial reform, which involves changes to the legislative, executive, management and administrative structures and processes of local councils;

c. Structural reform, which involves changes to municipal boundaries, number and type of local authorities;

d. Financial reform, which includes revisions to financial and/or budgetary frameworks affecting local authorities; and

e. Functional reform, which involves changes in the number and types of functions performed by local authorities, including the realignment of functions between local government and other tiers of government (Australian Centre of Excellence for Local Government 2011, p. 33).

The following provides a discussion of the types of reform undertaken in Australian local government in the past two decades utilising Dollery, Garcea and LeSage’s (2008) typology:

a. Jurisdictional reforms - All Australian state governments have completed substantial reviews of their Local Government Acts (Aulich 1999b, p. 14; Marshall 2010, p. 81). Whereas the state’s legislative reforms have varied enormously in their content across jurisdictions, these reforms have all contained some common features. Key amongst these is reforms to the operations of councils to set out accountability mechanisms, and to eliminate and reduce the detailed prescription contained within applicable legislation (Wensing 1997, p. 91). All state governments enacted legislation that introduced new governance and management practices for local authorities (Aulich 1999b, p. 15), including redefining the roles of elected members and appointed officials to ensure a clear separation between policy and administration.
b. Organisational and Managerial Reform - As an example, revised legislation in many state Local Government Acts established a framework for local government to apply competition principles contained in the Competition Principles Agreement (CPA) of 1994 (Aulich 1999b, pp. 16-17). In general, the CPA covers both the prohibition of commercial practices such as price fixing, market sharing, resale price maintenance and third line forcing in the public sector. The CPA endorsed the notion of competitive neutrality to ensure that there is no net advantage by government business enterprise over private sector competitors (Worthington and Dollery 2002, p. 499).

The Victorian State Government mandated adoption of the CPA for local government (Aulich 1999a, p. 38). Mandatory activities involved the setting of targets for the introduction of compulsory competitive tendering (Aulich 1999b, p. 17; Aulich 1999a, p. 38). Compulsory targets for council expenditures to be subjected to competitive tender were set at 20 per cent in 1994-95, 30 per cent in 1995-96 and 50 per cent in 1996-97.

Another major theme of Australian local government reform in recent decades has been in the area of workplace reform, including moving away from traditional statutory, technically-based employment roles and towards fixed-term, performance-based contracts for all senior employees (Worthington and Dollery 2002, p. 510; Marshall 2010, p. 101).

c. Structural Reform - Arguably the most contentious and prominent feature of Australian local government reform has been the restructuring and consolidation of local government areas. Structural reform has facilitated the number of Australian local government units reducing from 848 in 1990 to 559 in 2008.

d. Financial Reform - In Victoria, restructuring and consolidation of local government areas in the 1990s was accompanied by significant financial reforms such as mandated capping of rates and reduction of local government budgets by 20 per cent (Aulich 1999b, p. 17; Aulich 2005, p. 205).
Financial reforms have primarily focused on the implementation of external reporting requirements of Australian Accounting Standard AAS27 Financial Reporting by Local Government (1990). The application of AAS27 required local governments to move towards a more business-oriented approach for financial reporting based on accrual accounting, rather than the traditional, heavily regulated reporting system based on fund accounting, which emphasised cash flow accounting (Worthington and Dollery 2002, p. 511).

**Functional Reform** - A secondary yet closely related issue that has been advanced as an argument for restructuring local government in Australia is the growing expectation by higher levels of government that local government will contribute to the achievement of national and state-level policy agendas (Aulich et al. 2011, p. 15) through the expansion of local government’s role, functions and activities.

The reforms outlined above portray the comprehensive attempts made in recent decades to modify and modernise Australian local government. Despite such efforts, however, significant challenges and vulnerabilities remain for the Australian local government sector (Australian Centre of Excellence for Local Government 2011, P. 37). The following sections outline these challenges and build a compelling case for developing change leadership capacity within Australian local government organisations.

### 2.4 Financial Vulnerability

Despite a significant focus on the structural and micro-economic reform of local government in Australia in recent decades, a number of recent inquiries have established that ‘a large number of local councils in all local government jurisdictions continue to face daunting financial problems, centred mostly on local infrastructure depletion crises’ (Dollery et al. 2010, p. 217). Evidence suggests that compulsory mergers of councils and other micro-economic reforms have not succeeded in mitigating the financial vulnerability felt within Australia’s local governments (Australian Centre of Excellence for Local Government 2011, pp. 3-4, 37; Dollery et al. 2010, p. 218; Aulich et al. 2011, pp. 9-10).
This concern for financial sustainability manifested itself in the first decade of the twenty-first century with an over-whelming pre-occupation with local government’s financial health by Australian states, ‘especially the precarious position of small rural and remote councils, but also broader weaknesses in asset and financial management’ (Australian Centre of Excellence for Local Government 2011, p. 3).

The states of South Australia, New South Wales, Queensland and Western Australia all undertook their own independent inquiries into local government financial sustainability in the period 2005 to 2006 (Worthington 2007, p. 390). Additionally, as highlighted in Chapter One, in 2006 the Australian Local Government Association commissioned commercial company PriceWaterhouseCoopers (PWC) to undertake a review entitled the National Financial Sustainability Study of Local Government (2006). This review reiterated the serious financial sustainability challenges that Australian councils face (PWC 2006, p. 117). The PWC report highlighted a growing gap between the expansion of local government functions and the relatively slow growth in revenues that has resulted in a substantial under-investment in asset maintenance and renewal. Based on projections, funding in the range $1.8 billion to $2.3 billion per annum would be required to address local government’s deficit in infrastructure maintenance spending, and to eliminate the local infrastructure backlog (Dollery and Mounter 2010, pp. 220-221). Building on the PWC report, in 2008 the Productivity Commission also reported that Australian local government revenues were lagging in GDP growth and that nationally, councils were ‘losing’ about $1 billion per annum (Aulich et al. 2011, p. 16).

Reflecting the Commonwealth Government’s concerns for local government’s capacity to finance local infrastructure, in 2011 the Federal Department of Regional Australia, Local Government, Arts and Sport commissioned Ernst and Young to review the prioritisation and financing of local infrastructure by local government (Gooding 2013, p. 8). This study found that local government is responsible for a stock of assets worth $301 billion (Grimsey et al. 2012, p. 13) and that Australian local government needs to finds new ways of financing the infrastructure under its control. Grimsey et al. (2012) notes that:

‘The environment in which local government delivers and manages infrastructure has evolved significantly in the last twenty years. This evolution has been characterised by major structural reform in every state but one, shifting patterns of funding, and a range of challenges created by demographic change and growing community expectations’ (p. 10).
The New South Wales Minister for Local Government, Don Page also highlighted the financial vulnerability of local government in that state in his address to the 2011 New South Wales Local Government and Shires Association State Conference. In recognition of the precarious financial state of New South Wales local government, Minister Page announced a plan to undertake sweeping reforms to the state local government sector. To justify the need for major reform, Minister Page stated that:

‘half of NSW councils were struggling financially, with infrastructure backlog identified as one of the key pressure points...we recognise that Local Government in NSW is struggling’ (Page 2011, p. 1).

A number of reasons are proposed for the financial austerity (Dollery, Crase and Byrnes 2006a, p. 339) experienced by Australian local government. Firstly, local government revenue as a proportion of national income has been falling relative to other tiers of government for the past 30 years. Secondly, property rates are still the only tax that can be levied by Australian councils. In some jurisdictions the opportunity to increase revenue through rate increases is controlled by the state, and where it is not, councils are often reluctant to increase rates substantially due to local political pressure. Local government therefore finds itself in a situation where ‘higher tiers of government in Australia [are] unwilling to provide more financial assistance to municipal councils, ...[and] local government itself is hesitant to use its only taxing power to remedy its fiscal plight’ (Dollery et al. 2006a, p. 340).

The South Australian Financial Sustainability Review Board (2005) adds three additional causes for local government’s financial stress. Firstly, they argue that ‘past policies responsible for establishing service levels and standards have been in excess of those which could be reasonably funded by councils themselves’ (Financial Sustainability Review Board 2005, p. 2). Secondly, the Board argues that local government has been deficient in asset management practices and associated depreciation and asset valuation policies in the past. Thirdly, a reluctance to borrow to fund infrastructure has worsened the financial plight of South Australian councils (Financial Sustainability Review Board 2005, p. 2).
It is widely recognised that Australian local government has reached a pivotal threshold in its development. Dollery et al. (2006b) argue that if current financial arrangements for Australia’s system of local government continue and no new sources of funding are found, the current expansionist offering of services by local government can only occur at the cost of further infrastructure degradation, with severe community consequences. This means that if the local government infrastructure funding shortfall is to be reduced, local government service provision will need to contract accordingly to make the necessary financial resources available (Dollery et al. 2006b, p. 565).

Two relatively recent Australian High Court decisions (Pape v The Commissioner of Taxation of the Commonwealth of Australia & Anor. (2009) and Williams v The Commonwealth of Australia & Ors. (2012)) have added further potential vulnerability to the financial sustainability of Australia’s local governments (Australian Local Government Association 2012). These two High Court cases provided judgements that challenge the Commonwealth Government’s ability to fund activities that it believes are in the national interest. These judgements have created uncertainty about the validity of Commonwealth Government programs that provide funds directly to local government, such as the $3.5 billion Roads to Recovery Program (Australian Local Government Association 2012). The potential withdrawal of such sources of funding from local government will only serve to further erode the long-term financial sustainability of the Australian local government sector.

In response to the constitutional uncertainty created by the two recent afore-mentioned Australian High Court decisions, the Australian Government proposed to conduct a referendum on 14 September 2013 in conjunction with a general federal election to be held on the same date. If successful, the referendum would have amended section 96 of the Australian Constitution to formalise and place beyond doubt the Australian Government’s ability to provide funding directly to Australian local government authorities. A subsequent change to the date of the federal election to bring it forward to 7 September 2013, prevented the proposed referendum from proceeding. As a consequence, some doubt remains as to the Australian Government’s constitutional capacity to directly fund local government.

Despite significant reform aimed at improving Australian local government’s financial sustainability, financial vulnerability clearly remains a major challenge for the future of Australia’s system of local government (Worthington 2007, p. 390).
2.5 From Public Good to Public Choice to Public Value

2.5.1 Moving beyond Traditional Approaches to Public Management

In addition to reform and financial vulnerability, several other forces of change on Australia’s system of local government are also evident. These forces include quests for greater levels of citizen engagement and collaboration to better accommodate a more demanding citizenry. Quests for greater citizen engagement and collaboration are viewed by some authors (e.g. Aulich 2009) as a means of addressing the impacts of a ‘democratic deficit’ created by the application of NPM philosophy in the local government sector in recent decades (p. 52). A brief exploration of the history and influences on public management in Australian local government is considered valuable at this point.

Traditional public administration emerged in Anglo-American democracies in the late nineteenth and early twentieth centuries and prevailed until the early 1980s (Alford and Hughes 2008, p. 134). It was largely informed by Fabian political economy and theories of public good, and characterised by hierarchy and standardisation of processes. The needs of the public are regarded as being relatively straightforward and public servants generally define solutions. The state is regulated by ‘voice’ through activities such as voting and pressure group activity (Benington and Moore 2011, p. 34, 41).

As indicated earlier, NPM emerged in the 1980s as ‘part of a reaction to the putative short-comings of traditional bureaucracy’ (Alford and Hughes 2008, p. 134). NPM is informed by neo-liberal political economy and theories of rational or public choice, where wants are expressed through the market and resources are allocated by competition. The state is regulated by the individual’s capacity to ‘exit’ under a theory of public/private choice.

Alford and Hughes (2008) assert that NPM provided a ‘useful corrective to the traditional model of public administration’ (Alford and Hughes 2008, p. 130), while Hood (1991) asserts that NPM originated from the coming together of two streams of ideas. Firstly, the ‘new institutional economics’ stream which has as its origins public choice, transactions cost theory and principal-agent theory; and a second stream based on ideas of business-type ‘managerialism’ in the public sector (Hood 1991, pp. 3-4).
Hood (1991) notes that the rise of NPM in the fifteen-year period leading up to 1991 was ‘one of the most striking international trends in public administration’ (p. 3). Hood (1991) describes NPM as a shorthand name for a set of broadly similar administrative doctrines which had ‘dominated the bureaucratic reform agenda in many OECD countries’ from the late 1970s (pp. 3-4). Hood (1991) describes the doctrinal components of NPM as:

- a. Hands-on professional management in the public sector;
- b. Explicit standards and measures of performance;
- c. Greater emphasis on output controls;
- d. Shift to disaggregation of units in the public sector;
- e. Shift to greater competition in the public sector;
- f. Stress on private sector styles of management practice; and
- g. Stress on greater discipline and parsimony in resource use (Hood 1991, pp. 4-5).

Opponents of NPM criticise ‘its inappropriate likening of the public sector to the private sector, for its characterisation of citizens as clients, and for its “real” agenda of cutting government spending’ (Alford and Hughes 2008, p. 135).

By contrast, public value management theory has emerged as falling between the competing theories of ‘public good’ inherent in traditional public management, and the ‘public choice’ theory of NPM. Public value management advocates a ‘third way’ that seeks to combine a competitive market with a redistributive state, and ‘balances economic innovation with social justice’ (Benington and Moore 2011, p. 41). For advocates of public value management, there is a ‘sense that the public realm is different from that of the commercial sector’ and that ‘governing is not the same as shopping or more broadly buying and selling goods in the market economy’ (Stoker 2006, p. 46). Advocates for public value management argue that governance of the public realm requires networks of deliberation, collaboration, power sharing and delivery in pursuit of genuine public value.
There is a growing recognition around the globe that:

'[t]he challenges facing governments and public services ... include how to complement improvement of basic services for individuals, with strategies also to improve the context and culture within which individuals live and work; to strengthen longer-term preventative measures as well as short-term remedial services; to create the preconditions for the development of communal and shared responses to needs; and to support and promote the development of citizenship, “the community” and the public sphere’ (Benington and Moore 2011, p. 33).

Benington and Moore (2011) define public value in two ways. Firstly, it is what the public values, and secondly, it is what adds value to the public sphere (p. 42). This view of public value requires a shift from previous traditions of public administration in which ‘producers’ define and determine the value of public service, to consumer-led models of government and public service (Benington and Moore 2011, p. 42). This invariably requires governments to operate in a more heavily contested territory involving an ongoing battle of ideas and values. In this ‘space’, considerations beyond market economics prevail, and social, cultural, political and ecological considerations are afforded relative weight. This requires a shift in the balance of control of governance away from government and towards the community, representing a loss of traditional control exercised by public policy makers and managers.

Mark Moore (1995) argues that the underlying philosophy of public managers (whether politicians or officials) should be to create public value (Stoker 2006, p. 47). To expand on this, Professor Moore asserts:

‘Public managers create public value. The problem is that they cannot know for sure what that is ... It is not enough to say that public managers create results that are valued; they must be able to show that the results obtained are worth the cost of private consumption and unrestrained liberty foregone in producing the desirable result. Only then can we be sure that some public value has been created’ (Moore 1995, pp. 57, 29).
2.5.2 Citizen Engagement and Networked Communities

As outlined in Chapter One, all levels of government are attempting to engage more effectively with their communities. There is a growing understanding that ‘governments cannot simply deliver outcomes in complex areas that rely on enhanced individual responsibility and behavioural change to a disengaged and passive public’ (APSC 2007, p. 1). Reddel and Woolcock (2004) advance this observation noting that the nature of public policy both within Australia and internationally, appears to be undergoing a significant reconceptualisation, principally involving greater attention by governments to citizen engagement and participatory democracy (Reddel and Woolcock 2004, p. 75).

Approaches such as networked community governance appear to be gaining prominence among practitioners and academics in response to an increasing interest in participatory democracy (Stoker 2006, p. 53; Alford and Hughes 2008, pp. 136-137; Stoker 2011, p. 17). This increased interest is argued to be a response to diminished citizenship created by the NPM approach and the growth of managerialism in the public sector (Pillora and McKinlay 2011, p. 18). A growing interest in the ‘democratic deficit’ and the demand for greater citizen engagement through participatory forms of governance creates the need to explore the differences between government and governance, a distinction that became prominent in the 1980s (Pillora and McKinlay 2011, p. 3).

Aulich (2009) asserts that citizen participation in government has traditionally:

‘centred on measures to facilitate greater public access to information about government, enhance rights of citizens to be ‘consulted’ on matters which directly affect them, and ensure that all voices can be heard equally through fair systems of representative democracy’ (Aulich 2009, p. 45).

Participation in governance, however, involves different principles and methods for engagement than traditional notions of government.
Principles and methods that support participatory governance include developing transformative partnerships; establishing system-wide information exchanges and knowledge transfers; decentralising decision-making and inter-institutional dialogue; and embracing relationships and networks more aligned to reciprocity and trust (Reddel and Woolcock 2003, p. 93). A shift from *government* to *governance* involves the public sector taking an active role in enabling and building capacity in communities, rather than ‘the more passive role implied in traditional notions of citizen participation’ (Aulich 2009, p. 45).

Lockhart (2012) argues that the traditional practice of governance has largely been related to compliance (p. 287), with governance research in the past two decades being based predominantly on agency theory (Lockhart 2012, p. 287; Lockhart 2007, p. 68). Agency theory assumes that the interests of the principal/stakeholder(s) will not be best served by the agent (for example, management or employees). The theory predicts that the agent will act in his or her own interests, namely to ‘behave opportunistically or to be self-serving’ (Lockhart 2007, p. 68). Lockhart (2012) argues that the emphasis of agency theory on a lack of trust being at the base of governance practice is a sad indictment (p. 286), and argues further that it would be beneficial for notions of trust in governance practice to be more fully researched and explored in the quest to better understand high performing organisations (Lockhart 2007, p. 68).

Much of the literature suggests that citizen involvement in contemporary local government in the latter part of the twentieth century was largely through ‘indirect participation’. This form of participation generally falls into ‘those legal activities by private citizens that are more or less directly aimed at influencing the selection of [their representatives] and/or actions they take’ (Richardson 1983, p. 11). This includes such activities as voting and engagement in political parties. Whilst important, this form of citizen participation is more focused on enabling protocols, regulation and legislation than forms of participatory governance that engage communities in formulation of policy (Aulich 2009, p. 46).

Pillora and McKinlay (2011) draw a useful distinction between *democratic* governance and *community* governance. They explain that ‘democratic governance concerns the processes of the individual local government authority, [whereas] community governance concerns the collective processes of a wide range of players’ (Pillora and McKinlay 2011, p. 11). Community governance provides stakeholders with the opportunity to engage in policy-making directly.
It involves ‘a shift from technocratic development of policy with its programmatic or regulatory control, to situations where some control may be negotiated away’ (Aulich 2009, p. 53). This concept makes a distinct divergence from the neo-liberal concept of reducing the role and size of government, a key tenet of NPM. This divergence is also likely to require local government leaders to re-frame their past approaches to leadership, including building leadership competencies that enable and support a relational orientation based on collaboration, engagement and trust.

Recent international interest in more ‘engaged, collaborative and community-focused public policy and service delivery’ (Aulich 2009, p. 51) has arisen from ‘Third Way’ politics, a concept that has evolved from the United Kingdom and the European Union (Reddel and Woolcock 2004, p. 75). The ‘cooperation’ theme is dominant in the literature, using such terms as network governance, network community governance, collaborative governance, and joined-up government (Alford and Hughes 2008, p. 130). Pollitt (2003) further describes these approaches as an ‘aspiration to achieve horizontally and vertically co-ordinated thinking and action’ (p. 35). ‘Third Way’ politics has been described by Wallis and Dollery (2005) as being somewhere between classical neo-liberalism ‘and old-style Keynesian interventionism’ (Wallis and Dollery 2005, p. 298).

Benington and Moore (2011) advance the argument that neo-liberal ideologies aimed at improvements in basic services to individuals and to households (that is inherent in theories of private choice) cannot be sustained if they remain entirely at the personal and family level. They argue that improvements to individualised services cannot be sustained ‘unless public infrastructure and communal services are also strengthened’ (Benington and Moore 2011, p. 32). The challenges facing governments, therefore, is how to complement improvement in basic services for individuals with strategies to improve the context and culture within which individuals live and work (Benington and Moore 2011, p. 33). An approach to address this lies in many governments now pursuing ‘Third Way’ concepts, such as networked community governance (Stoker 2006, p. 53; Benington and Moore 2011, p. 34; Stoker 2011, p. 17) and place shaping (Lyons Report 2007, p.3).

An increasing interest in the concept of local government’s role in place making was prominent in a key inquiry of British local government conducted by Sir Michael Lyons. The ‘Lyons Inquiry’ final report (Lyons Report 2007) titled Place-Shaping: A Shared Ambition for the Future of Local Government was released in 2007.
Whilst the primary Terms of Reference for this inquiry were financially based, its final report rejects notions of structural reform as the single means of addressing the ‘shortcomings’ of British local government at that time. Instead the report advocates in favour of local government occupying an enhanced, central and leading role in local communities beyond traditional provision of local services (Stoker 2011, p.22). Lyons (2007) encourages local government to move towards networked community governance and to take a stronger leadership role in place shaping (Stoker 2011, p. 22). Lyons defined place shaping as ‘the creative use of powers and influence to promote the general well-being of a community and its citizens’ (Lyons Report 2007, p. 3). Local government’s ability to take a stronger lead in this role is likely to depend largely on the interaction between local government leaders and local stakeholders in determining the type of community they wish to live in ‘and engaging with the local community to achieve this vision through inclusive decision-making’ (Grant, Dollery and Crase 2009, p. 863).

Stoker (2011) provides a useful description of networked community governance that is worthwhile considering here:

‘Networked community governance sets as its overarching goal the meeting of community needs as defined by the community within the context of the demands of a complex system of multi-level governance ... In this complex world of multiple demands and networks the most powerful and effective role for elected local government is that of network coordinator. To undertake this task of community governance demands a diverse set of relationships with ‘higher’ tier government, local organizations [sic] and stakeholders and citizens ... Success is not a simple matter of efficient service delivery but rather judging whether an outcome favourable to the community has been achieved’ (Stoker 2011, p. 17).

Benington and Moore (20011) argue that this model of networked community governance differs:

‘quite radically from both the traditional model of public administration associated with the post war welfare state, and also from the so-called ‘New Public Management’ (NPM) associated with the neo-liberal state’ (Benington and Moore 2011, p. 34).
‘Third Way’ politics has popularised reforms based around concepts of devolution, stakeholders, inclusion, partnerships and community participation (Reddel and Woolcock 2003, p. 81; Aulich 2009, p. 51). Aulich (2009) argues that the application of NPM in public organisations has actually heightened the need for increased participation by communities, particularly in policy making:

‘Governments are now more likely to search for alternative sources of advice to that traditionally monopolised by its public services, and many of those actually providing public services are outside government’ (Aulich 2009, p. 52).

Gray (1989) adds weight to this notion, arguing that ‘the increasing interdependence of public and private organisations and the interweaving of local, national and global interests have reduced the capacity of any organisation to act unilaterally’ (Gray 1989, p. 232). A collaborative approach by all actors involving a diverse range of knowledge, expertise and perspectives is required to solve many of the ‘wicked’ problems facing society (Cuthill and Fien 2005, p. 68).

Policy initiatives including generation of policy ideas and options and forms of policy organisation and design, are likely to be increasingly shared with informal networks of users and partners under a community governance approach. Wiseman (2006), in his reflections on the then Labor Victorian Government’s approach to community strengthening, noted the emergence of a more coherent strategy by the state government to employing community strengthening as a way of exploring more engaged, ‘joined up’ and networked approaches to governance and policy making. Wiseman (2006) noted the state government’s scaling up of ‘actions and investments to engage and link citizens, community organisations, public and private sector organisations’ (Wiseman 2006, p. 95) as evidence of a growing level of interest in participatory governance from the state aimed at improving outcomes and addressing disadvantage at the local level. The co-production of public services, with a range of formal and informal partners rather than just government, requires new forms of public sector leadership. This new leadership must influence the thinking and activities of other organisations and individuals in a spirit of shared space and in a way that promotes values of trust, engagement and loyalty.
2.5.3 New Localism and Public Value Pragmatism

Government strategy aimed at devolving power and resources away from central control and towards local democratic structures, consumers and local communities in the pursuit of public value outcomes, has been characterised by authors, such as Stoker (2004), as ‘New Localism’ (p. 117). Stoker (2004) argues that:

‘the complexity of what the modern state is trying to achieve, the need for a more engaging form of politics and a recognition of the importance of issues of empathy and feelings of involvement to enable political mobilisation make the case for New Localism because it is at the local level that some of these challenges can be best met’ (p. 118).

Stoker (2004) argues that New Localism has appeal as an approach to local governance. He argues it is a realistic response to the complexities of modern governance; better meets a need for a more engaging form of democracy appropriate for contemporary society; and better enables dimensions of trust, empathy and social capital to be fostered, leading to greater civic engagement (p. 118).

A transition from NPM philosophy to notions of public value management, networked community governance and New Localism creates significant implications for local government’s traditional view and application of representative government. Communities are being encouraged to move away from vicarious engagement in democracy and to be oriented much more towards direct involvement in decision-making and influencing processes. This foreshadowed transformation is likely to require a change in traditional local government frameworks and provides an impetus for new leadership practices in local government – leadership capable of creating an environment for change that enables ongoing, sustained change management practices capable of building trust and confidence with constituents and stakeholders.

Some writers, including Alford and Hughes (2008), caution against viewing networked community governance and collaboration as a panacea or ‘one best way’ to move on from NPM. They argue that a public value management orientation of itself will run the risk of being seen as a ‘one size fits all’ solution in a similar way to that of its predecessors, traditional public administration and NPM.
They argue that ‘public value pragmatism’ is a superior form of public management (Alford and Hughes 2008, p. 131) as it considers the best management approach to adopt depending on all situational factors, such as the value being produced, the context, and the nature of the task. Public value pragmatism entails recognition that different circumstances demand different managerial and leadership tools.

Notions of participatory democracy including community strengthening and local decision-making are not without criticism. Critics suggest that the emerging theory and practice of community strengthening and place shaping is best understood as a ‘woolly rhetorical blanket thrown over old scars of capitalist business as usual’ (Wiseman 2006, p. 103). Critics suggest that the claimed benefits of increased civic participation are exaggerated, naive and misleading and that devolved, local decision-making is not without its risks (Stoker 2004). The first of these risks is that local decision-making can give way to parochial concerns of narrow-minded individuals supporting the ‘not in my back yard’ syndrome. The second risk relates to the need for local decision-making in important areas, such as addressing inequality and disadvantage, to be supported by ongoing government intervention or otherwise decision-makers run the risk of poor areas being ‘allowed the freedom to spend non-existent resources on addressing the problems they confront’ (Stoker 2004, p. 122).

In some of his most recent writings Stoker (2011) appears to have a sharper level of concern for the sustainability of local government in a community governance environment. Whilst referring specifically to local government in the United Kingdom, Stoker (2011) asserts that ‘offering to be a place shaper or community governor places local government on a slippery slope to the sidelines of governing arrangements’ (Stoker 2011, p. 28). In the face of a diverse set of demands from citizens in responding to complex issues, Stoker (2011) argues that it is difficult to see local government as community governor, ‘as anything other than [being] bounced along on a fluctuating wave of popular politics, seeming relevant at some points and irrelevant at others’ (Stoker 2011, p. 28).

The challenge that lies in the community’s anti-politics culture has already been highlighted as an issue to be addressed. Stoker (2009) lays the blame for this culture at the feet of ‘professional political actors who have swallowed public choice ideas and neo-liberal mantras and [have] failed to meet the challenges posed by globalisation’ (Stoker 2009, p. 83).
Colin Hay (2007), in his book *Why We Hate Politics*, puts an even sharper focus on the issue of anti-politics and mistrust for government, and in particular, for politicians. Whilst commenting on the state of play in the United Kingdom, he claims that politics in today’s understanding is:

‘synonymous with sleaze, corruption, and duplicity, greed, self-interest and self-importance, interference, inefficiency and intransigence. It is, at best, a necessary evil, at worst an entirely malevolent force that needs to be kept in check’ (Hay 2007, p. 153).

Much of this negative perception of politics, political systems and government is underlined by a general lack of trust (Aulich, Wettenhall and Evans 2012, p. 1). Such distrust was highlighted in the British Committee on Standards in Public Life *Survey of Public Attitudes Towards Conduct in Public Life 2008*, which asserted that politicians are not trusted to tell the truth compared with many other frontline professions (p. 22). Forty-six per cent of those surveyed indicated trust in local councillors to ‘tell the truth’, compared to family doctors who rated 94 per cent.

Stoker (2009) argues that the adversarial style of politics has, ‘when combined with the sense that politicians must permanently campaign, [fed] mistrust’ (Stoker 2009, p. 86). Citizens are also given a constant media message, through a cynical and simplistic approach to reporting, that politics is failing. This is often reinforced by a domination of ‘neo-liberal thinking that expects us to expect little but failure from the state, the public realm and politics’ (Stoker 2009, p. 88).

Whilst Stoker’s more recent writings paint a relatively negative outlook for local government’s role in community governance, it is asserted that Commonwealth and state governments in Australia will continue to be attracted to notions of public value management and its key tenet participatory democracy, as a means of finding solutions to complex societal problems.

Much of this discussion points to a substantial challenge for local government leaders in managing and reconciling a growing interest in participatory democracy from some sections of the community on the one hand, with an increasingly individualised, disengaged and cynical community on the other (Schaap, Geurtz, de Graaf and Karsten 2009, p. 6).
Strong civic leadership will be required to mobilise external stakeholders and communities as well as mobilising internal organisational capacity (Pillora and McKinlay 2011, p. 16). It is argued that the challenge is for local government practitioners to now redefine local leadership by replacing traditional hierarchical approaches to leadership with more collaborative approaches that promote optimisation of public value (Hambleton 2008, p. 253). Without such transformational change, local government will continue to remain vulnerable and ultimately runs the risk of becoming less relevant in contemporary Australian society.

2.6 Transformational Change

An expanded interest in the theory of public value management, which includes devolved, community and participatory governance, represents a transformational change from the way many Australian local government leaders, both political and managerial, have traditionally exercised their leadership roles. Traditional notions of leadership are defined in terms of charismatic individuals making inspirational speeches to mass audiences, or miraculously rescuing failing organisations from collapse. This is unlikely to be the kind of leadership that will be effective in assisting public organisations to manage the complex challenges, choices and trade-offs that notions of public value management and participatory democracy invariably engenders.

New forms of political and managerial leadership will be required if longer term challenges are to be addressed, and the effectiveness of Australia’s system of local government is to be sustained, improved and remain relevant in contemporary society. These new forms of leadership will largely require political and managerial leaders to be managers of change at the broader sector level, and within individual council organisations. Against a backdrop of globalisation, increasing financial vulnerability, growing distrust in governments and their leaders, pressures for greater citizen participation, and shifting social and demographic trends, it is evident that a primary future role for leaders at all levels of local government organisations will be the leadership of change.
Considerable literature is available to support the theory and practice of change management and the importance of leadership for effective change outcomes, yet success of organisational change too often appears elusive (Kotter 1995, p. 59). Higgs and Rowland (2010) assert that there is a widely held view, which is supported by empirical research, that attempts to implement organisational change are predominantly unsuccessful (Higgs and Rowland 2010, p. 369) with up to 70 per cent of change initiatives reportedly failing (Higgs and Rowland 2005, p. 122). Mayo (2002) asserts that organisations are ‘littered with the debris’ of past, failed change initiatives (Mayo 2002, p. 40). Gill (2003) argues that the reason for this is not necessarily poor management, ‘but more likely a lack of effective leadership’ (Gill 2003, p. 307).

Hayes (2002) defines change management in an organisational context as being about ‘modifying or transforming organisations in order to maintain or improve their effectiveness’ (Hayes 2002, p. 1). Hayes (2002) argues that most organisations experience change either as incremental change or discontinuous change. Incremental change, sometimes referred to as first-order change, is the type of change associated with those periods when an organisation is in equilibrium and the focus is on ‘doing things better’ (Hayes 2002, p. 6). Incremental change is primarily designed to support organisational continuity and order (Bate 1994, p. 33). Discontinuous or transformation change involves a break with the past, a step function rather than an extrapolation of past patterns and development. It is based on new relationships and dynamics that may undermine core competencies, and question the very purpose of the organisation (Hayes 2002, p. 7). Discontinuous change is transformational, radical and fundamentally alters the organisation at its core (Bate 1994, p. 33).

Such transformational change in local government requires a focus on change leadership. This, in turn, requires a clear understanding between the need for management, and the even more important need for leadership. There is considerable discussion in the literature on the difference between leadership and management. In Kotter’s (1990) classic discourse, he asserts that management produces orderly results to keep something working efficiently, whereas leadership creates useful change; neither is necessarily better or a replacement for the other. Management is more concerned with the maintenance of the existing organisation, whereas leadership is more concerned with change.
Both are needed if organisations are to prosper (Kotter 1990, p. 103; Kotter 1996, p. 26). Kotter captures this in the following way:

‘Management’s mandate is to minimize [sic] risk and to keep the current system operating. Change, by definition, requires creating a new system, which in turn always demands leadership’ (Kotter 1995, p. 60).

Despite these differences, Kotter (1990) argues that both managers and leaders need to attend to three functions in an increasingly complex operating environment (Kotter 1990, p. 103): deciding what needs to be done; developing the capacity to do it; and ensuring that it is done. However, there is a marked difference in the way managers and leaders attend to these functions (Hayes 2002, p. 109; Graetz, Rimmer, Lawrence and Smith 2006, p. 231). Managers decide what needs to be done through a process of goal setting and establishing detailed steps to achieve the goals, whereas leaders develop a vision and focus on developing the strategies to move in that direction. Managers develop the capacity to accomplish their agenda by organising and staffing, whereas leaders focus on aligning people and empowering people to make the vision happen. Lastly, managers accomplish plans by controlling and problem solving, while leaders are more concerned with motivating and inspiring others (Hayes 2002, pp. 109-110).

Graetz et al. (2006) assert that in today’s increasingly complex and unpredictable environment, success will come only to those organisations that are capable of continually reinventing themselves, of anticipating and responding to challenges on all fronts. This responsiveness requires a significant shift in focus from operational to strategic issues that inevitably involves coping with change (Graetz et al. 2006, p. 231). Hayes (2002) also argues that not only is the pace of change in organisations increasing, but there is a shift in emphasis away from incremental change and towards discontinuous or transformational change (Hayes 2002, p. 110).

Following a review of organisational change activities in a large number of organisations, Kotter (1995) articulated eight steps for transforming organisations and the role that leadership plays in each of these steps (Kotter 1995, p. 61). The following provides a brief overview of Kotter’s (1995) ‘eight steps’ model:
Step 1 - *Establishing a sense of urgency.* ‘Unfreezing’ involves change leaders alerting organisational members to the need to change and motivating them to let go of the status quo (Hayes 2002, p. 110).

Step 2 - *Forming a powerful coalition.* Kotter (1995) argues that unless those who recognise the change put together a strong enough team to direct the process, the change is unlikely to get off the ground (Kotter 1995, p. 62).

Step 3 - *Creating a vision.* The guiding coalition needs to develop a shared vision that can be easily communicated to others affected by the change.

Step 4 - *Communicating the vision.* People affected by the change need to hear the message repeatedly, and those responsible for the change must ‘walk the talk’ and communicate the vision with integrity.

Step 5 - *Empowering others to act on the vision.* This involves leaders of change removing obstacles to change and empowering others to act by creating a climate in which people believe in themselves and are confident they have the support of others.

Step 6 - *Planning for and creating short-term wins.* Given the often long-term nature of change, this involves seeking out short-term wins that can be celebrated along the journey.

Step 7 - *Consolidating improvements and producing still more change.* Kotter (1996) argues that leaders should capitalise on early wins to motivate others to introduce further changes that are consistent with the transformational vision.

Step 8 - *Institutionalising new approaches.* Leaders need to ensure that changes are consolidated (Kotter 1995, p. 67).

Extensive literature demonstrates that there is no single recipe for success in change management. What clearly emerges, however, is that successful and effective change relies on strong leaders who perform a number of critical roles (Graetz et al. 2006, p. 240).
These roles include:

a. Energising and mobilising the workforce into a state of readiness for change;

b. Envisioning the future ideal and defining direction in a way that appeals to, and inspires, all stakeholders on a personal level;

c. Demonstrating personal commitment and involvement by consistently and relentlessly communicating and authentically modelling the desired behaviours; and

d. Providing enabling systems and structures that will sustain the momentum for change (Graetz et al. 2006, p. 40).

Kotter’s (1995) leadership model suggests that strong interpersonal skills are a key contributing factor to achieving effective change leadership. Bennis (1999) also argues that in the post-bureaucratic organisation, a new and very different kind of relationship is required between leaders and followers, involving a more subtle and indirect form of relational influence based on cooperation and inclusion (p. 73). Goleman (1998) states that while effective leaders can differ in many ways, one quality that distinguishes outstanding leaders is a high degree of emotional intelligence. ‘Without it, a person can have the best training in the world, an inclusive, analytical mind, and an endless supply of smart ideas, but he still won’t make a great leader’ (Goleman 1998, p. 94). Goleman’s work presents five components of emotional intelligence. These collectively represent a range of interpersonal skills to delineate the ability to work with others (Graetz et al. 2006, p. 232). Goleman’s five components of emotional intelligence are presented in Table 1.
Table 1: The Five Components of Emotional Intelligence at Work

<table>
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<th>Definition</th>
<th>Hallmarks</th>
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| Self-Awareness | The ability to recognise and understand your moods, emotions, and drives, as well as their effect on others | Self-confidence  
Realistic self-assessment  
Self-deprecating sense of humour |
| Self-Regulation | The ability to control or redirect disruptive impulses and moods  
The propensity to suspend judgement – to think before acting | Trustworthiness and integrity  
Comfort with ambiguity  
Openness to change |
| Motivation     | A passion to work for reasons that go beyond money or status  
A propensity to pursue goals with energy and persistence | Strong drive to achieve  
Optimism, even in the face of failure  
Organisational commitment |
| Empathy        | The ability to understand the emotional makeup of other people  
Skill in treating people according to their emotional reactions | Expertise in building and retaining talent  
Cross-cultural sensitivity  
Service to clients and customers |
| Social Skill   | Proficiency in managing relationships and building networks  
An ability to find common ground and build rapport | Effectiveness in leading change  
Persuasiveness  
Expertise in building and leading teams |


Kouzes and Posner (1995) also reinforce the argument that effective change leadership requires strong interpersonal skills and a high degree of emotional intelligence. To this end, they argue that strong, inspiring, personalised leadership that provides a clearly articulated vision and defines the future direction, is an imperative for effective change leadership (Kouzes and Posner 1995, p. 20). This requires a focus on two-way communication, collaboration and cooperation, and entails the capacity to develop and maintain ‘effective relationships with people’ (Adams and Adams 1997, p. 19). Alongside this, Whipp and Pettigrew (1993) suggest that to fully understand the dynamics of successful change, it is also important to ‘appreciate the role of energy within the process; its source, means of integration and how it is sustained or dissipated’ (Whipp and Pettigrew 1993, p. 208). It is argued that energy, enthusiasm and personal commitment of leaders, coupled with a strong belief in the abilities of others, are critical for successful change management. Such attributes serve to engage, motivate and energise a critical mass of followers that is necessary for successful change outcomes (Graetz et al. 2006, p. 248).
It is argued that contemporary leadership is much more than a series of roles and actions. Nahavandi (2010) asserts that the leadership process is also highly emotional and personal, and is based on fundamental values such as integrity and caring for others. Such concepts have now found their way into leadership theory and research, with some approaches taking into consideration values and emotions as primary aspects of leadership (Nahavandi 2010, p. 197). These aspects are those closely associated with theories of authentic leadership.

Authentic leadership focuses on the substance of positive leadership actions (Roche 2010, p. 72). Authentic leaders are those who know themselves well and remain true to their values and beliefs. They have ‘strong values and a sense of purpose that guide their decisions and actions’ (Nahavandi 2010, p. 198). Walumbwa, Avolio, Gardner, Wernsing and Peterson (2008) describe authentic leadership as:

‘a pattern of leader behaviour that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized [sic] moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development’ (Walumbwa et al. 2008, p. 94).

Building on this description, Ilies, Morgeson and Nahrgang (2005) propose that authentic leadership includes four components: self-awareness; unbiased processing; authentic behaviour/acting; and authentic relational orientation. Similarly, Walumbwa et al. (2008) describe authentic leaders as displaying four types of behaviour: balanced processing; an internalised moral perspective; relational transparency; and self-awareness. Drawing these together, it is argued that authentic leadership behaviours positively influence self-awareness and self-regulated positive behaviours on the part of both leaders and followers (Ilies 2005, p. 376). Positive organisational outcomes from an authentic leadership approach include increased levels of engagement and discretionary effort, increased trust, reduced turnover, enhanced culture and increased team abilities (Roche 2010, p. 72).
Roche (2010) argues that both public and private organisations are facing times of change, complexity and uncertainty, including challenges that run from:

‘ethical meltdowns, to terrorism, to financial crisis, to global recessions. Further, what constitutes the normal range of functioning in these conditions is constantly shifting upwards as new challenges, technologies, market demands, generational differences in workers, skill shortages and competition emerge’ (Roche 2010, p. 71).

The Australian local government sector is not immune from this change and complexity. In addition to challenges of declining community trust and demands for new forms of participatory democracy, the global economic and financial crisis of 2009 has placed additional pressure on the Australian local government sector to be ‘doing more with less’. Expenditure is placed under further scrutiny and grants from other levels of government are diminishing in real terms. In this context, a sharper focus on leadership effectiveness in organisational change is expected in the future. This expected sharper focus provides the backdrop for this study’s empirical examination of leadership behaviours. This examination is aimed at achieving a deeper understanding of the types of leadership behaviours and approaches that will best position Australian local government leaders for success in addressing the complex challenges they face.

2.7 Organisational Challenges to Effective Leadership

Nahavandi (2010) asserts that in addition to personal skill level deficiencies and aptitudes that detract from effective leadership, a number of organisational obstacles to effective leadership also exist. Firstly, many organisations face considerable uncertainty in today’s world and this creates pressures for quick responses and solutions. This is particularly relevant to local government where external forces such as political constituencies place demands for immediate, self-interested attention. Such an atmosphere of immediacy detracts from the opportunity to learn from and practice sustainable, innovative solutions. Secondly, organisations are often rigid and unforgiving. This is particularly the case in the political environments of the public sector. In a highly transparent, publicly exposed environment such as local government, there is little room for mistakes and experimentation (Milner and Joyce 2005, p. 16). Thirdly, organisations and their leaders often fall back to old ideas about what effective leadership is and therefore rely on simplistic solutions that do not fit complex or ‘wicked’ problems found in contemporary local government environments.
Fourthly, over time, organisations tend to develop a particular culture ‘that strongly influences how things are done and what is considered acceptable behaviour’ (Nahavandi 2010, p. 8). Such cultures tend to work against initiatives aimed at altering the status quo. This phenomenon is most relevant in those local government organisations that have remained static for long periods of time, and where high levels of embedded distrust prevail.

Such organisational resistance factors can also be accompanied by a general lack of change leadership skill, aptitude and experience among organisational leaders. Lower levels of understanding of, and a reluctance to experiment with, advanced organisational models, systems and approaches that can facilitate and encourage effective change leadership, may also compound this phenomenon. As previously stated, such organisational challenges and potential leadership shortcomings provide a compelling case for a sharper focus on the leadership behaviours and approaches necessary to optimise change success. An empirical examination of leadership behaviours, functions and processes that develop organisational cultures and capacity conducive to achieving successful, self-initiated and sustained change in Australian local government would be valuable for advancing leadership theory and practice.

2.8 Chapter Summary

The above discourse highlights that despite major reform of Australian local government in the past two decades, significant pressures for transformational change remain within the sector. Transformation of established models, systems, relationships and skills are required if local government is to remain relevant and effective in a contemporary system of Australian government, and indeed, society. The past two decades have witnessed significant change imposed on Australian local governments from higher levels of government seeking to achieve public policy outcomes influenced by NPM ideologies (Aulich 1999b, p. 18). Significant structural reform by way of amalgamation of municipal units and other micro-economic initiatives have been strongly favoured tools.
The literature suggests that ongoing interest by higher levels of government in the reform of local government is not likely to be abated unless local government actively embraces self-initiated transformational change. This change must be effective in addressing the challenges and vulnerabilities that present as risks for local government’s sustained effectiveness and relevance. Yet, as highlighted in Chapter One, little historical evidence exists to date of Australian local governments embarking on self-initiated and sustained transformational change, particularly of the type required to address the sector’s challenges.

The significant challenges and pressures for transformational change that have been highlighted in this Chapter substantiate the rationale for this research study. The study examines the leadership behaviours, functions and processes required to enable self-initiated, successful change in Australian local government organisations. The learnings from this study aim to enable advancements in leadership and change management theory. More importantly, the learnings aim to serve as a valuable guide for local government and other public sector leadership practitioners in enacting self-initiated, transformational change.

The next Chapter explores the development of leadership and change theory through an analysis of the extensive literature available on the topic.
Chapter Three: Literature Review

3.1 Introduction

Chapter Two has provided the political and organisational context within which this thesis has been developed. This Chapter focuses on the theoretical context - an understanding of leadership and change theory. This understanding is considered critical to the research question under examination, namely: What leadership behaviours, functions and processes are required and exhibited at multiple hierarchy levels of a local government organisation in undertaking a major change management project?

To this end, Chapter Three explores the evolution of leadership theory; different leadership types (charismatic, transformational, transactional and authentic); the relationship between leadership and change; and, a model of organisational architecture in which to consider leadership and change theory.

3.2 Evolution of Leadership Theory

3.2.1 The Emergence of Leadership Theory

Leadership is one of the most complex and multifaceted phenomena to which psychological and organisational research has been applied. The term ‘leader’ was noted as early as the 1300s (The Oxford English Dictionary 1933) and conceptualised even before Biblical times. However, the term ‘leadership’ has been in existence only since the late 1700s (Van Seters and Field 1990, p. 29), with scientific research on the topic beginning in the twentieth century. Intensive research has addressed leadership from a variety of perspectives. Warren Bennis (1959) captures this interest in the following way:

‘Of all the hazy and confounding areas in the social psychology, leadership theory undoubtedly contends for the top nominated. And, ironically, probably more has been written and less known about leadership than about any other topic in the behavioural sciences’ (Bennis 1959, p. 259).
James MacGregor Burns (1978), in his seminal work *Leadership*, supported this notion, stating that leadership is one of the most observed and least understood phenomena on earth. Even over twenty years after writing his initial comment (above), Warren Bennis, with colleague Naus, still asserts that ‘leadership is the most studied and least understood topic of any in the social sciences’ (Bennis and Naus 1985, p. 4).

Many have attempted to establish a definition of leadership that encompasses the intricacy of this somewhat universal term. Following a comprehensive review of leadership theories, Stogdill (1974) noted that there are almost as many definitions of leadership as those who have attempted to define the concept. Despite these differences, Nahavandi (2010) suggests that various definitions of leadership share three common elements:

‘First, leadership is a group phenomenon; there can be no leaders without followers. As such, leadership always involves interpersonal influence or persuasion ... Second, leadership is goal directed and action oriented; leaders play an active role in groups and organizations [sic]. They use influence to guide others through a certain course of action toward the achievement of certain goals ... Third, the presence of leaders assumes some form of hierarchy within a group. In some cases, the hierarchy is well defined, with the leader at the top; in other cases, it is informal and flexible’ (Nahavandi 2010, p. 3).

Combing these three elements, Nahavandi (2012) proposed that a leader can be defined as any person who: influences groups and individuals within an organisation; helps them establish goals; and guides them toward achievement of those goals, allowing them to be effective (Nahavandi 2010, p. 3). In proposing an even broader definition, Gardner (1990) describes leadership as ‘the accomplishment of group purpose, which is furthered not only by effective leaders but also innovators, entrepreneurs, and thinkers; by the availability of resources; by questions of value and social cohesion’ (Gardner 1990, p.38).

The origins of the modern study of leadership can be traced to the western industrial revolution that occurred at the end of the nineteenth century. Whilst many scholars have focused on leadership, it was the modern approach to leadership that brought scientific rigor to the fore.
The history of the modern scientific approach to leadership can be classified into three general eras or approaches: the trait era, the behaviour era, and the contingency era (House and Aditya 1997; Nahavandi 2010). Each era has made a unique contribution to the contemporary understanding of leadership and continues to influence modern thinking about leadership processes. The following provides a review of the evolution of modern leadership theory and research, and outlines the major early theories that have formed the foundations of modern leadership.

3.2.2 The Trait Era: Late 1800s to Mid-1940s

Much of the late nineteenth century and the early part of the twentieth century leadership thinking was dominated by the belief that leaders are born rather than made. Galton’s study (1869) of the role of heredity in leadership, William James’s writings (1880) about the great men of history, and Thomas Carlyle’s book Heroes and Hero Worship (1841) formed part of an era that was characterised by a strong belief that innate qualities shape human personality and behaviour. The common belief was that leaders are genetically influenced (House and Aditya 1997, p. 418) and therefore, by virtue of their birth, were gifted with special qualities that allowed them to lead others, regardless of the context.

A belief in the power of personality and other innate characteristics strongly influenced leadership researchers in the early part of the twentieth century to search for individual characteristics, or traits that universally differentiated leaders from non-leaders (House and Aditya 1997, p. 410). The major assumption guiding leadership studies at this time was that if certain traits distinguish between leaders and followers, then existing political, industrial and religious leaders should possess them (Nahavandi 2010, p. 63). A large number of personal characteristics were investigated such as gender, height, physical energy and appearance as well as psychological traits such as authoritarianism, intelligence, need for achievement, and the need for power (House and Aditya 1997, p. 410).

Despite more than 40 years of considerable research and studies, little evidence emerged to prove the assertion that leaders are born and that leadership can be explained through one or more traits (Van Seters and Field 1990, p. 30; Nahavandi 2010, p. 63; House and Aditya 1997, p. 410). It also became apparent that many effective leaders observed through studies had widely differing personalities and traits (e.g. Hitler, Gandhi, and King) and that personalities are very difficult to imitate, thereby providing little value to practicing managers (Van Seters and Field 1990, p. 30).
Due to the inconsistent and weak findings from this research, a common and shared belief among researchers in the late 1930s and 1940s was that although personality traits play a role in determining leadership effectiveness, the role of traits is minimal (Stogdill 1948, p. 66) and that leadership should be viewed as a group phenomenon that cannot be studied outside a given situation (Stogdill 1948, p. 65; Jenkins 1947, p. 75; Nahavandi 2010, p. 63). Studies in the 1960s and 1970s reinforced these earlier findings by identifying that factors such as intelligence (Bray and Grant 1966) or assertiveness (Rychlak 1963) are associated with leader effectiveness. However, on their own these factors could not account for a leader’s effectiveness (Nahavandi 2010, p. 63). House and Aditya (1997) note that an interest in leadership traits re-emerged in the early 1970s and that substantial advancement in the theory occurred due to clarification of several theoretical issues. More recent reviews of the role of traits and other personal characteristics, such as skills (Mumford, Zaccaro, Connelly and Marks 2000) and emotional intelligence (Humphrey 2002), has demonstrated that personality does play some role in leadership effectiveness, but it is not the only or even the dominant factor in leadership effectiveness (Nahavandi 2010, p. 64).

3.2.3 The Behaviour Era: Mid-1940s to Early 1970s

The need for identifying and training leaders became prominent during World War II. As the trait approach to leadership had not yielded productive results to this point (House and Aditya 1997, p. 419), researchers began turning their minds to leadership behaviours rather than traits as the potential source of leadership effectiveness. This move was also stimulated in part by the emerging dominance of behaviourist theories during this period. This era took a new direction in leadership theory by emphasising what leaders do, rather than focusing on their traits or sources of power (Van Seters and Field 1990, p. 32; Nahavandi 2010, p. 64).

The foundations for the behavioural approach to leadership were provided by the early work of Lewin and his associates concerning democratic, autocratic and laissez-faire leadership (Lewin, Lippit and White 1939). A period of almost 30 years ensued when leaders were studied either by observing their behaviour in laboratories or by asking questions in the field to describe the behaviour of individuals in positions of authority (House and Aditya 1997, p. 420). Notably, the research activities at this time still failed to establish which style of leadership would be most effective, or which situational factors would lead to the use of one or another leadership style.
Based on the work of Lewin and associates, other researchers then sought to advance theory by identifying leader behaviours. Among the most notable behavioural approaches to leadership are the Ohio State Leadership Studies (Yukl 1971, p. 415; Van Seters and Field 1990, p. 33; Nahavandi 2010, p. 64; Griffin, Skivington and Moorhead 1987, p. 201). The work within these studies, and subsequent refinements, focussed on several central leadership behaviours. Among them, two broad classes of leader behaviour were identified - initiating structure (leader emphasis on the accomplishment of goals and tasks) and consideration (leader concern for individual and group relationships and cohesion) (Griffin et al. 1987, p. 201; Van Seters and Field 1990, p. 33; House and Aditya 1997, p. 420; Yukl 1971, p. 415). Studies at this time concluded that leaders require both consideration and structuring to be effective.

Some authors propose that the leadership behaviours of initiating structure and consideration presented a potential theoretical weakness in that these descriptions did not adequately describe leader’s behaviour in a way that may be suitable for cultures other than the United States of America (Ayman and Chemers 1983, p. 341).

Others, such as Nahavandi (2010), suggest that the behavioural approach to leadership theory also provided an overly simplistic view of leadership because it concentrated only on behaviours and disregarded influential situational elements (House and Aditya 1997, p. 421). It therefore failed to provide a thorough understanding of the complex leadership phenomenon (Nahavandi 2010, p. 65). Despite such qualification, however, the two general leadership behaviour categories of initiating structure and consideration remain well established in leadership theory as primary leadership behaviours.

3.2.4 The Contingency Era: Early 1960s to Present

Due to the perceived inadequacies of both trait and behaviour approaches to describing universal or near universal leader effectiveness, a number of researchers began seeking a more comprehensive approach to understanding leadership. Known as the contingency era, researchers began to take situational factors, such as task and type of work, into consideration. The contingency era represented a major advance in the evolution of leadership theory as it recognised, for the first time, that leadership was not one-dimensional but rather was contingent or dependent on one or more of the factors of behaviour, personality, influence, and situation (Van Seters and Field 1990, p. 35).
The primary assumption of the contingency view is that personality, style or behaviour of effective leaders depends on the situation in which the leader finds him/herself (Nahavandi 2010, p. 65).

The contingency era commenced in the 1960s with the development of Fred Fiedler’s *Contingency Model* of leadership (Fiedler 1967). Two other noteworthy theories of this era were the *Path-Goal Theory* (House 1971) and the *Normative Theory* (Vroom and Yetton 1973). Fiedler (1947) was the first to propose a contingency view of leadership and his Model is considered to be the most highly researched contingency approach (Fiedler 1967). It suggests that leadership effectiveness is a function of the interaction between the leader and the leadership situation (Peters, Hartke and Pohlmann 1985, p. 274) and accordingly, the relationship between leadership style and leader effectiveness is moderated by the leader’s situational control (Miller, Butler and Cosentino 2004, p. 362). The *Contingency Model* emphasises the need to place leaders in situations most suited to them, or to train leaders to change the situation to match his or her own style.

To Fiedler, leadership effectiveness is a function of the match between the leader’s style and the leadership situation. To determine a leader’s style, Fiedler uses the least-preferred co-worker (LPC) scale, a measure that determines whether the leader’s motivation is task motivation or relationship motivation (Peters et al. 1985, pp. 274-5; Miller et al. 2004, pp. 362-363). Because leader effectiveness also depends on the match between the person and the situation, Fiedler uses three factors to describe a leadership situation and to determine situational favourableness. In priority order, they are: (1) the relationship between the leader and followers, including the degree to which the leader feels accepted and supported by followers; (2) the amount of structure of the task; and (3) the position power of the leader, including the degree to which the formal position of leadership provides the power to reward and punish in order to achieve compliance (Miller et al. 2004, p. 363; Nahavandi 2010, p. 67). The combination of these factors yields the amount of situational control the leader has over the situation. As indicated, at the core of Fiedler’s *Contingency Model* is the concept of match. If the leader’s style matches the situation, the group will be effective. Because Fiedler suggests that a leader’s style is constant, it follows that a leader’s effectiveness changes as the situation changes.
The Contingency Model continues to be one of the most reliable and predictive models of leadership with a number of research studies supporting its hypotheses (Ayman, Chemers and Fiedler 1995, p. 148). It is highlighted that the focus of the Contingency Model on changing the situation rather than the leader is unique among leadership theories. This is contrasted with other leadership models such as the Normative Decision Model, which assumes that the leader can change styles depending on the situation.

The Normative Decision Model (also referred to as the Vroom-Yetton Model) advises the leader which decision-making behaviour would be most appropriate, depending on the situation and the need for decision acceptance and/or quality (Vroom and Yetton 1973; Jago and Vroom 1980, p. 347; Van Seters and Field 1990, p. 35). The Model recommends that leaders adjust their decision-making style ‘depending on the degree to which the quality of the decision is important and the likelihood that employees will accept the decision’ (Nahavandi 2010, p. 72). Like Fiedler, Vroom and his associates recommend matching the leader and the situational requirements. The two Models do, however, vary on several points. The Normative Decision Model is restricted to decision-making rather than general leadership, and is based on an assumption that leaders can adopt different decision-making styles to fit the situation. The Model identifies four decision methods available to leaders: (1) autocratic; (2) consultation; (3) group; and (4) total delegation. By reference to these methods, the leader must decide which style to use depending on the situation that the leader and the group face, and on whether the problem involves a group or one person. Some theorists believe that the Normative Decision Model is too complex and therefore not of practical value, and that the assumption that leaders have the ability to utilise any decision style is questionable (Nahavandi 2010, p. 75). For example, not all leaders can be autocratic for one decision, consultative for another, and delegating for others.

Fiedler’s Contingency Model and Vroom and Yetton’s Normative Decision Model both focus on how leaders use their resources. The next three contingency models focus on how leaders manage their relationships with followers.

The Path-Goal Theory of leadership was developed in the early 1970s. The Theory focused less on the situation or leader behaviour, and more on enabling conditions for subordinate success (Van Seters and Field 1990, p. 35). The Path-Goal Theory proposes that the leader’s role is to remove obstacles so that subordinates can accomplish their goals (House 1971, p. 337). ‘By doing so, leaders allow subordinates to fulfill their needs, and as a result, leaders reach their own goals as well’ (Nahavandi 2010, p. 75).
This theory relies on the concept of exchange between leaders and subordinates as a central element, being either an implicit or explicit contract. The leader and followers establish a relationship that involves the provision of guidance or support by the leader in exchange for productivity and follower satisfaction.

The expectancy theory of motivation (Vroom 1964) is the major conceptual basis for the Path-Goal Theory (House 1971, p. 322). Expectancy theory explains how individuals make rational choices about their behaviour based on their perceptions of the degree to which their effort and performance will lead to their desired outcomes. The central concept of expectancy theory is that the force on an individual to engage in a specific behaviour is a function of: (1) his/her expectations that the behaviour will result in a specific outcome; and (2) the sum of the valences, that is, personal utilities or satisfactions that he/she derives from the outcome (House 1971, p. 322).

The Path-Goal Theory contends then that the key to motivation is for the leader to remove obstacles for subordinates that will in turn strengthen the linkages between effort and performance, and between performance and outcomes (Nahavandi 2010, p. 75).

The Path-Goal Theory added to previous leadership theories such as the Contingency Model by including followers’ perceptions of the task and the role of the leader in removing obstacles to task accomplishment. The Theory is based on the premise that a follower’s perception of expectancies between his/her effort and performance is greatly affected by a leader’s behaviour. Leaders help followers in attaining rewards by clarifying the paths to goals and removing obstacles to performance. The Theory’s use of employee satisfaction as a criterion for leader effectiveness also broadened the traditional view of leadership. This theory advance made way for further theory development that focused on how leaders interpret their followers’ actions and use that information to affect their relationship.

The Substitutes for Leadership Model (SLM) (Kerr and Jermier 1978) proposes that various ‘organizational [sic], task and employee characteristics can provide substitutes for the traditional leadership behaviours of consideration and initiation of structure’ (Nahavandi 2010, p. 77). The SLM theory proposes that if task requirements are clear through various means, such as the follower’s own experience, or through their team, then they are not likely to need the leader’s structuring behaviours. Similarly, if followers experience support and empathy from others, such as co-workers, then they are not likely to require the leader’s consideration behaviours (Kerr and Jermier 1978, p. 399-400).
The *Leader-Member Exchange (LMX) Model* focuses on the dyadic relationship between a leader and each follower and introduces the concept of in-groups and out-groups as the defining element of relationships. Originally known as the *Vertical Dyad Linkage Theory* (Linden and Graen 1980, pp. 451-452; Dansereau, Graen, and Haga 1975, p. 47; Ilies, Nahrgang and Morgeson 2007, p. 269), *LMX* theory conceptualises leadership as a process and focuses on the interactions between leaders and followers. The Theory was first outlined in the works of Dansereau, Graen and Haga (1975), Graen and Cashman (1975), and Graen (1976). The Theory has since undergone several revisions (Graen and Uhl-Bien 1995, p. 220), and remains a contemporary topic of research today (e.g. Jordan and Troth 2011; Pellegrini and Scandura 2008; and Chen, Lam and Zhong 2007).

The *LMX* theory focuses on the unique, relationship-based exchange between a leader and followers (Graen and Uhl-Bien 1995, p. 220). In each exchange, the leader and follower establish a role for the follower. Followers with a high-quality relationship are regarded to be part of the in-group. 'High quality LMX involves mutual respect, anticipation of deepening trust, and expectations of continued and growing professional relationships and obligations' (Nahavandi 2010, p. 80). In-group members receive greater attention, support and sensitivity from the leader (Linden and Graen 1980, p. 452). In exchange for in-group status, followers are likely to work hard, going well beyond their formal job duties and engaging in positive organisational citizenship behaviours, including taking on tasks that are identified as the most critical (Ilies et al. 2007, p. 269; Linden and Graen 1980, p. 452). They are more likely to show loyalty and support for the leader. In-group members obtain more information, influence, confidence and concern from their leaders than do out-group members. Additionally, in-group members tend to be more dependable, involved and communicative than out-group members. High performance, high satisfaction, lower employee turnover and low stress are usually experienced by followers in the in-group (Graen and Uhl-Bien 1995, p. 228).

By contrast, leaders view those in the out-group to be less motivated and less competent, and the leader is likely to have less interaction with them. Leaders do not expect high performance, commitment or loyalty from members of the out-group. As a consequence, the *LMX* Model asserts that members of the out-group who have low-quality *LMX* will perform poorly, are likely to be less motivated and experience lower job satisfaction. They are more likely to simply come to work, do their job, and go home (Dansereau et al. 1975).
The models outlined above as being part of the contingency era all use a contingency view of leadership. The primary assumption is that personality, style or behaviour of the effective leader depends on the requirements of the situation in which leaders find themselves. From this, it is purported that there is no one best way to lead, that the situation and the various contextual factors determine which leadership style or behaviour is most effective, and that people can learn to become good leaders. Further, it is asserted that leadership makes a difference to the effectiveness of groups and organisations, and that personal and situational characteristics affect leadership effectiveness (Nahavandi 2010, p. 65).

Although the contingency approach to leadership continues to be well accepted, more recent approaches to leadership theory have placed a sharper focus on the relationship between leaders and followers, and on various aspects of charismatic, transformational, visionary and authentic leadership (House and Aditya 1997, p. 439; Gardner et al. 2011, p. 1130). The next section provides a brief overview of these approaches, often referred to as the neo-charismatic school (House 1999, p. 565).

3.3 Neo-Charismatic and Charismatic Leadership

3.3.1 Neo-Charismatic Leadership

The term neo-charismatic leadership was coined by House and Aditya (1997) to describe a new paradigm consisting of a number of leadership theories that are of a common genre. The theories of this paradigm include the theories of charismatic leadership, transformational leadership, visionary leadership and authentic leadership (House and Aditya 1997, p. 439; Gardner, Cogliser, Davis and Dickens 2011, p. 1130). Others have also referred to this class of theories as the ‘New Leadership’ theories (Bryman 1993).

Conger (1999) asserts that this interest in “New Leadership” theories grew out of interest and necessity. On one hand, researchers including Bernard Bass, Robert House and Bruce Avolio had become dissatisfied with the previous generation of leadership theories which often seem constricting in their simplicity. They were convinced that such theories had little to do with leading individuals. At the same time, global developments were drawing attention to the need for a new form of management. The economic emergence of power players including China, Japan and Germany required radical restructuring in countries such as the United States and Australia.
Many organisations realised they lacked the managerial abilities to bring about such transformations. It became increasingly evident that ideas such as employee well-being, commitment and motivation would need to be given increasing attention in order for organisations to remain competitive and effective. ‘For companies, the challenge became a question of how to orchestrate transformational change while simultaneously building employee morale and commitment – a seemingly contradictory endeavor [sic]’ (Conger 1999, p. 148).

The most current approaches to leadership theory focus on leaders who create special and enduring relationships and/or deep emotional bonds with their followers. Through these relationships, it is argued that leaders are able to implement change and achieve extraordinary results. Although the models comprising the neo-charismatic class have some differences, their common themes are inspiration, vision and a focus on the relationship between leaders and followers (Nahavandi 2010, p. 181). This focus on relationships between leaders and followers relates these models to the exchange and relationship development models described earlier in this Chapter.

The major neo-charismatic theories of leadership agree on essentially the same leader behaviours (Bass 1985; Conger and Kanungo 1987; House 1977). These behaviours include: identifying and articulating a vision; providing an appropriate role model; fostering the acceptance of group goals; setting high performance expectations; providing individualised support to followers; and fostering intellectual stimulation (Podsakoff, MacKenzie, Moorman and Fetter 1990, p. 112). Identifying and articulating a vision refers to behaviours of the leader that aim to identify new opportunities, and develop, articulate and inspire others with his or her vision. Being an appropriate role model refers to setting an example for others to follow that is consistent with the values of the leader. Fostering acceptance of group goals is leadership behaviour that is aimed at promoting cooperation among followers and getting them to work together towards a common goal (Podsakoff et al. 1990, p. 112). Intellectual stimulation represents leadership behaviour that challenges followers to re-examine their assumptions about their work and find creative ways of improving their performance. Providing individualised support conveys the degree to which the leader attends to each follower’s needs and focuses on the follower’s development (Tikhomirov and Spangler 2010, p. 47), while behaviours that set high performance expectations demonstrate the leader’s expectations of quality, excellence and high performance on the part of followers (Podsakoff et al. 1990, p. 112).
The vision, role modeling and group goals have been found to be highly intercorrelated and as such are referred to as ‘core’ neo-charismatic dimensions (Tikhomirov and Spangler 2010, p. 47; Podsakoff et al. 1990, p. 134).

The literature highlights that neo-charismatic leadership theories have proven to be credible “road maps” for leading macro- and micro-level change processes (Nemanich and Keller 2007, p. 49; Tikhomirov and Spangler 2010, p. 47). Leaders with neo-charismatic leadership behaviours visualise a future that is different from the status quo and inspire others to work with them to achieve the desired future.

### 3.3.2 Charismatic Leadership

Sociologists first introduced the concept of charisma as a factor in organisational behaviour and leadership. This has led a number of authors to assert that the earlier charismatic theories provided the framework for the development of the broader transformational leadership models (Humphreys and Einstein 2003, p. 93; Kessler 1993, p. 18), which will be explored in the next section.

There are many definitions attributed to the meaning of charismatic leadership (Bryman 1993, p. 289-290). Most charismatic theories emphasise follower attributions to extraordinary qualities of the leader, whilst others, such as Conger and Kanungo (1988), propose that the attributions are ‘determined jointly by characteristics of the leader, subordinates, and situation’ (Yukl 1999, p. 294). In contrast, others, such as House (1977), define charismatic leadership in terms of how the leader influences follower attitudes and motivation.

Yukl (1999) proposes that a definition of charismatic leadership is the attribution of a leader by followers who identify strongly with the leader. He asserts that this definition maintains both the original meaning of charisma and provides a basis ‘for differentiating between charismatic and transformational leadership’ (Yukl 1999, p. 294).
The term *charisma* is derived from an ancient Greek word meaning ‘gift’. The term was later adopted by the early Christian Church to describe gifts from God ‘that enabled the receiver to perform extraordinary feats such as prophecy and healing’ (Conger and Kanungo 1994, p. 440). Early interest in charisma can be traced to Friedrich Nietzsche’s philosophy of the superior man in the nineteenth century (Kessler 1993, p. 19). Nietzsche suggested that ‘great men, like great epochs, are explosive material in whom tremendous energy has been accumulated’ (Lindholm 1990, p. 19). He described this explosiveness as power to command others (Kessler 1993, p. 19).

The application of charisma to leadership contexts, however, came in the twentieth century, in the pioneering work of German sociologist Max Weber (1968). He developed a typology of three ideal types to describe the forces of authority in society: the traditional; the rational-legal; and the charismatic (Conger, Kanungo, Menon and Mathur 1997, p. 291). The first two of these are characterised by permanent, formal social and organisational structures, whilst charisma is informal, operating on the basis of relationships. Charismatic authority was considered by Weber to be free of formalities and unencumbered by existing organisational arrangements, and to be dependent more on follower commitment to the leader than formal or informal rules and structure (Kessler 1993, p. 21).

Weber’s postulation of charismatic authority provided an important foundation for the charismatic and transformational leadership models (Humphreys and Einstein 2003, p. 91). Weber (1968) asserted that the charismatic leader was obeyed ‘by virtue of the followers’ personal trust and belief in the leader’s powers or revelations’ (Wren 1994, p. 195) and that authority derived its legitimacy not from the traditions, rules, positions or laws but rather ‘from faith in a leader’s exemplary character’ (Conger and Kanungo 1994, p. 440; Humphreys and Einstein 2003, p. 91).

Weber (1968) proposed that the holder of charisma is:

‘set apart from ordinary men and treated as endowed with supernatural, superhuman, or at least ... exceptional powers and qualities ... (which) are not accessible to the ordinary person but are regarded as of divine origin or as exemplary, and on the basis of them the individual concerned is treated as a leader’ (Weber 1968, pp. 358-359).
Weber’s (1968) work retained many elements of the original sacred character of the term charisma, noting that authority was vested in the individual’s personal gifts and abilities. Additionally, he characterised charismatic leaders as revolutionary forces who offered a prophetic picture or vision of the future. Charismatic leaders were also regarded as having a power to “heal” the wrongs of the previous order, whether it be traditional or rational-legal. Further, Weber (1968) proposed that charismatic authority operated through human relationships, noting that ‘while other forms of authority were organised around formal and permanent structures and systems, so charisma relied, at the very least, on a perceived sensitivity and ability to minister to the needs of followers’ (Conger at el. 1997, p. 291).

Shils (1965) proposed that Weber’s theory of charismatic authority was too idealistic and therefore advanced the notion that charisma could be found in ‘ordinary people with ordinary jobs in ordinary organizations [sic]’ (Humphreys and Einstein 2003, p. 92). Shils (1965) asserted that a necessary element for charismatic attribution is the recognition of need for change in an organisation, and when this exists, followers are likely to attribute charisma to those leaders most capable of causing the change necessary.

Tucker (1968) advanced the theory further by proposing that charismatic leadership could only exist when followers said it did, and as a result, the leader must periodically reinforce the leadership perception by demonstrated evidence of exceptional qualities or abilities (Kessler 1993, p. 23). Otherwise, followers will lose confidence over time and the charismatic perception will diminish. Tucker (1968) also did not accept the concept that charismatic leaders were endowed with certain characteristics that made them charismatic.

Tucker (1968) was the first to describe the charismatic leader/follower relationship and is often credited with the first formal theory of charismatic leadership (Humphreys and Einstein 2003, p. 92). He asserted that there were two types of charismatic leadership: the prophet, who excels in communicating a vision; and the activist, who exhibits exceptional practical leadership skills. It is highlighted that abilities in communicating a vision and assisting followers in practical problem solving are also key leader behaviours in Bass’ (1985) transformational leadership model (Humphreys and Einstein 2003, p. 92).
House (1977) advanced Tucker’s (1968) work by stressing the emotional aspects of charismatic leadership. He defined charismatic leadership in terms of its effect on followers, identifying that leadership has more of an emotional than a calculative effect. House (1977) asserted that charismatic leaders ‘inspire their followers to give unquestioned obedience, loyalty, commitment, and devotion to the leader and to the cause the leader represents’ (House 1977, p. 191). This definition has caused many observers to identify that whilst charismatic leadership can raise followers to greater heights of performance and morality, it can also exhibit tendencies to manipulate and enslave followers (Humphreys and Einstein 2003, p. 92).

House’s (1977) charismatic leadership model distinguished between charismatic and non-charismatic personality characteristics and behaviours and outlined the conditions under which charismatic leaders are most likely to flourish (Kessler 1993, p. 24). He proposed that charismatic leaders have personality traits including high self-confidence, dominance, a strong belief in the moral correctness of the vision and the need to influence other people. Transformational theorists believe that these characteristics are also evident in transformational leaders (Humphreys and Einstein 2003, p. 92).

Conger and Kanungo (1988) described charisma as an attributional phenomenon and contributed to the charismatic literature by introducing situational leadership into the charismatic model (Humphreys and Einstein 2003, p. 92). They assert that rather than personal characteristics, ‘what distinguishes charismatic from non-charismatic leaders is the charismatic leader’s ability to recognize [sic] deficiencies in the present system’ (Conger and Kanungo 1988, p. 83).

Whilst Weber’s work triggered several decades of investigations by sociologists and political scientists, it was not until the late 1970s and mid 1980s that researchers began to turn their attention to charismatic leadership (Conger and Kanungo 1994, p. 441; Conger et al. 1997, p. 291). This interest in charismatic leaders reflected trends in the business world at that time. The rise of globalisation was heightening pressure on corporations to reinvent themselves, most often requiring significant organisational change to remain competitive. There was a growing recognition that leadership was central to the organisational changes required, and that charismatic leaders were among the ‘more exemplary types of change-agent leaders’ (Conger et al. 1997, p. 292). Their sense of vision, motivational capabilities and innovativeness was seen as essential to achieve the adaptive changes required by organisations.
The following section provides an examination of the differences and similarities between charismatic and transformational leadership theories.

3.4 The Relationship between Charismatic and Transformational Leadership

Many writers draw a close association between charismatic leadership and transformational leadership with the two terms often being used interchangeably (Rowold and Heinitz 2007, p. 130). Some theorists assert that charisma is ‘a major component of transformational leadership’ (DeGroot, Kiker and Cross 2000, p. 356), yet others argue that charismatic leadership is distinct from other forms of leadership and should be considered separately (Conger at el. 1997, p. 291). In their study of the convergent, divergent and criterion validity of transformational leadership and charismatic leadership, Rowold and Heinitz (2007) found that transformational and charismatic leadership showed a high convergent validity. They reported that the shared variance between transformational and charismatic leadership constructs to be 78 per cent, supporting the argument that these two leadership constructs are to a large degree overlapping. It is highlighted, however, that there still remains a 22 per cent variance in the constructs, thereby also providing argument for their uniqueness (Rowold and Heinitz 2007, p. 129).

As research and investigations into charismatic leadership began to appear in the late 1970s, so did literature on the formulation of transformational leadership. Political scientist James Burns (1978), in his seminal work *Leadership*, first coined the term ‘transformational leader’, and in doing so he identified two different patterns of interaction between leaders and followers, namely transformational leadership and transactional leadership (Humphreys and Einstein 2003, p. 85; Conger and Kanungo 1994, p. 441). Burns’ (1978) leadership model was much broader than the preceding charismatic leadership models. Burns (1978) envisioned that transformational leadership was at one end of the continuum, and transactional at the other (Humphreys and Einstein 2003, p. 93).
Burns (1978) explains the concept of transformational leadership as follows:

‘Such leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality ... Their purposes which might have started out as separate but related ... become fused ... as mutual support for common purpose ... Transforming leadership ultimately becomes moral in that it raises the level of human conduct and ethical aspiration of both leader and led, and thus has a transforming effect on both’ (Burns 1978, p. 20).

According to Burns (1978), transformational leaders have a deeper understanding of their followers’ needs:

‘and attempt to structure leader/follower interaction to appeal to those needs. He believed that these leaders appealed to their followers through a sense of moral obligation and values such as liberty, justice, and equality. Burns suggests that transactional leaders only appeal to their followers’ self interests’ (Humphreys and Einstein 2003, p. 93).

Bass (1985) expanded Burns’ (1978) work by incorporating a broader description of the behaviours that separate transformational and transactional leaders (Humphreys and Einstein 2003, p. 93). Bass (1985) proposed four behaviours he believed were associated with transformational leadership:

1. Charisma (idealised influence);
2. Inspiration;
3. Intellectual stimulation; and
4. Individualised consideration.
In describing the charismatic aspect of transformational leadership, Bass (1990) asserts:

‘Attaining charisma in the eyes of one’s employees is central to succeeding as a transformational leader. Charismatic leaders have great power and influence. Employees want to identify with them, and they have a high degree of trust and confidence in them. Charismatic leaders inspire and excite their employees with the idea they may be able to accomplish great things…’ (Bass 1990a, p. 21).

The charismatic dimension of transformational leadership is characterised ‘by providing vision and a sense of mission, instilling pride in and among the group, and instilling respect and trust’ (Humphreys and Einstein 2003, p. 86).

Several writers borrowed Burns’ (1978) work on transformational leadership and began to intertwine this label with charismatic leadership as they sought to minimise the differences between the two theories (Yukl 1999, p. 298). It became common for the term ‘charismatic/transformational leadership’ to be used in the literature (Conger and Kanungo 1994, p. 441) as authors began to treat the two approaches as equivalent (Yukl 1999, p. 298-299). However, one of the leading proponents of transformational leadership at the time, Bass (1985), argued that the two terms (transformational leadership and charismatic leadership) are distinguishable. He argued that charisma is simply one of several components that make up transformational leadership and should be categorised separately. This proposition has been supported by other theorists including Yukl (1999) who viewed transformational and charismatic leadership as distinct but partially overlapping processes (Yukl 1999, p. 299). Bass (1985) highlighted that all people with charisma are not necessarily transformational leaders. Charismatics may have significant emotional appeal to others, but there may not be any transformational component to the relationship (Humphreys and Einstein 2003, p. 93). In short, Bass (1985) argues that charisma alone does not constitute transforming leadership.

This categorisation by Bass (1985) has been questioned by other theorists (e.g. Conger and Kanungo 1994, p. 441) who highlight that charisma has consistently emerged as a prominent component of transformational leadership, and it therefore should not be distinguished separately. They also highlight that both charismatic and transformational leadership formulations portray the leader’s vision as playing a central role in arousing and empowering others (Conger and Kanungo 1994, p. 441).
The literature also highlights ambiguity about the essential behaviours for charismatic and transformational leadership. Yukl (1999) argues that many of the same behaviours appear relevant for both types of leadership, but there are some apparent differences in the pattern of behaviour associated with each type of leadership:

‘A transformational leader seems more likely to take actions that will empower followers and make them partners in a quest to achieve important objectives. A charismatic leader seems more likely to emphasize [sic] the need for radical change that can only be accomplished if followers put their trust in the leader’s unique expertise. Incompatible aspects of the core behaviors [sic] for transformational and charismatic leadership may make it rare for both types of leadership to occur at the same time’ (Yukl 1999, p. 301).

Rowold and Heinitz (2007), however, argue a number of similarities between transformational and charismatic leaders, firstly highlighting that both forms of leaders are agents of change. In addition to the formulation of a vision, strong emotional connections between the leader and followers are necessary in order to change followers’ belief systems and attitudes. Additionally, if the leader is a ‘trustworthy model and represents a code of conduct, transformation occurs more easily’ (Rowold and Heinitz 2007, p. 122). As a consequence of the leader’s charismatic qualities and behaviours, followers identify with the leader. ‘In turn, values and performance standards are more likely to be adapted by followers’ (Rowold and Heinitz 2007, p. 122).

Conger and Kanungo (1994) propose that what distinguishes the two formulations of transformational and charismatic leadership has ‘little to do with any fundamental differences in leader behavior [sic] or tactics but rather with the perspective from which the leadership phenomenon is viewed’ (Conger and Kanungo 1994, p. 441). They argue that the charismatic theorists measure leadership from the standpoint of perceived leader behaviour, whereas and in contrast, the transformational theorists have concerned themselves primarily with follower outcomes. ‘In essence, the two formulations of charismatic and transformational in the organisational literature are highly complementary and study the same phenomenon, only from different vantage points’ (Conger and Kanungo 1994, pp. 441-442).
The following section provides a more in-depth examination of transformational leadership theory, drawing a contrast with theories of transactional leadership.

### 3.5 Transformational and Transactional Leadership

In the past three decades, a substantial body of research has accumulated on transformational leadership theory (Judge and Piccolo 2004, p. 755) to the extent that transformational leadership has become a well-known topic in psychology, management, sociology and political science fields (Yammarino, Spangler and Bass 1993, p. 81). Judge and Piccolo (2004) assert that transformational-transactional leadership theory has dominated thinking about leadership research in recent times (Judge and Piccolo 2004, p. 672). As an example of this interest, Lowe and Gardner (2000) found that in the period 1990 to 1999, more than one-third of articles (68) published in *The Leadership Quarterly* were related to charismatic leadership and transformational leadership theories (Lowe and Gardner 2000, p. 480). Additionally, Avolio, Bass and Jung (1995) reported that during the five-year period from 1990 to 1995 alone, more than 100 theses and dissertations investigated the concept and behaviours of transforming leadership (Avolio et al. 1995). Judge and Piccolo (2004) also found in a search of material published from 1990 to 2003 in the PsycINFO database, that there ‘have been more studies on transformational or charismatic leadership than on all other popular theories of leadership....combined’ (Judge and Piccolo 2004, p. 756). Transformational leadership is clearly a study topic of much interest.

Whilst the fundamental principles of transformational leadership appear in the early work of German sociologist Max Weber (1963) on charismatic leadership and Downton (1973) on rebel leadership (Yammarino et al. 1993, pp. 81-82), Burns (1978) was the first to introduce the concepts of transformational and transactional leadership in his 1978 work, *Leadership*.

Burns proposed that transformational leaders ‘offer a purpose that transcends short-term goals and focuses on higher order intrinsic needs’ (Judge and Piccolo 2004, p. 755). According to Burns transformational leadership is based on more than exchange and the compliance of followers; it involves something much deeper, involving a shift in the beliefs, the needs and the values of followers (Kuhnert and Lewis 1987, p. 648). Burns (1978) asserts that ‘the result of transforming leadership is a relationship of mutual stimulation and elevation that converts followers into leaders and may convert leaders into moral agents’ (Burns 1978, p. 4).
Yammarino et al. (1993) provide a useful description of transformational leadership:

‘leaders broaden and elevate the interests of their subordinates, when they generate awareness and acceptance among subordinates of the purpose and mission of the group, and when they move their subordinates to go beyond their own self-interests for the good of the group (Burns 1978). Transformational leaders motivate subordinates to do more than originally expected.

They raise the consciousness of subordinates about the importance and value of designated outcomes and ways of reaching them and, in turn, get subordinates to transcend their own immediate self-interests for the sake of the mission and vision of the organisation. Subordinates’ confidence levels are raised and their needs are expanded’ (Yammarino et al. 1993, p. 85).

Burns (1978) asserted that the difference between transformational and transactional leadership related to what leaders and followers offer each other. Transactional leaders focus on the exchange of resources; that is ‘leaders approach followers with an eye toward exchanging’ (Burns 1978, p. 4). Transactional leaders give followers something they want (e.g. wage increases, potential for promotion) in exchange for something the leader wants (Kuhnert and Lewis 1987, p. 649; Humphreys and Einstein 2003, p. 85) in a contingent-reward-based exchange (Jung and Avolio 1999, p. 208). Podsakoff, Bommer, Podsakoff and MacKenzie (2006) suggest that ‘leader reward and punishment behavior [sic] is ... the heart of what is called transactional leadership’ (p. 114). In contrast, transformational leaders help followers to see the importance of transcending their own self-interest for the sake of the team or organisation. They build followers’ self-confidence, self-esteem and self-efficacy by having a positive influence on followers’ identification and motivation (Jung and Avolio, p. 209).

The literature identifies that a transaction or exchange process is the basis of a commonly employed paradigm for the study of leadership, and as such, transactional leadership is compatible with both Path-Goal Theory and Leader-Member Exchange Models (Yammarino et al. 1993, p. 84). Kuhnert and Lewis (1987) make a distinction between lower-order transactions, which involve the exchange of tangibles such as remuneration for goal accomplishment; and higher-order transactions, which involve the exchange of intangibles between leaders and followers such as loyalty and trust (Kuhnert and Lewis 1987, p. 649).
Bass (1985) based his theory of transformational leadership on Burns’ (1978) conceptualisation, with a number of modifications and elaborations on the differences between transformational and transactional leadership. Bass (1985) argued that transactional leaders ‘mostly consider how to marginally improve and maintain the quantity and quality of performance, how to substitute one goal for another, how to reduce resistance to particular actions, and how to implement decisions’ (Bass 1985, p. 27). By contract, Bass (1985) asserted that transformational leaders:

>‘attempt and succeed in raising colleagues, subordinates, followers, clients, or constituencies to a greater awareness about the issues of consequence. This heightening of awareness requires a leader with vision, self-confidence, and inner strength to argue successfully for what he sees is right or good, not for what is popular or is acceptable according to established wisdom of the time’ (Bass 1985, p. 17).

One of Bass’ (1985) important contributions to theory was his conclusion that there are several transformational factors: charismatic leadership; inspirational motivation; individualised consideration; and intellectual stimulation. Bass (1985) did not agree with Burns that transactional and transformational leadership represent opposite ends of a single spectrum. That is, he argued that a leader could be either transactional or transformational, or both (Yammarino et al. 1993, p. 83). Bass (1985) argued that transformational and transactional leadership are separate concepts and, as an extension, that the best leaders are both transformational and transactional (Judge and Piccolo 2004, p. 755). Other theorists extend this argument by offering that both contingent reward behaviour (transactional leadership) and charisma (transformational leadership) can have positive effects on the empowerment of followers (Yammarino et al. 1993, p. 83). Complementary to these views, transactional leadership was viewed by Bass (1985) as being augmented by transformational leadership in its effects on performance. Yammarino, Spangler and Bass (1993) concluded that transactional leadership therefore provides the base for expected levels of performance, while ‘transformational leadership builds upon that base resulting in performance beyond expectations’ (p. 83).
To advance his work, Bass (1985) conducted a pilot study using an open-ended survey to test his transformational leadership concept. Results obtained from the study were subsequently used to further expand transformational leadership theory to include the transformational elements of charisma, inspiration, individual consideration, and intellectual consideration, and the transactional factors of contingent reward and management-by-exception. Results of this study were also used to develop the Multifactor Leadership Questionnaire or MLQ (Avolio and Bass 2004), which has evolved to become the most widely used instrument for research in leadership behaviors (Hinkin and Schriesheim 2008b; Judge and Piccolo 2004; Kanste, Miettunen and Kyngas 2007).

Kuhnert and Lewis (1987) argue that transformational leadership originates in the personal values and beliefs of leaders, and not in an exchange of commodities between leaders and followers (pp. 649-659). This view supports both Bass (1985) and Burns (1978) who argued that transformational leaders operate out of deeply held personal value systems that include values such as justice and integrity. Burns refers to these as end values (Kuhnert and Lewis 1987, p. 650). By expressing their personal beliefs and consistently demonstrating values, transformational leaders are able to unite followers and change their goals and beliefs, resulting in higher levels of performance.

Based on the original work of Bass (1985), contemporary literature proposes that there are four dimensions of transformational leadership: charisma or idealised influence; inspirational motivation; intellectual stimulation; and individualised consideration (Judge and Piccolo 2004, p. 755; Tims, Bakker and Xanthopoulou 2011, p. 123; Barling, Weber and Kelloway 1996, p. 827; Purvanova and Bono 2009, p. 344). The first of these dimensions, charisma or idealised influence, involves followers identifying with their leader and desiring to emulate them because of admiration for them. Charismatic leaders display conviction, take stands on issues, and appeal to followers on an emotional level, inspiring devotion and loyalty (Judge and Piccolo 2004, p. 755; Purvanova and Bono 2009, p. 344). Charismatic leaders excite, arouse, and inspire their subordinates (Yammarino et al. 1993, p. 85). These leaders are generally deeply respected and trusted by their followers.

The second dimension of transformational leadership, inspirational motivation, describes the leader’s ability to articulate a compelling, appealing and inspiring vision to followers, often including the use of symbols (Tims et al. 2011, p. 123). Inspirational leaders challenge followers ‘with high standards, communicate optimism about future goal attainment, and provide meaning for the task at hand (Yammarino et al. 1993, p. 755).
The third dimension of transformational leadership is intellectual stimulation. This refers to a leader’s capacity to encourage subordinates to think in new ways and to emphasise problem-solving and the use of reasoning before taking action. This should be achieved through awareness of their own thoughts and imagination and a recognition of their own beliefs (Hater and Bass 1988 p. 696; Yammarino et al. 1993, p. 85). Intellectually stimulating leaders ‘challenge assumptions, take risks, and solicit followers’ ideas’ (Judge and Piccolo 2004, p. 755) and, in turn, encourage re-thinking of ideas (Purvanova and Bono 2009, p. 344). Intellectual stimulation is seen in subordinates’ ‘conceptualisation, comprehension, and analysis of problems they face and solutions they generate’ (Yammarino et al. 1993, p. 85).

The fourth dimension of transformational leadership, individualised consideration, is the degree to which the leader ‘attends to each follower’s needs, acts as a mentor or coach to the follower, and listens to the follower’s concerns and needs’ (Yammarino et al. 2004, p. 755). Individualised consideration contributes to subordinates achieving their fullest potential by providing continuous follow-up and feedback. Followers are seen as unique individuals who ‘need specific, individualized [sic] attention that is congruent with the development phase they are in’ (Tims et al. 2011, p. 123).

Collectively, these four components of transformational leadership involve developing a closer relationship between leaders and followers, one based on trust, empathy, compassion, sensitivity and commitment (Jin 2010, p. 174) rather than on contractual agreements. Jung and Avolio (1999) summarise the relational outcomes of transformational leadership as follows:

‘Transformational leaders help followers to see the importance of transcending their own self-interest for the sake of the mission and vision of their group and/or organisation. By building followers’ self-confidence, self-efficacy, and self-esteem, such leaders are expected to have a strong, positive influence on followers’ identification, motivation, and goal achievement’ (Jung and Avolio 1999, p. 209).

Empirical evidence has identified that transformational leadership results in higher levels of cohesion, commitment, trust, motivation, and performance (Zhu, Chew and Spangler 2005, p. 41). Previous research and meta-analyses have also purported that transformational leadership has positive effects on individual performance and organisational outcomes (Howell and Hall-Merenda 1999, p. 681; Judge and Piccolo 2004).
Studies have also reported positive relationships between transformational leadership and outcomes at the organisation and individual levels, and on follower performance (Zhu et al. 2005, p. 41; Walumbwa and Hartnell 2011, p. 166).

Considerable academic interest in leadership theories in recent decades has produced a sharper focus on the definitions of transformational and transactional leadership. Building on the work of Burns (1978) and Bass (1985), much interest has been shown in the positive effects of the relational attributes of transformational leadership compared to the exchange elements of transactional leadership. Little academic attention has been given to laissez-faire leadership to date (Hinkin and Schriesheim 2008a, p. 1235).

3.6 Laissez-faire Leadership

Non-leadership, or laissez-faire leadership behaviour is considered as not related to follower performance. Instead, it is characterised by: responsibility avoidance; not responding to problems; resisting expressing views; being absent when needed; failing to follow up; and delaying responses (Hinkin and Schriesheim 2008a, p. 1235). Judge and Piccolo (2004) found that laissez-faire leadership has strong significant negative correlations with leader effectiveness and satisfaction with the leader (Hinkin and Schriesheim 2008a, p. 1234).

Increasing organisational complexity and challenging societal conditions, coupled with growing discontent at the perceived erosion of ethical behaviour by public, private and not-for-profit sector leaders, has seen a recent growth in academic interest in more authentic forms of organisational leadership. The following section provides a review of literature relating to this growing academic field.

3.7 Authenticity

3.7.1 The Increasing Need for Genuine or Authentic Leadership

Leadership has always been more difficult in challenging times, but the unique stressors facing organisations throughout the world today call for a renewed focus on what constitutes genuine leadership.
All forms of organisations, whether they be public, private or not-for-profit are facing challenges, including a decrease in what is perceived as ethical leadership (e.g. Worldcom, Enron) (Cooper, Scandura and Schriesheim 2005, p. 476; Lockhart 2007, p. 68). This has seen communities develop a growing distrust of leaders (George, Sims, McLean and Mayer 2007, p. 129). Luthans and Avolio (2003) assert that ‘leaders at all levels and types of organisations are facing the challenge of declining hope and confidence in themselves and their associates’ (p. 241).

Sparrowe (2005) asserts that a lack of authenticity ‘lies near the heart of the crisis of confidence in contemporary corporate leadership’ (p. 419). This decline in confidence has been coupled with an increase in societal challenges (e.g. terrorism, fluctuating stock markets) that necessitates the need for positive leadership more than in any other time (Cooper et al. 2005, p. 476). What constitutes the normal range of functioning in these changing conditions ‘is constantly shifting upwards as new challenges, technologies, market demands and competition emerge’ (Avolio and Gardner 2005, p. 316).

Authenticity is proposed by Sparrowe (2003) to be an antidote to the crisis in leadership being articulated in recent practitioner writings (p. 420). Bill George (2003) concurs with this view, arguing that ‘being yourself; being the person you were created to be’ rather than ‘developing the image or persona of a leader’ (George 2003, p. 11) is the best way to restore trust and confidence in business organisations.

Over the past 50 years leadership scholars have conducted more than 1000 studies in an attempt to determine the definitive styles, characteristics, or personality traits of great leaders (George et al. 2007, p. 99) yet none of these has produced a clear profile of the “ideal” leader. It is argued that contemporary challenges facing organisations around the globe have precipitated a renewed focus on restoring confidence, hope, and optimism. There is a growing recognition among scholars and practitioners alike that a more authentic leadership style is required to achieve desirable and sustainable outcomes (Avolio and Gardner 2005, p. 316).

The central premise here is that through increased self-awareness, self-regulation and positive role-modeling, ‘authentic leaders foster the development of authenticity in followers. In turn, followers’ authenticity contributes to their well-being and the attainment of sustainable and veritable performance’ (Avolio and Gardner 2005, p. 317).
3.7.2 Origins of Authenticity

The concept of authenticity is generally recognised to have its roots in ancient Greek philosophy (“[t]o thine own self be true” (Shakespeare 1901: Act I, Scene iii)), although the modern conception of authenticity has emerged in the past 85 years (Gardner et al. 2011, p. 1121; Gardner et al. 2005, p. 344). Kernis and Goldman (2006) note that ‘contemporary psychology views of authenticity owe a great deal of debt to the works of philosophy’ (p. 284) where ‘authenticity is loosely set within topics such as metaphysics or ontology, firmly entrenched in particular movements such as existentialism or phenomenology, and localized [sic] to specific authors like Sartre or Heidegger’ (Gardner et al. 2011, p. 1121).

Novicevic, Harvey, Buckley, Brown and Evans (2006) note that philosophical meanings of authenticity have been historically described in terms of individual virtues and ethical choices, while psychological meanings of authenticity have been historically articulated in terms of individual traits/states and identities (p. 65). Table 2 provides an overview of the philosophical and psychological meanings of authenticity.
### Table 2: Philosophical and Psychological Meanings of Authenticity

<table>
<thead>
<tr>
<th>Philosophical Meaning</th>
<th>Authenticity as Moral Virtue</th>
<th>Authenticity as Ethical Choices</th>
<th>Authenticity as Trait/State</th>
<th>Authenticity as Identity</th>
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<td></td>
<td>Authenticity as Moral Virtue</td>
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<td></td>
<td>• A moral response to declining civic and religious values (Baumeister 1987)</td>
<td>• Winning oneself by making authentic, self-motivated choices (Heidegger 1962/1927)</td>
<td>• Individual-difference psychological construct that reflects not only self-awareness of one’s motives and unbiased self-relevant cognitions, but also self-determination of one’s behavioural and relational choices (Kernis 2003a)</td>
<td>• Meanings that we attach to our particular identities in self-referential terms (Erickson 1995)</td>
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<td>• One’s emotional orientation toward the world (Furtak 2003, p. 424)</td>
<td>• Recognition of one’s psychological will and skill to balance private interest and public responsibility when choosing alternatives and setting goals (Sartre 1948)</td>
<td>• Expression of one’s own convictions accompanied with the acceptance of responsibility for one’s own decisions (Hoy, Hoffman, Sabo and Bliss 1996)</td>
<td>• Owning one’s personal experiences and acting in accord with one’s inner thoughts and feelings (Harter 2002)</td>
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<td></td>
<td>• The reflection of one’s emotional substantive way of living (Kierkegaard 1996)</td>
<td>• Capacity of the individual to search for progressive ways of harmonising the demands of personal self-development with those of public responsibility to develop such capacity in others (Adorno 1973)</td>
<td>• Individual state that occurs when individuals self-regulate in ways that satisfy their basic psychological needs for competence, self-determination, and relatedness (Ryan and Deci 2002)</td>
<td>• Claim that is made by or for someone, thing or performance and either accepted or rejected by relevant others (Peterson 2005)</td>
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<td>• Virtuous aspiration to rise above the ‘average-ness’ of following someone else’s directions or following the crowd (Pianalato 2003)</td>
<td>• Self as a difference between real and ideal mind and soul (Danzinger 1997)</td>
<td>• Conflicting feelings and goals that meaningfully promote self-growth experiences and informing about the complexity of one’s true feelings (Goldman &amp; Kernis 2002, p.5)</td>
<td>• Individual judgement of his or her roles using the norms that others would use to judge him or her.</td>
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</table>

Philosophical meanings of authenticity were explored in leadership studies during the 1960s when an organisation’s authenticity was viewed as being ‘a manifestation of its leader’s individual authenticity’ (Novicevic et al. 2006 p. 68). Psychological meanings of authenticity in leadership studies, however, were considered to be relative to the authenticity (Bass and Steidlmeier 1999) and inauthenticity (or pseudo-authenticity) (Price 2003) of transformational leaders (Novicevic et al. 2006, p. 68-69).

Humanistic psychologists Carl Rogers (1959 1963) and Maslow (1968 1971) focused attention on the development of fully functioning or self-actualised persons, ‘individuals who are “in tune” with their basic nature and clearly and accurately see themselves and their lives’ (Avolio and Gardner 2005, p. 319). Maslow (1971) conceived self-actualising people as having strong ethical convictions (p. 346). Ford and Harding (2011) note that most definitions of authenticity appear to be generally related to that monad of western philosophical thought of: ‘the ontologically fixed entity having an inner self securely bounded from the exterior world’ (Ford and Harding 2011, p. 465). Avolio and Gardner (2005) note that these ideas from the humanistic psychologists provided the ‘intellectual heritage’ (p. 320) for authentic leadership development.

Gardner et al. (2005) offer a useful explanation of authenticity. Drawing from the positive psychology literature, they argue that authenticity involves ‘both owning one’s personal experiences (values, thoughts, emotions and beliefs) and acting in accordance with one’s true self (expressing what you really think and believe and behave accordingly)’ (Gardner et al. 2005, p. 344). Many authors contend that authenticity should not be considered as an either/or condition, preferring the concept that people are neither completely authentic nor inauthentic. Instead, they can be more accurately described as achieving levels of authenticity (Avolio and Gardner 2005, p. 320; Gardner et al. 2005, p. 345; Gardner et al. 2011, p. 1121).

Avolio and Gardner (2005) argue that recognition of the self-referential nature of authenticity (Chan, Hannah and Gardner 2005, p. 6) is critical to understanding the construct. They propose that authenticity does not involve any explicit consideration of ‘others’; instead, the authentic self is seen as ‘existing wholly by the laws of its own being’ (Erikson 1995, p. 125).

Kernis and Goldman (2006) provide a useful conceptualisation of authenticity. They purport that authenticity encompasses the four key components of: (1) awareness (i.e. knowledge and trust in one’s thoughts, motives, feelings and values); (2) unbiased processing (objectivity about, and acceptance of, one’s positive and negative attributes); (3) behaviour (acting on one’s true preferences, values and needs rather than responding to external pressures); and (4) relational orientation (achieving openness in one’s relationships) (Gardner et al. 2011, p. 1121).

This multi-component conceptualisation of authenticity developed by Kernis and Goldman (2006) has provided the theoretical foundation for several theories of authentic leadership (Gardner et al. 2011, p. 1121). These are further explored in the following sections.

3.7.3 Authenticity is Not....

In attempting to define authenticity, some authors opt to describe what authenticity is not. Chan et al. (2005) provide a useful discourse in describing that sincerity, impression management and self-monitoring are not the same thing as authenticity. Trilling (1972) defined sincerity as ‘the absence of dissimulation or feigning or pretense’ (p. 13) and in which there is ‘congruence between avowal and actual feeling’ (p. 2), or the extent to which ‘one’s outward expression of feelings and thoughts are aligned with the reality experienced by the self’ (Avolio and Gardner 2005, p. 320). This implies that one’s sincerity is therefore judged by the extent to which the self is represented honestly to others, rather than the extent to which one is true to the self. Authenticity is a self-referential state of being. It is more than a feeling, as it is concerned with being ‘one’s true self’ (Chan et al. 2005, p. 6). Insincerity, however, is the feeling of a ‘lack of congruence in one’s relations and interactions with others’ (Chan et al. 2005, p. 6).
Authenticity is also not impression management (Leary and Kowalski 1990, p. 41; Gardner and Avolio 1998, pp. 32-3). Berman (1970) describes an absence of authenticity as ‘the determination of men to hide themselves not merely from others but from themselves’ (p. 60) in a process of impression management. In a behavioural sense, this is akin to ‘hiding one’s true thoughts, being phony, or saying what one thinks others want to hear, rather than what one really wants to say’ (Chan et al. 2005, p. 7). The inauthentic person acts in deference to external information due to a lack of coherent internal information that he/she can draw upon, whereas impression management makes no assumption about coherence to the self. Impression management is more concerned with the manipulation of social information to project a desired image with an audience (Chan et al. 2005, p. 7).

Authenticity is also not self-monitoring. According to Chan et al. (2005), a person who is high self-monitoring will display different behaviours according to what is perceived to be appropriate to the situation, whilst low self-monitors are more likely to listen to their inner voice for guidance on how to behave in a given situation. High self-monitors report having multiple selves (Lester 1997), while low self-monitors may initially appear more genuine and true to themselves (Chan et al. 2005, p. 7). To extend this, it is argued that inauthenticity comes from a sense of false self that has been socially implanted against one’s voluntary will. High self-monitors, in adapting their behaviour to suit the social situation, believe they are presenting their most appropriate self for the situation at hand. The inauthentic person is acutely aware that the self presented in this particular situation is phony (Chan et al. 2005, p. 7).

Authenticity involves a commitment to one’s values and identity (Erickson 1995, p. 131) and therefore is state-like, whereas self-monitoring is a personality attribute and reflects a trait-like preference for utilising self-knowledge (low self-monitor) compared to knowledge of others (high self-monitor). A highly authentic person is concerned with the degree of self-referential expression, whereas the high self-monitor is more ‘concerned about the degree of social impression’ (Chan et al. 2005, p. 8). Despite this, Chan et al. (2005, p. 9) assert that authentic leaders are not necessarily low self-monitors. They do recognise, however, that due to the overlap in personality traits associated with these constructs, the authentic person is more predisposed to low self-monitoring. The reason for this is that authentic leaders are not given an uninhibited freedom to express their personalities as they are also often bound by their formal roles as leaders.
‘Unlike authentic persons, authentic leaders are not only true to themselves, but also to their roles as leaders, which includes an element of being aware of social cues and followers’ needs, expectations, desires and feedback’ (Chan et al. 2005, p. 9). Due to the authentic leader’s high level of self-awareness, he/she is readily able to react to situational priming cues to make their true self more salient.

The construct of authentic leadership has emerged in more recent times, building on the work of other leadership theories, particularly ethical and transformational leadership (Walumbwa, Wang, Wang, Schaubroeck and Avolio 2010, p. 901). The following section provides a discourse on the evolution of academic and practitioner interest in the construct of authentic leadership.

3.8 Authentic Leadership

3.8.1 Defining Authentic Leadership

Several authors argue that authentic leadership is the construct underlying all positive approaches to leadership. This includes charismatic, transformational, spiritual, integrity and/or ethical forms of leadership (May, Hodges, Chan and Avolio 2003, p. 248; Luthans and Avolio 2003, p. 4; Gardner et al. 2011, p. 1130; Avolio and Gardner 2005, p. 316; Cooper, Scandura and Schriesheim 2005, p. 480; Neider and Schriesheim 2011, p. 1146).

Efforts to define the construct are relatively new (Cooper et al. 2005, p. 478), with a variety of definitions of leader authenticity or authentic leadership being advanced since the 1960s (Gardner et al. 2011, p. 1121). Some authors argue that there is no single accepted definition of authentic leadership and acknowledge that ‘different authors use the term in somewhat different ways’ (Shamir and Eilam 2005, p. 395).

The term ‘authentic leadership’ was first used in leadership theory by Bass (1990) to qualify aspects of the theory of transformational leadership. He incorporated concepts of authentic leadership into his model of transformational leadership to isolate the potential negative aspects of charisma associated with narcissistic and authoritarian leaders masquerading as transformational leaders (Ford and Harding 2011, p. 464).
Bass and Steidlmeyer (1999) assert that truly transformational leaders are highly moral, and to be otherwise would result in inauthentic or pseudo-transformational leadership. They make the case that authentic transformational leadership rests on ‘a moral foundation of legitimate values’ (Bass and Steidlmeyer 1999, p. 184).

Avolio, Gardner, Walumbwa, Luthans and May (2004) propose that authentic leaders are those who have achieved elevated degrees of authenticity in that they know themselves, what they value and believe, and their behaviours are based upon their genuine beliefs and values when interacting with others (p. 802). Authentic leaders are perceived by others as authentically understanding their own and others’ values and moral perspectives and strengths; they understand their own behaviours and the causes of those behaviours. Authentic leaders display qualities of positivity, optimism, self-assuredness, pliancy and moral fortitude (Avolio, Luthans and Walumbwa 2004, p. 4). Cooper et al. (2005) highlight that this definition contains elements from diverse domains – traits, states, behaviours, contexts, and attributions. They also highlight that the perspectives will vary from leader, to followers, to observers and that the definition operates at multiple levels: individual, team and organisational (Cooper et al. 2005, p. 478).

Walumbwa et al. (2010) note that the construct of authentic leadership is an area of interest that emerged in the research and practice literature to complement the work on ethical and transformational leadership (Walumbwa et al. 2010, p. 901). They conceive authentic leadership as a:

> ‘pattern of leader behaviour that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized [sic] moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development’ (Walumbwa et al. 2008, p. 94).

This useful conceptual description represents authentic leadership as the extent to which a leader is self-aware and exhibits patterns of openness and clarity in his/her behaviour towards followers. He/she shares information, accepts others’ input, and discloses his/her ‘personal values, motives, and sentiments in a manner that enables followers to more accurately assess the competence and morality of the leader’s actions’ (Walumbwa et al. 2010, p. 901).
Recent literature suggests that authentic leadership behaviours positively affect employee attitudes and behaviours such as work engagement, organisational citizenship behaviour and performance. Ilies (2005) advances that ‘how one lives one’s life in relation to oneself and to others is at least as important as hedonic happiness’ (Ilies et al. 2005, p. 374). Authenticity on the part of leaders influences not only leaders’ own well-being, but also influences their followers’ well-being and self-concept.

3.8.2 Evolution of Authentic Leadership Theory

Gardner et al. (2011) suggest that the first attempt to define and operationalise the constructs of leadership authenticity and leadership inauthenticity was made by Henderson and Hoy (1983) (Gardner et al. 2011, p. 1123). Henderson and Hoy (1983) asserted that leadership authenticity encompasses three components: (1) acceptance of personal and organisational responsibility for actions, outcomes and mistakes; (2) non-manipulation of subordinates; and (3) salience of self over role requirements. According to Henderson and Hoy (1983), leadership inauthenticity involves an absence of these components including a lack of accountability, manipulation, and salience of role over self. This early definition of leadership authenticity provides some overlap with the dimensions of authenticity later proposed by Kernis and Goldman (2006), particularly the dimension of salience of self over role, but also takes reference from constructs such as abusive supervision, organisational politics and accountability (Gardner et al. 2011, p. 1123).

Bhindi and Duignan (1997) proposed a definition of authentic leadership based on their focus of interest in the social sciences. They argued that authentic leadership comprises four components: authenticity; intentionality; spirituality; and sensibility. Begley (2001), focusing his work in the context of education administration, then introduced an alternative perspective that equated authentic leadership with effective and ethical leadership (Gardner et al. 2011, p. 1123). Begley (2001) purported that ‘[a]uthentic leadership implies a genuine kind of leadership – a hopeful, open-ended, visionary and creative response to circumstances’ (Begley 2001, p. 354). Importantly, Begley’s (2001) definition highlights the importance of self-knowledge, a central component of most conceptions of authentic leadership.
George (2003) stimulated a heightened interest in both scholarly and practitioner interest in authentic leadership with his book *Authentic Leadership: Rediscovering The Secrets To Creating Lasting Value*. George (2003) defined the five dimensions of authentic leadership as: (1) pursuing purpose with passion; (2) practicing solid values; (3) leading with heart; (4) establishing enduring relationships; and (5) demonstrating self-discipline. Several of these components align closely with the definitions of authenticity proposed by Kernis and Goldman (2006), such as practicing solid values, and establishing enduring relationships (Gardner et al. 2011, p. 1123).

Luthans and Avolio (2003) provided a model for authentic leadership that linked to theoretical concepts of positive organisational behaviour, transformational/full-range leadership, and ethical perspective-taking (Gardner et al. 2011, p. 1123). Importantly, their definition introduced positive organisational behaviour states including ‘confidence, hope, optimism, and resilience that later became the basis for the psychological capital construct’ (Gardner et al. 2011, p. 1123) proposed by Luthans, Avolio, Avey and Norman (2007).

Luthans and Avolio (2003) provide the following useful definition of authentic leadership in organisations:

> *We define authentic leadership in organizations [sic] as a process that draws from both positive psychological capacities and a highly developed organizational [sic] context, which results in both greater self-awareness and self-regulated positive behaviors [sic] on the part of leaders and associates, fostering positive self-development. The authentic leader is confident, hopeful, optimistic, resilient, transparent, moral/ethical, future-oriented, and gives priority to developing associates into leaders themselves. The authentic leader does not try to coerce or even rationally persuade associates, but rather the leader’s authentic values, beliefs, and behaviors [sic] serve to model the development of associates*’ (Luthans and Avolio 2003, p. 243).

This definition of authentic leadership introduces in a more deliberate way, the core components of authentic leadership of ‘self-awareness, positive self-regulation, positive self-development, and/or a positive moral perspective’ (Gardner et al. 2011, p. 1123).
In 2005, Gallup Leadership Institute (University of Nebraska-Lincoln) associates Avolio, Gardner, Luthans, May and Walumbwa and their colleagues developed a model of authentic leadership that was based on Kernis’ (2003) multi-component concept of authenticity. The work of the Gallup Leadership Institute resulted in a refined definition of authentic leadership advanced by Walumbwa, Avolio, Gardner, Wernsing and Peterson (2008). This definition, which remains dominant in contemporary literature, identifies four primary components of authentic leadership: (1) balanced processing; (2) internalised moral perspective; (3) relational transparency; and (4) self-awareness. These components are based on the awareness, unbiased processing, relational orientation, and behaviour/action components described by Kernis and Goldman (2006) in their definition of authenticity (Gardner et al. 2011, p. 1123).

Balanced processing refers to the capacity to balance and analyse all relevant information before making a decision. This involves soliciting the views of others that may challenge the leader’s existing position(s) (Walumbwa et al. 2008, p. 95). Internalised moral processing refers to an ‘internalized [sic] and integrated form of self-regulation’ (Walumbwa et al. 2008, p. 95). The leader’s behaviours are strongly influenced by internal moral standards and values, rather than being guided by external pressures such as peer or societal pressures. Relational transparency refers to presenting one’s authentic self (as opposed to fake or distorted self) to others. This involves openly sharing and expressing true thoughts and feelings and being open with information and minimising displays of inappropriate emotions (Walumbwa et al. 2008, p. 95). Lastly, self-awareness refers to ‘the extent leaders understand their own strengths, weaknesses, and motives, as well as recognising how others view their leadership’ (Walumbwa et al. 2010, p. 902). Leaders with high self-awareness rely on both self-knowledge and reflected self-image.

Shamir and Eilam (2005) provided an alternative definition to authentic leadership that was not based on Kernis and Goldman’s conceptions of authenticity (Gardner et al. 2011, p. 1124). Shamir and Eilam (2005) posit the following four defining characteristics of authentic leaders:

a. Authentic leaders do not fake their leadership. Authentic leaders do not pretend to be leaders based on their position, nor do they work on developing an image or persona of a leader. Leadership is a self-expressive act for authentic leaders, based on their ‘true’ or ‘real’ self (Shamir and Eilam 2005, p. 396).
b. Authentic leaders do not take on a leadership role or engage in leadership activities for status, honour or other personal rewards. They have a value-based cause or mission they want to promote or pursue, and engage in leadership to promote this cause or mission. This characteristic (and the characteristic immediately above) means that leadership is a eudaemonic activity for authentic leaders. ‘The state of eudaemonia occurs when people’s life activities are congruent with their deeply held values’ (Shamir and Eilam 2005, p. 397). People who are eudaemonically motivated are fully engaged both in their own self-actualisation and in using their virtues, talents and skills for greater good (Shamir and Eilam 2005, p. 397).

c. Authentic leaders are originals, not copies. Whilst their values, convictions and cause may not be different to others, the process through which they have arrived at these convictions is not a process of imitation. ‘Rather, they have internalised them on the basis of their own personal experiences’ (Shamir and Eilam 2005, p. 397). This is not to suggest that leaders, as social beings, are not influenced by societal norms and values and other social influences, but rather, they are not passive recipients of these social inputs.

d. Authentic leaders are leaders whose actions are based on their values and convictions. Their actions are consistent with both their talk and their beliefs. Because they act in accordance with their ‘values and beliefs rather than to please an audience, gain popularity or advance some personal or narrow political interest, authentic leaders can be characterized [sic] as having a high level of integrity’ (Shamir and Eilam 2005, p. 397).

Shamir and Eilam’s (2005) definition of authentic leadership rests on leaders’ self-concepts and the relationships between their self-concepts and behaviours (Gardner et al. 2011, p. 1124). Their definition implies that authentic leaders can be distinguished from less authentic leaders by four self-related characteristics:

a. The degree of person-role merger i.e. the salience of the leadership role in the self-concept

b. The level of self-concept clarity and the extent to which this clarity centres around strongly held values and convictions
c. The extent to which their goals are self-concordant

d. The degree to which their behavior is consistent with their self-concept (Shamir and Eilam 2005, p. 399).

Notably, Shamir and Eilam’s (2005) conception of authentic leadership does not seek to describe the leader’s style (Shamir and Eilam 2005, p.398) or the content of the leader’s values or convictions (Avolio and Gardner 2005, p. 321).

Other writers who have also proposed alternatives to Kernis and Goldman’s (2006) conception of authenticity include Sparrowe (2005), Michie and Gooty (2005), Eagly (2005) and Ladkin and Taylor (2010) (Gardner et al. 2011, p. 1124). More recently, Whitehead (2009) proposed a definition of authentic leadership that includes three components: (1) self-awareness, others’ awareness, and a developmental focus; (2) the creation of high levels of trust built on an ethical and moral framework; and (3) a commitment to organisational success grounded in social values. While these components are described somewhat differently to other theoretical definitions, there is a clear overlap in characteristics defined by Whitehead (2009) with other theoretical definitions of authentic leadership.

3.8.3 Authentic Leadership and Follower Development

With increasing pressure to promote style over substance, to dress for success, and to compromise one’s values to satisfy increasing stakeholder expectations, the challenge of knowing, showing and remaining true to one’s values and real self at work has never been greater. Gardner, Avolio, Luthans, May and Walumbwa (2005, p. 344) argue that in the face of such pressures, ‘people look for organizational [sic] leaders of character and integrity to provide direction and help find meaning in their work’. These leaders foster healthy ethical climates characterised by trust, transparency, integrity and high moral standards. These are authentic leaders who are not only true to themselves, but lead others by assisting them to similarly achieve authenticity (Gardner et al. 2005, p. 344).
As already indicated, published academic work on authentic leadership suggests that authentic leaders display four predominant types of behaviours: balanced processing; an internalised moral perspective; relational transparency; and self-awareness (Walumbwa et al. 2010, p. 902). Whilst each of these individual behaviours has received considered research attention in the psychological literature as separate constructs, only most recently has research been undertaken that considers authentic leadership as a higher order common construct. For example, Walumbwa et al. (2008), in a study of five examples from China, Kenya and the United States, found evidence for a core authentic leadership factor from the relationships among the four dimensions of authentic leadership (Walumbwa et al. 2010, p. 903). They reported that ‘the higher order factor of authentic leadership was significantly and positively related to self reported OCB [organisational citizenship behaviour], organisational commitment, satisfaction with supervision, job satisfaction, and supervisor-rated job performance’ (Walumbwa et al. 2010, p. 903).

It then follows that an authentic leader must achieve authenticity through self-awareness, self-acceptance, and authentic actions and relationships. However, authentic leadership is more than the authenticity of the leader as a person. Authentic leadership also extends to encompass authentic relations with followers (Gardner et al. 2005, p. 345). By leaders being true to their core beliefs and values and exhibiting authentic behaviour, the leader positively encourages the development of authentic followers. Gardner et al. (2005) argue that authentic followership is an integral component and consequence of authentic leadership development and that authentic followership largely mirrors the developmental processes of authentic leadership (Gardner et al. 2005, p. 346). In their conceptual framework shown as Figure 2, they highlight that authentic followership development ‘is largely modeled by the authentic leader to produce heightened levels of followers’ self-awareness and self-regulation, leading to positive follower development outcomes’ (Gardner et al. 2005, p. 346). Desirable follower outcomes posited to arise from authentic leadership and followership include: increased trust (Jones and George 1998, p. 539; Vogelgesang et al. 2013, p. 405); engagement, which has been defined by Harter, Schmidt and Keyes (2003) as ‘involvement and satisfaction with as well as enthusiasm for work’ (p. 269); and workplace well-being.
Gardner et al. (2005) assert that because authentic leaders understand the importance of transparency, the psychological contract that they create with followers has a strong and resilient foundation built on trust. ‘Each party knows better where the other is coming from due to high congruency between beliefs and actions’ (Gardner et al. 2005, p. 364). Once established, the psychological contract between leader and follower has the capacity to generate a common understanding about actions and the responsibilities of each party. This, in turn, establishes a foundation for trust that builds growth in the relationship and ultimately enhances leader and follower performance.

Follower engagement is a major factor in the relationship between authentic leadership and followership, and in turn, contributes to veritable organisational performance (Gardner et al. 2005, p. 365). It is argued that demonstrated integrity and sustained performance of the leader, ‘coupled with developmental experiences, psychological safety, and meaningful work (May et al. 2004), produce high levels of engagement among followers’ (Gardner et al. 2005, p. 366). When translated to employee engagement, it is asserted that authentic leadership contributes positively to business performance outcomes, reduced employee turnover, increased productivity and profit, and increased customer satisfaction.
The past two decades have seen considerable research into the causes and consequences of employee organisational citizenship behaviours (OCB). Research has found that almost all studies that have examined the relationship between leadership behaviours and OCB, have produced significant results (Walumbwa et al. 2010, p. 903). The logic behind this is that followers are likely to emulate and enact what a leader emphasises ‘by his or her behaviour not only in their immediate task-related behavior [sic] but in other ways as well’ (Schneider et al. 2005, p. 1019). As authentic leadership behaviour supports a fair and open work environment, this is also conducive to employees being more willing to engage in behaviours that help the organisation, even when it sits outside their specified role (Walumbwa et al. 2010, p. 903). Mayer and Gavin (2005) support this proposition, noting that employees who experience more honest and trusting relationships with their supervisor translate this into an ability to ‘focus attention on activities that add value to an organisation’ (Mayer and Gavin 2005, p. 876). These activities would normally be reflected in ways that go beyond specified in-role performance expectations, including high levels of discretionary effort brought to work activities.

Walumbwa et al. (2010) undertook a significant study into the relationship between authentic leadership and key follower outcomes, particularly focusing on employee OCB and work engagement. This study explored the causal links between followers’ identification with the supervisor and their feelings of empowerment. The results of this study support the proposition that a positive link exists between authentic leadership and follower work engagement, and follower OCB. Results also served to draw together the identification and empowerment literature to help explain how leaders’ perceived authenticity influences follower behaviour (Walumbwa et al. 2010, p. 910). Walumbwa et al. (2010) found that a follower’s interpersonal identification with his or her supervisor is likely to ‘be a critical intervening variable linking leader and follower outcomes’ (p. 910). The more leaders are seen to be authentic, the more followers will identify with them, feel psychology empowered, be more engaged in their roles, and demonstrate more OCB.

3.8.4 Hedonic and Eudaemonic Well-Being in Authentic Leadership

Ilies et al. (2005) expanded the concept of authentic leader–follower relationships further by focusing on the effects of authentic leadership on two distinct but related philosophical approaches to human happiness and worthiness: hedonic happiness and eudaemonic well-being (Ilies et al. 2005, p. 374). Hedonism refers to the basic motivational principle of approaching pleasure and avoiding pain (Freud 1952).
The hedonic approach to understanding human well-being is generally translated into an assessment of subjective well-being ‘as a general subjective evaluation of life in terms of pleasantness versus unpleasantness or as a summation of evaluative reactions to life stimuli encountered in various situations’ (Ilies et al. 2005, p. 375). These two assessment approaches are similar to that proposed by Haybron (2001) who refers to an *attitudinal model* and a *sensation model* of pleasure (Haybron 2001, p. 504), and what Kahneman (2004) refers to as the evaluative self and the experiencing self. Ilies et al. (2005) argue that discrete experiences and evaluative satisfaction are related in that an individual’s discrete experiences have an influence on their global life satisfaction. That is, what one experiences in their daily engagements with life, ‘how they approach these experiences, and what they learn from them has profound implications for their personal growth’ (Ilies et al. 2005, p. 375) and for the worthiness of their life from a moral perspective.

The second aspect of human happiness and worthiness is what is referred to as eudaemonic well-being. This reflects the Aristotelian concept of eudaemonia that evaluates the goodness of life based on ‘living in a manner that actively expresses excellence of character or virtue’ (Haybron 2000, p. 210). Waterman (1993) argues that the eudaemonic conception of well-being calls on ‘people to recognize [sic] and to live in accordance with the *daimon* or “true self”’ (Waterman 1993, p. 678), thereby drawing theoretical links between authenticity and well-being. At the experiential level, eudaemonic engagement is closely related to peak experiences of interest, motivation and joy. Eudaemonia occurs:

> ‘when one is fully engaged in an activity and existing as one’s true self. Therefore, eudaemonic engagement assumes introspective reflection upon one’s values and reasoned choices for engagement in specific activities, and not only hedonic motivation’ (Ilies et al. 2005, p. 375).

Several authors have linked the causal relationship between authenticity, engagement and eudaemonic well-being (e.g. Kernis 2003 and Ilies et al. 2005). In particular, Ilies et al. (2005) purport that by modeling and encouraging authentic behaviours, leaders can help followers ‘to become self-concordant and engaged, and thereby contribute to their workplace well-being’ (Gardner et al. 2005, p. 367).
Authenticity as a psychological construct reflects ‘the unobstructed operation of one’s true, or core, self in one’s daily enterprise’ (Kernis 2003, p. 13). It then follows that authentic leaders, by expressing their true self in daily life, live a good life (in an Aristotelian way) and this process results in ‘self realization [sic] (eudaemonic well-being) on the part of the leaders, and in positive effects on followers’ eudaemonic well-being’ (Ilies et al. 2005, p. 376). More specifically, Ilies et al. (2005) assert that authentic leaders positively foster follower well-being by, firstly, demonstrating personal integrity and elevated self-awareness. This, when coupled with striving for truthful relationships, leads to an unconditional trust on the part of followers. This in turn enhances followers’ organisational-derived self-concept by influencing followers’ identification with the leader. Secondly, authentic leaders influence the well-being of followers through emotions by creating an environment in which to experience positive emotions. Third, authentic leaders act as positive behavioural models for personally expressive and authentic behaviours. Fourth, ‘authentic leaders support the self-determination of followers … by providing opportunities for skill development and autonomy’ (Ilies et al. 2005, p. 383). Lastly, through affirming social exchanges, authentic leaders positively influence and elevate followers (Ilies et al. 2005, p. 383).

Figure 3 below provides a conceptual model demonstrating how authentic leadership influences leaders’ and followers’ eudaemonic well-being.

**Figure 3: Authentic leadership influences on leaders’ and followers’ eudaemonic well-being.**

3.8.5 Authentic, Moral and Ethical Leadership

A positive moral perspective is a central component of authentic leadership. In this context, an exploration of the literature that considers the impact of a leaders’ moral and ethical behaviour on the moral and ethical behaviour of followers as a consequence, is warranted.

Moral identity is defined ‘as the degree to which individuals identify themselves as being a moral agent and how their identity influences their self-concept’ (Zhu et al. 2011, p. 803). Aquino and Reed (2002) expand this definition further by describing moral identity as representing the self-importance placed by the individual on positive moral traits. These include compassion, caring, hard work, fairness, friendliness, honesty and kindness (Aquino and Reed 2002, p. 1426).

Tangney (2003, pp. 387-388) argues that self-conscious moral emotions such as empathy and guilt play ‘important self regulatory functions by providing important critical feedback into one’s self thoughts, intentions, and behaviours’ (Zhu et al. 2011, p. 803). Empathy is defined as ‘an affective response that stems from the apprehension or comprehension of another’s emotional state and/or condition and is similar to what the other person is feeling or would be expected to feel’ (Eisenberg 2000, p. 671). Guilt, on the other hand, is defined as ‘regret over wrong doing’ (Eisenberg 2000, p. 667). Zhu et al. (2011) argues that these two types of moral emotions can function as both motivational and sanctioning mechanisms to motivate an individual to act ethically (Zhu et al. 2011, p. 804).

A third component, authentic moral action, has been defined as:

‘s’self-consciously driven moral actions/behaviors due to individuals’ belief that they are moral persons, characterized [sic] with high-level moral identity and moral emotions, and that they should decide and behave to maintain consistency between what they do and what they believe and who they are and what they should do’ (Zhu et al. 2011, p. 804).
In this context, an ethical climate includes a group’s or organisation’s:

‘moral normative structure, referent others’ behavior [sic], expectations about obedience to legitimate authority, and the group or organization’s [sic] encouragement of employees to be responsible for their actions’ (Zhu et al. 2011, p. 804).

Victor and Cullen (1988) found that an ethical organisational climate positively influences employee moral attitudes and behaviours. An ethical climate provides criteria that guides and influences appropriate ways to process, examine and then deal with potential ethical dilemmas (Victor and Cullen 1988, pp. 118-123). May et al. (2003) advance this concept further by asserting that the moral capacity of the leader will largely influence whether or not an issue is recognised as a moral dilemma. They note that a leader’s moral capacity is composed of how the leader constructs his/her leadership role, his/her perspective-taking ability, and his/her experience with previous moral dilemmas (May et al. 2003, p. 253). Bass and Steidlmeier (1999) argue that to be truly transformational, leadership must be grounded on fundamental moral foundations. ‘It is the presence or absence of such a moral foundation of the leader as a moral agent that grounds the distinction between authentic versus pseudo-transformational leadership’ (Bass and Steidlmeier 1999, p. 186).

3.8.6 Authentic Leadership and Leader Political Skill

Douglas, Ferris and Perrewe (2005) assert that whilst authentic leaders are persons who hold true to their fundamental moral character and values, it must also be remembered that leadership is a social phenomenon and that effectiveness in such situations demands high leader political skill (Douglas et al. 2005, p. 139).

Douglas, Ferris and Perrewe (2005) assert that authentic leaders must have the ability to consider multiple perspectives or issues and make assessments in a balanced manner; they must be aware of follower views of leadership and have the capacity to make the necessary adjustments (Douglas et al. 2005, p. 144). Importantly, they highlight that modifications to the leader’s behaviour must extend beyond situation-based impressions management or chameleon-like behaviours, or otherwise leaders run the risk of being viewed as less than authentic. They claim that:
‘to be authentic and effective, leaders must be viewed as making the transition from the “I” position, based on leader needs and role requirements, to the “We” position, striving for congruence between leader behaviour and follower needs. Successful authentic leaders do not change who they are, but rather modify their presentations based on leader-follower interactions’ (Douglas et al. 2005, pp. 144-145).

This proposition introduces the concept that leaders who have strong political skills know precisely what to do in different social situations, and that while the concept may present challenges for authentic leadership, such skill can be complementary.

Mintzberg (1983) argued that to be successful in political arenas, including organisations, individuals need to possess political skill. Douglas et al. (2005) contended that the link between political skill and authentic leadership is an important construct. Authenticity in leadership is a manifestation of images and the perceptions of reality and therefore what is actually authentic ‘may be more of a socially constructed reality than an objective one’ (Douglas et al. 2005, p. 140). This represents something of a potential conflict between the construct of authentic leadership and what is necessary to achieve and maintain leadership effectiveness. Douglas, Ferris and Perrewe (2005) describe this in the following way:

‘[a]uthentic leaders, leaders who are true to their core beliefs and values, may fail to generate follower trust and commitment (Eagly 2005), hence limiting their effectiveness as leaders. We believe that leader political skill helps authentic leaders become effective leaders’ (Douglas et al. 2005, p. 140).

Political skill has been defined as the ‘ability to effectively understand others at work and to use such knowledge to influence others to act in ways that enhance one’s personal and/or organisational objectives’ (Ahern, Ferris, Hochwarter, Douglas and Ammeter 2004, p. 311). Politically skilled individuals ‘combine social astuteness with the ability to adjust their behaviour to different and changing situational demands in a manner that inspires support and trust, appears to be sincere, and effectively influences others’ (Douglas et al. 2005, p. 141). Political skill is distinct from general mental ability and is related to personality traits and other interpersonally oriented constructs such as self-monitoring and emotional intelligence (Douglas et al. 2005, p. 141).
It is asserted that contemporary organisations are operating in times of widespread change including greater uncertainty and unpredictability, and that social skills, including political skill, are becoming more important for individual and organisational effectiveness (Douglas and Ammeter 2004, p. 537). In such an environment, leaders are required to rely much more on social influence than command and control. Leaders possessing political skill in this environment are likely to be:

‘socially astute, accurate observers of others, and keenly attuned to diverse social situations. They will comprehend social interactions, and accurately interpret their behaviour, as well as that of others’ (Douglas et al. 2005, p. 142).

Such attributes require strong powers of discernment and self-awareness, both important elements of authentic transformational leadership.

Douglas, Ferris and Perrewe (2005) also propose that leader political skill provides the social astuteness and behavioural flexibility necessary to address the needs and aspirations of followers in ways that favourably influence followers’ work responses and behaviour. Political skill positively influences followers’ trust in the leader, and enhances perceptions of leader credibility and leader reputation. This ultimately influences effectiveness. The networking/social capital and interpersonal influence dimensions of political skill (Douglas and Ammeter 2004, p. 543) have ‘been found to be particularly influential in explaining variance in leader effectiveness’ (Douglas et al. 2005, p. 145).

Figure 4 provides a conceptual framework proposed by Douglas, Ferris and Perrewe (2005). It depicts how leader political skill interacts with authentic leadership to influence follower performance. This conceptualisation proposes that leader political skill and leader authenticity interact to directly influence follower perceptions of trust in leadership, leader credibility and leader reputation. These perceptions, in turn, directly influence leader effectiveness. It follows that any variability in either leader authenticity or leader political skill will have both a direct and an indirect effect on follower perceptions of leader trust, credibility and reputation (Douglas et al. 2005, p. 145-146).
In summary, it is argued that leader political skill is an essential category of authentic leadership because politically skilled leaders inspire trust, confidence and authenticity as enablers for follower motivation, commitment and productive work behaviour. Leaders who demonstrate high levels of authentic leadership and high level political skill are likely to produce lasting, positive perceptions of trust in leadership, leader credibility and leader reputation. ‘Political skill enables leaders to smoothly make the transition from ‘I” to “We”, and authentically allows leaders to enhance trust, credibility and reputation through consistent behaviour’ (Douglas et al. 2005, p. 147).

3.8.7 Criticism of Authentic Leadership

Despite the quantity of literature that advances the virtues of authentic leadership, there are those who express concern about the authentic leadership model and ‘its potential deleterious impact on those subjected to it’ (Ford and Harding 2011, p. 464).

Applying object relations theory, Ford and Harding (2011) argue that authentic leadership as an indication of a leader’s true self is impossible and that attempts at its implementation could lead to ‘destructive dynamics within organisations’ (Ford and Harding 2011, p. 463). They argue that:
't]he authentic leadership model refuses to acknowledge the imperfections of individuals and despite its attestations to seeking “one’s true, or core, self” (Gardner et al. 2005, p. 345), it privileges a collective (organisational) self over an individual self and thereby hampers subjectivity to both leaders and followers’ (Ford and Harding 2011, p. 463).

The first caution against the application of authentic leadership rests in the proposition that there appears to be no room in the authentic leadership model for self-knowledge to reveal anything that is not positive (Ford and Harding 2011, p. 467). From a positive psychology perspective, it is argued that the authentic leadership model refuses to acknowledge the rounded subject as someone who can often be full of contradictions.

The writings of influential authors in the field of authentic leadership propose that authentic leaders ‘heighten the self-awareness and shape the self-regulatory processes of followers’ (Avolio and Gardner 2005, p. 326). In short, followers model themselves on the leader, and both ‘leaders and followers are developed over time as the relationship between them becomes more authentic’ (Avolio and Gardner 2005, p. 327). In a relational development process, it is argued that the leader’s influence energises followers by ‘creating meaning and positively socially constructing reality for themselves and followers’ (Avolio and Gardner 2005, p. 330). The risk advanced around this proposition by some authors is that followers with low self-clarity may emulate the characteristics of the leader to such an extent that they become inauthentic and are no longer reflecting their own core values (Ford and Harding 2011, p. 468).

A second argument advanced against the model of authentic leadership relates to the concept that for organisational leaders to achieve authenticity, they will need to internalise core organisational values. By doing so, it is argued they will ‘achieve the high levels of self-clarity and autonomy that accompany authenticity’ (Gardner et al. 2005, p. 360).
Ford and Harding (2011) argue that this concept, with authenticity and the organisation being so closely intertwined, raises a question about how a ‘person can be entirely authentic and yet be indistinguishable from the organisation for which they work’ (Ford and Harding 2011, p. 468). Ford and Harding (2011) posit that a ‘living, breathing emotional human being is very different from that agglomeration of individuals, technology and infrastructure called “an organisation”’ (p. 468). Consequently, they argue, this model of authenticity, if practiced, will require people to be inauthentic as they may need to abandon individuality and subjectivity to serve the organisation.

A third perspective that views the model of authentic leadership with some skepticism relates to the theory that the self is not fixed but processual. Benjamin (1995) proposes that the self should be thought of as a locus of experience that need not be centrally organised or unified, but which allows continuity and different states of mind. ‘This subject may not be unitary but will have multiple positions and voices’ (Ford and Harding 2011, p. 469). This is a person who is separately embodied and has an individual psyche or sense of self (Benjamin 1995, p. 13), and whose boundaries are permeable so that they are constantly assimilating and taking on the ‘outside’ (Benjamin 1998, p. 79).

Sparrowe (2005) extends this discourse by highlighting that the emphasis in authentic leadership theory on awareness of an interior, ‘true’ self ‘has the unintended consequence of neglecting how the authentic self is constituted in relationships with others’ (Sparrowe 2005). Sparrowe (2005) asserts that followers are transformed not because leaders retreat into their inner selves, but because their leaders offer them alternative ways of ‘being in the world’ (Sparrowe 2005, p. 421). Drawing on the hermeneutic philosophy of Ricoeur (1992), Sparrowe (2005) argues that the true self is not discovered absent of others, but is ‘constituted in relation to others’ (p. 421).

Ford and Harding (2011, p. 469) argue that the authentic leadership model involves an ‘inherently intersubjective encounter’ involving leaders and followers, where the follower is anticipated to become ‘authentic’ as a result of interaction with, and influence by, the leader. By referring to object relations theory, and particularly the work of Benjamin (1995 1998), Ford and Harding (2011) argue that the authentic leadership model is ‘inoperable in practice’ (p. 469) as the model presumes that authentic leaders and followers, when they look internally, only see core organisational values.
They propose that this inability to distinguish between self and organisation in the quest for authenticity could be interpreted as a form of control over employees, and that any approach which claims ‘the high moral ground is itself immoral, for it is designed to bend people further to the organisational grindstone without knowing they are so bent’ (Ford and Harding 2011, p. 470).

Ford and Harding (2011) view an authentic leader as one who is so immersed in the organisation that he/she is no more than an object lacking subjectivity. They argue that, by applying this model of authentic leadership, the leader’s role is to ensure that:

‘followers are themselves no more than objects, with all claims to subjectivity reshaped and subsumed into the service of the collective of both the leader and the organisation’s values. The relationship is not one of leader/follower, but of domination/suppression’ (Ford and Harding 2011, p. 475).

Other authors have also sought to draw attention to alleged shortcomings in the theory of authentic leadership. They argue that the theory fails to take into account how social and historical circumstances affect a person’s ability to be a leader (Gardiner 2011, p. 99). The central argument here is that authenticity manifests itself differently in individuals because of each particular person’s history. By referencing Hannah Arendt’s (1958) concept of uniqueness, Gardiner (2011) argues that a concentration on personality traits ‘fails to convey a person’s uniqueness, and hence is a poor indicator of a person’s ability to enact authentic leadership’ (Gardiner 2011, p. 99). Gardiner (2011) argues that we fail to truly understand someone if we concentrate on their ‘whatness’, rather than on their distinctness. A person ‘can never know oneself in the way that proponents of authentic leadership suggest’ as ‘how we appear to others will differ from how we see ourselves’ (Gardiner 2011, p. 99).

Gardner, Avolio and Walumbwa (2005a) offer a more balanced perspective to this matter. Whilst they acknowledge that the adage ‘To thine own self be true’ implies that one has a true self that is independent from others, they also acknowledge that the self is shaped by ‘prior developmental interactions with other persons and the environment’ (Gardner et al. 2005a, p. 389). They highlight that the self should be viewed as a distinct entity to which one can strive to remain true, despite external pressures not to. They also assert that the self is best viewed as a ‘composite self’, representing multiple selves that create the true self (Gardner et al. 2005a, p. 389). This construct is recognised to be a more dynamic and comprehensive view of the self than that conceived by some critics of authentic leadership theory.
3.9 Comparison of Authentic and Inauthentic Transformational Leadership

To be viewed as transformational in both Burns’ (1978) and Bass’ (1985) conceptualisations, it is necessary that a leader be authentic. Authentic leadership lends itself more closely to transformational leadership than other forms of leadership. Transformational leaders have been characterised as being optimistic, hopeful, developmentally-oriented, and of high moral character (Bass 1998), all of which describe authentic leaders (Avolio and Gardner 2005).

Bass and Steidlmeier (1999) provide a useful distinction between authentic transformational leadership and inauthentic or pseudo-transformational leadership. Building on Bass’ (1978) work, Bass and Steidlmeier (1999, p. 184) argue that authentic transformational leadership is grounded in ‘a moral foundation of legitimate values’. In support of this notion of legitimacy, they assert that authentic leadership is characterised by behaviour that is ‘true to self and others’ (Bass and Steidlmeier 1999, p. 191). To these authors, authenticity is related to values that reflect more than just the interests of the leader. They argue that:

‘the exclusive pursuit of self-interest is found wanting by most ethicists. Authentic transformational leadership provides a more reasonable and realistic concept of self - a self that is connected to friends, family, and community values whose welfare may be more important to oneself than one’s own’ (Bass and Steidlmeier 1999, pp. 185-186).

Bass and Steidlmeier (1999, p. 191) expand further on this notion, describing authentic transformational leaders as representing “an ideal moral type” and whose behaviour can be judged at the level of character, the values they pursue, and the processes in which they engage with followers (Bass and Steidlmeier 1999, p. 182). Authentic transformational leaders display idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration ‘in ways that create a moral culture and reflect ethical standards (Bass and Steidlmeier 1999) and character strengths and virtues’ (Sosik and Cameron 2010, p. 253).

Several writers highlight that components of transformational leadership are themselves morally neutral and that there is scope for transformational leaders to impose their values on others, especially on those with minority interests (Price 2003, p. 70).
Carey (1992) advances this proposition by asserting that when the ‘gifts of charisma, inspiration, consideration, and intellectual strength are abused for the self-interest of the leader, the effect on followers ceases to be liberating and moral, and becomes instead oppressive and ideological’ (p. 232). Howell and Avolio (1992) summarise this neatly, arguing that ‘only socialized [sic] leaders concerned for the common good can be truly transformational’ (p. 186). On this basis, authentic transformational leadership guards against abuses of self-interest by requiring that leaders act on socialised, as opposed to personalised, power motives (Price 2003, p. 70). ‘The authentic are inwardly and outwardly concerned about the good that can be achieved for the group, organization [sic] or society for which they feel responsible’ (Bass and Steidlmeier 1999, p. 188). Only when the values from which they ‘act are altruistic in content can we assume that their leadership is morally legitimate’ (Price 2003, p. 70).

Bass and Steidlmeier (1999) assert that it is the presence or absence of the leader as ‘a moral agent that grounds the distinction between authentic versus pseudo-transformational leadership’ (Bass and Steidlmeier 1999, p. 186). Price (2003) supports this, arguing that transformational leadership is inauthentic when leaders lack a commitment to altruistic values or behave in ways that are inconsistent with these values (Price 2003, p. 71). This inauthenticity is ultimately grounded in failures of volition. That is, although pseudo-transformational leaders know what they should do given the ‘other-regarding values they may readily claim to accept, they act against these values for the sake of self-interest’ (Price 2003, p. 71). Bass and Steidlmeier (1999) describe such leaders as being ‘predisposed toward self-serving biases’ (Bass and Steidlmeier 1999, p. 190). Such a predisposition can erode a leader’s authenticity in either of two ways: it can lead him/her to be untrue both to self and to others; or, alternatively, to be true to self but untrue to others (Price 2003, p. 71).

Zhu, Avolio, Riggio and Sosik (2011) provide a succinct summary of the characteristics of authentic transformational leadership. They propose that these characteristics include:

‘possessing moral character and having concern for self and followers; embedding moral values in the leaders’ vision, articulation, and program that followers can embrace; and establishing moral decision making processes and choices in which leaders and followers collectively engage and pursue’ (Zhu et al. 2011, p. 805).
The use of power also distinguishes between authentic and inauthentic transformational leadership. Both have the need for power but the point of difference is in authentic transformational leaders utilising power in a socially constructive way that serves others. Inauthentic transformational leaders, however, use power primarily for self-aggrandisement and are privately contemptuous of those they are supposed to be leading (Howell and Avolio 1992).

Critics of transformational leadership argue that ‘manipulative, deceptive and other such devious behaviours’ (Bass and Steidlmeier 1999, p. 186) are possible attributes of transformational leadership. Others, such as Bailey (1988), assert that to succeed, all leaders must be manipulative. Bass and Steidlmeier (1999) seek to clarify this claim, arguing that it is pseudo-transformational leaders who are deceptive and manipulative. They claim that authentic transformational leaders may have to be manipulative at times when they judge this to be for the common good, but ‘manipulation is a frequent practice of pseudo-transformational leaders and an infrequent practice of authentic transformational leaders’ (Bass and Steidlmeier 1999, p. 186).

Bass and Steidlmeier (1999) summarise the characteristics of inauthentic transformational leaders in the following way:

‘Pseudo-transformational leaders are predisposed toward self-serving biases. They claim they are right and good; others are wrong and bad. They are the reason things go well; other persons are the reason for things going badly. They wear different masks for different occasions, believe themselves to be high self-monitoring but are betrayed by their non-verbal contradictory behavior [sic]’ (Bass and Steidlmeier 1999, p. 190).

The following sections provide a brief discourse to compare authentic and pseudo-transformational leadership in terms of the four conceptual components of transformational leadership: idealised influence (or charisma); inspirational motivation; intellectual stimulation; and individualised consideration.
3.9.1 Idealised Influence

If leadership is transformational, its idealised influence, or charisma, is envisioning, confident, and sets high standards for emulation (Bass and Steidlmeier 1999, p. 187). A key difference between authentic and inauthentic transformational leadership lies in the values for which they are idealised. For example, authentic leaders call for universal brotherhood, whereas pseudo-transformational leaders highlight “we-they” differences in values. Often the observed behaviour of authentic and inauthentic transformational leaders may appear to be the same, but Bass (1985) argues that only if the underlying values of the leader are morally uplifting can the leader by considered to be truly transforming (Bass and Steidlmeier 1999, p. 187).

Pseudo-transformational idealised leaders seek power and position, even at the expense of their followers’ achievements. Their visions can be grandiose, and they believe they have the right answers to problems, which can be sold through impression management. They also see themselves as honest and supportive of their organisation’s mission, but their behaviour is often inconsistent and unreliable. ‘They have a shell of authenticity but an inner self that is false to the organization’s [sic] purpose’ (Bass and Steidlmeier 1999, p. 187). They may profess strong attachment to their organisation and its people, but privately are ready to sacrifice them. They seek to be idolised, rather than idealised. On the other hand, authentic leaders promote ethical policies, processes and procedures within their organisations and they are committed to the enforcement of codes of ethical conduct that reinforce acceptable standards (Bass and Steidlmeier 1999, p. 187).

3.9.2 Inspirational Motivation

The inspirational motivation of transformational leadership provides followers with challenges and meaning for engaging in shared goals (Bass and Steidlmeier 1999, p. 188). Authentic transformational leaders tend to focus on the best in people whereas the inspirational appeals of pseudo-transformational leaders tend to focus on the worst in people – on plots, conspiracies, and insecurities. Inauthentic transformational leaders want to be seen to motivate through empowerment, although they actually seek to control (Conger and Kanungo 1998) through misleading, deceptive and manipulative behaviour (Bass and Steidlmeier 1999, p. 188).
Authentic transformational leaders are inwardly and outwardly concerned about the good that can be achieved for the group or organisation for which they feel responsible, whereas the inauthentic transformational leader may give the same impression and be idealised for it, but privately they are concerned more for what they can achieve for themselves (Bass and Steidlmeier 1999, p. 188).

3.9.3 Intellectual Stimulation

Authentic transformational leaders intellectually stimulate their followers in a dynamic interaction that encourages questions, debate, and the attempt to formulate creative solutions to problems and challenges. Inauthentic transformational leaders take advantage of the ignorance of their followers, driving them to more willingly accept ambiguities and inconsistencies. As a consequence, more opportunities are created for the self-enhancement of the inauthentic transformational leader (Bass and Steidlmeier 1999, p 188).

Authentic transformational leaders persuade followers on the merits of issues in an evidentiary approach. Inauthentic transformational leaders, however, seek to control the agenda, to manipulate the values of importance to followers, and depend on authority to make their arguments. The inauthentic leader will often use a veneer to hide his/her true intentions. They create the impression that they are doing the right thing, but will ‘secretly fail to do when the right things conflict with their own narcissistic interest’ (Bass and Steidlmeier 1999, p. 189). They are less open to ideas that conflict with their own and are less tolerant of differences in opinion between followers and themselves.

3.9.4 Individualised Consideration

The individualised consideration aspect of transformational leadership draws attention to the necessity for altruism (Price 2003, p. 71) if leadership is to be more than authoritarian control (Kanungo and Mendonca 1996, p. 85ff). Bass (1985) argues that the transformational leader treats each follower as an individual and provides coaching, mentoring and growth opportunities. Bass and Steidlmeier (1999, p. 189) assert that authentic transformational leaders are focused on developing their followers into leaders, while inauthentic transformational leaders are more concerned with maintaining the dependence of their followers.
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They encourage personal distance, invite blind obedience, encourage favouritism and competition, and exploit the feelings of followers to maintain deference (Sankowsky 1995).

Table 3 below provides a comparison summary of authentic and inauthentic transformational leadership against each of the four components.

<table>
<thead>
<tr>
<th></th>
<th>Authentic Transformational Leadership</th>
<th>Inauthentic Transformational Leadership</th>
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<tbody>
<tr>
<td><strong>Idealised Influence</strong></td>
<td>Universal brotherhood, confidence, high standards for emulation, ethical policies and processes</td>
<td>“Us vs. Them”, seek power and position at expense of followers, behaviour does not match self-professed image</td>
</tr>
<tr>
<td><strong>Intellectual Stimulation</strong></td>
<td>Question assumptions, decisions based on merits of issues, generate creative solutions, rational discourse</td>
<td>False logic, overweight authority, underweight reason, control the agenda, emotional argumentation</td>
</tr>
<tr>
<td><strong>Inspirational Motivation</strong></td>
<td>Harmony, charity, good works, shared goals, look for the best in people, social orientation</td>
<td>Plots, conspiracies, excuses, insecurities, look for the worst in people, offer empowerment but treat paternalistically</td>
</tr>
<tr>
<td><strong>Individualised Consideration</strong></td>
<td>Altruism, turn followers into leaders, socially directed need for power</td>
<td>Authoritarian, maintain dependence, expect blind obedience, favouritism, competition, self-aggrandising, need for power, treat all followers the same while espousing individualised treatment</td>
</tr>
</tbody>
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3.9.5 The Validity of Authentic Leadership

Two important, independent studies carried out by Walumbwa, Avolio, Gardner, Wernsing and Peterson (2008), and Neider and Schriesheim (2011), considered, amongst other things, the discriminant validity of authentic leadership from other leadership approaches including transformational leadership.
These studies concluded that whilst the literature highlights considerable conceptual ambiguity concerning the difference between authentic leadership and related constructs, there is evidence to support treating authentic leadership and transformational leadership as universally global constructs (Walumbwa et al. 2008, p. 118; Neider and Schriesheim 2011, p. 1162). Both studies highlight, however, that whilst these findings represent initial evidence of construct validity, broader testing and assessment is warranted to increase confidence.

As previously stated, authentic transformational leadership is represented by displays of idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration in a way that is true to the self and others (Sosik and Cameron 2010, p. 254). By definition, these behaviours allow leaders to demonstrate transparency through idealised influence, be future-oriented by providing inspirational motivation, operate at higher levels of morality with intellectual stimulation, and develop the talents of others into strengths through individualised consideration (May et al. 2003).

Much of the preceding discourse is grounded in leadership and organisational behaviour concepts of a rational nature. Many of these concepts are based on behaviourist models, with some elements of humanistic psychology. Many are based on the notion that the organisational man or woman is a conscious, highly-focused maximising ‘machine’ of pleasures and pains, and is without wishes, fantasies, conflicts and anxieties, some conscious, others unconscious. Authors such as Manfred Kets de Vries argue that there is more to organisational behaviour than meets the eye and that to deny the reality of unconscious phenomena in organisational behaviour is a mistake (Kets de Vries 2004, p. 184). He argues that ‘it is individuals that make up organizations [sic] and create the units that contribute to social processes’ (Kets de Vries 2004, p. 184) and therefore to ignore a psychoanalytically-informed approach to studying human issues, including organisations and leadership, is a mistake. Much of what really goes on in organisations, de Vries argues, takes place in the intrapsychic and interpersonal world of an organisation’s key players including leaders, and that much of this occurs below the surface of day-to-day behaviours. It is to this focus that we now turn.
3.10 The Psychodynamics of Leadership

3.10.1 Exploring the Conscious and Unconscious

Kets de Vries (2004) argues that scholars of management and leadership need to recognise that organisations as systems have their own life, one that is both conscious and unconscious, and one that is both rational and irrational (Kets de Vries 2004, p. 185). He contends that unconscious dynamics have a significant impact on life in organisations:

‘To understand the whole picture, we need to pay attention to the presenting internal and social dynamics, to the intricate playing field between leaders and followers, and to various unconscious and invisible psychodynamic processes and structures that influence the behaviour of individuals, dyads, and groups in organizations [sic]’ (Kets de Vries 2004, p. 185).

Sigmund Freud (1905) was one of the first to explore the importance of the human unconscious and to build a psychological theory around the concept. In this context, human unconsciousness is referred to as that part of our being which, hidden from rational thought, affects and interprets our conscious reality (Kets de Vries 2004, p. 187). In short, we are not always aware of what we are doing, or why we are doing it. Certain kinds of behaviour originate outside consciousness, and all people have blind spots. Kets de Vries (2004) argues that ‘[k]ey drivers in the unconscious are in our personal, repressed, infantile history’ (p. 187) and we usually therefore deny or are simply unaware of their impact. We all have a ‘dark’ side - a side that we don't know, and don't want to know (Kets de Vries 2004, p. 187).

At its heart, leadership is about understanding the highly complex interplay between leaders and followers in any given situational context. It is argued that leadership is about understanding the way people and organisations behave, about creating and strengthening relationships. It is:

‘about building commitment, about establishing a group identity, and about adapting behavior to increase effectiveness … Leaders inspire people to move beyond personal, egoistic motives - to transcend themselves, as it were, and as a result get the best out of their people’ (Kets de Vries 2004, p. 188).
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For this reason, the role that psychodynamic processes play in leadership is significant. Some management theorists argue that leadership effectiveness is wholly attributed to environmental constraints and influenced by rational mechanisms. This theory is contradicted by others, like Kets de Vries (2004), who argue that psychodynamic processes between leader and followers are determinative:

‘Good leaders see their followers as complex and paradoxical entities, people who radiate a combination of soaring idealism and gloomy pessimism, stubborn short-sightedness and courageous vision, narrow-minded suspicion and open-handed trust, irrational envy and unbelievable unselfishness’ (Kets de Vries 2004, p. 188).

Good leaders have the capacity to get followers to voluntarily do things that they would not otherwise do. Generally, these things are of a positive nature, however authors such as Kets de Vries argue that there is nothing inherently moral about leadership – it can be used for bad ends as well as good (Kets de Vries 2004). History is littered with ‘effective’ leaders who pursued despicable goals – people such as Stalin, Hitler, Pol Pot and Hussein (Rosenthal and Pittinsky 2006, p. 618; Glad 2002; Kets de Vries 2003). It is argued that even well-intentioned leaders are not without a ‘dark’ side. If they have a distorted view of reality (either intentionally or unintentionally) they may use their followers to attain narcissistic goals.

### 3.10.2 Narcissism

Many authors (e.g. Kernberg 1975; Kohut 1985; and Kets de Vries 1989) claim that narcissism lays at the heart of leadership. Kets de Vries and Miller (1985) state that ‘[i]f there is one personality constellation to which leaders tend to gravitate it is the narcissistic one’ (p. 586). Many argue that a healthy dose of narcissism is a prerequisite for leadership as it offers leaders a foundation for conviction about the righteousness of their cause (Chatterjee and Hambrick 2007; Maccoby 2000; Rosenthal and Pittinsky 2006; Kets de Vries 2004). The literature highlights, however, that narcissism is like a drug, and although it may be a key ingredient for success, it does not take much before a leader can suffer from an overdose (Kets de Vries 2004, p. 188-189).
Narcissistic leaders use all the resources available to them to attract the admiration of others as a way of confirming their feelings of superiority (Higgs 2009; Maccoby 2007; Ouimet 2010, p. 713). In keeping with this perspective, Rosenthal and Pittinsky (2006) proposed the following definition of narcissistic leadership:

‘Narcissistic leadership occurs when leaders’ actions are principally motivated by their own egomaniacal needs and beliefs, superseding the needs and interests of the constituents and institutions they lead’ (Rosenthal and Pittinsky 2006, p. 629).

The literature generally classifies narcissism as either constructive, or reactive/negative (Rosenthal and Pittinsky 2006, p. 622; Kets de Vries 2004, p. 189), although some authors argue that narcissistic leadership is characterised by ‘many more negative than positive attributes’ (Ouimet 2010, p. 713). Constructive narcissists often have a quest for greatness, but they are not seeking personal power alone. Constructive narcissists, as transformational leaders, inspire others (Maccoby 2000, p. 70) not only to be better at what they do, but also to change what they do. It is argued that leaders with a narcissistic personality type, when matched with appropriate followers, can be very constructive and are sometimes a necessity, particularly in times of crisis (Post 1986; Rosenthal and Pittinsky 2006, p. 622).

Bruhn (1991) maintains that in some situations, narcissists’ grandiosity and exhibitionism can be beneficial to organisations. Their ability to manipulate others and to establish quick, superficial relationships can enhance an organisation’s public image and political contacts. An element of aloofness and fierce independence can also serve as a buffer against inappropriate group pressure. Psychoanalyst Michael Maccoby (2000) advocates that today’s hectic and chaotic world necessitates leaders who are grand visionaries and innovators, and whom he labels ‘productive narcissists’. These leaders do not try to understand the future, they shape it. They are transformative leaders with stimulating personalities (e.g. Bill Gates, Steve Jobs) who are driven to gain power and glory, and who work to be admired rather than loved (Rosenthal and Pittinsky 2006, p. 622). Harrison and Clough (2006), in their study of successful executives, identified that elements of productive narcissists (individuals who are eloquent, egotistical, controlling, risk-taking and aloof) were characteristic of most of the 15 successful executives they studied.
A number of empirical studies have established the existence of a positive link between narcissism and the formation of social relations (Ouimet 2010, p. 715). The narcissistic leader is extraverted (Miller and Campbell 2008), socially exciting (Foster, Shrira and Campbell 2006) and seductive (Buffardi and Campbell 2008), and is therefore often perceived by others as being well liked in initial interactions (Ouimet 2010, p. 715). However, an empirical study undertaken by Betan, Heim, Conklin and Westen (2005) found that the initial positive experience of people with a narcissistic personality can be short-lived, often giving way to a profound sense of discomfort (Ouimet 2010, p. 715).

Paunonen, Lonqvist, Verkasalo, Leikas and Nissinen (2006) argue that whether narcissism predicts leadership effectiveness positively or negatively depends on how the construct is operationalised. As narcissists tend to report higher levels of self-esteem and a strong (sometimes exaggerated) sense of ego, which are associated with psychological health and adaptiveness (Sedikides, Rudich, Gregg, Kumashiro and Rusbult 2004), leaders high on narcissistic components such as authority, superiority, and self-sufficiency are more likely to be good leaders. In contrast, since interpersonal exploitiveness is more psychologically maladaptive (Sturman 2000), leaders high on components of exploitiveness and entitlement are more likely to be poor leaders (Paunonen et al. 2006).

Leaders with strong narcissistic traits can also be poor, over-involved, and abusive managers (Hogan, Curphy and Hogan 1994). Narcissistic leaders resist advisers’ advice, take disproportionate credit for successes than they are due, and blame others for their own failures and shortcomings (Rosenthal and Pittinsky 2006, p. 619). They are also prone to ‘lapses in professional judgment [sic] [and] personal conduct’ (Kramer 2003, p. 58).

There is a significant focus in the literature on this ‘dark side’ of narcissistic leaders (e.g. Ouimet 2010; Khoo and Burch 2008; Conger 1990; Conger and Kanungo 1998; and Rosenthal and Pittinsky 2006). Reactive narcissistic leaders operate from (often unconscious) feelings of deprivation, insecurity, and inadequacy, often acquired from their early childhood experiences (Kets de Vries 2004). This manifests in feelings of entitlement - they believe they are entitled to special treatment.
To manage their feelings of inadequacy and insecurity, reactive narcissistic leaders develop an exaggerated sense of self-importance and a concomitant need for admiration (Higgs 2009). They often lack empathy and are unable to experience how others feel. Empathy is considered to be a key aspect of emotional intelligence (Goleman 1998), a leadership quality as important as other traits such as intelligence and toughness (Rosenthal and Pittinsky 2006, p. 621). Because narcissistic leaders lack empathy, they are more likely than others to make decisions misguided by an 'idiosyncratic, self-centered view of the world' (Rosenthal and Pittinsky 2006, p. 621). They also tend to ignore advice which conflicts with this view.

The archetypal narcissistic trait, the one that is most often evident to others, is arrogance. Narcissistic arrogance is associated with difficulties in interpersonal relationships (Ronningham 2005), which in itself can be detrimental to successful leadership (Spector 2003; Rosenthal and Pittinsky 2006). Narcissistic arrogance has also been attributed as a cause for a lack of reality testing, which in turn leads to failures based on complacency, inflexibility, and shortsightedness (Rosenthal and Pittinsky 2006, p. 620).

Whilst narcissistic leaders can appear arrogant on the outside, theory suggests that their grandiose ideas and behaviours may actually be a defence against negative feelings about the self (Jordan, Spencer, Zanna, Hoshino-Browne and Correll 2003; Kernberg 1989; Zeigler-Hill 2006). Glad (2002) supports this view, finding that the attitudes and actions of narcissist leaders are often attributed to their feelings of emptiness and inferiority. They often self-aggrandise in an attempt to ‘defend maniacally against a feeling of emptiness or narcissistic hurt’ (Harwood 2003, p. 124).

Narcissist leaders have an insatiable need for recognition and superiority (Higgs 2009; Rosenthal and Pittinsky 2006, p. 620) and they are not prepared to share power, often surrounding themselves with ‘yea-sayers’ as they are unwilling to tolerate disagreement or criticism. Attributing blame to others, and being hypersensitive, suffering paranoia (Glad 2002) and being prone to angry outbursts are all further attributes of the reactive narcissist (Horowitz and Arthur 1988; Ouimet 2010; Kernberg 1989; Kets de Vries 2004, pp. 189-190). When enraged, narcissistic leaders may also commit acts of amorality, sometimes violent and gruesome (Horowitz and Arthur 1988). They are also prone to irrationality and inflexibility (Rosenthal and Pittinsky 2006, p. 627). Given the power of leaders in any organisation, reactive narcissistic leadership can be devastatingly destructive for individuals, teams and organisations.
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The literature suggests a strong theoretical connection between charismatic leadership and narcissism, although Ouimet (2010, p. 714) asserts that empirical validation of this association is weak. Many researchers, such as House and Howell (1992) and Post (1986), theoretically agree that narcissism is one trait associated with charismatic leadership. Maccoby (2000) even suggests that charisma is one of the most important positive traits of narcissistic leaders. Whilst there appears to be significant overlap of traits between narcissistic leaders and charismatic leaders (Rosenthal and Pittinsky 2006, p. 627), there is less agreement in the literature on whether narcissism is associated with the negative or positive aspects of charisma.

3.11 Political Leadership in Australian Local Government

Australian local government units are constituted with a dual approach to leadership, with the elected Mayor assuming leadership responsibilities of the Council (elected-members), and the Chief Executive Officer being the leader of the organisation. Whilst the leadership specification and authority for Chief Executive Officers is well articulated in various legislative instruments, the leadership specification for Mayors varies greatly both within and between the states and the Northern Territory (Sansom 2012, p. 27). According to Sansom (2012), there is an apparent reluctance by Australian state legislators to institutionalise strong leadership through the office of Mayor, ‘and only in Tasmania, Western Australia and the City of Adelaide are Mayors specifically tasked with that [strong leadership] responsibility’ (p. 5). Recent legislation to enhance the role and authority of Queensland Mayors, and to introduce a popularly elected Mayor for the City of Geelong in Victoria, however, may signal a growing belief that leadership responsibility needs to be more clearly vested in the position of Mayor (Sansom 2012, p. 5).
The relationship between Mayors and Chief Executive Officers that is created by the dual leadership structure of local government in Australia can be complex, challenging and is often vexed (Sansom 2012, p. 27). According to Martin and Aulich (2012), the working relationship between the Mayor and the Chief Executive Officer is ‘one of the most important relationships in local government. Mayors and Chief Executive Officers themselves recognise that the breakdown in this relationship can have long lasting, negative impacts on the capacity of a local government to deliver value for money services to its community’ (p. 4). Yet despite the importance ascribed to the leadership relationship between Mayor and Chief Executive Officer, Martin and Aulich (2012) highlight that there is little research that examines this critical leadership relationship, particularly in the Australian local government context (p. 4).

Much of the literature on political management suggests that the role of Mayor as leader of the council, and the Chief Executive Officer as leader of the organisation, are reciprocating or complementary (Martin and Aulich 2012, p. 7). This concept has been supported in recent research from the United States of America that suggests that a leadership relationship based on role sharing rather than clear role separation enhances policy making at the local level (Demir and Reddick 2012). Martin and Aulich (2012) highlight that the essential question in achieving success in this leadership relationship therefore appears to be about how much each party can overlap the other party’s domain (p. 7). They purport that the ideal relationship appears ‘to be a cosmopolitan relationship where roles overlap in a synergistic way providing effective leadership to the council without apparent conflict between the two leaders’ (Martin and Aulich 2012, p. 7).

Aberbach, Putnam and Rockman (1981) developed the notion of ‘images’ to describe the policy-making leadership relationship between bureaucrats and politicians (Martin and Aulich 2012, p. 7). The first image described by Aberbach et al. (1981) is that of policy/administration. Under this image politicians make policy and bureaucrats administer. This is the classical view reinforced under New Public Management thinking (Sansom 2012, p. 10) and favours clear role separation. This model serves as the dominant philosophy underpinning most local government legislation across Australian states and territories (Martin and Aulich 2012, p. 8; Sansom 2012, p. 10). Despite this, Martin and Aulich (2012) argue that the critical relationship between Mayor and Chief Executive Officer is ‘typically much more complicated than [that] covered in the local government Acts, involving an inevitable intersection of the roles’ (p. 8) as opposed to a clear separation of roles.
Svara (1998) supports this view, arguing that a clear separation of roles serves only to ‘weaken the legitimacy of city managers as comprehensive leaders’ (p. 51), whilst Sansom (2012) questions whether this model is either workable or desirable in terms of the substantial number of functions of contemporary local government; ‘given the often fine line between policy and practice; the small scale of many authorities; the representative role of elected members; and the valuable skills at least some of them [elected members] can offer’ (pp. 10-11).

The second image proposed by Aberbach et al. (1981) is that of facts/values. Under this image, bureaucrats bring neutral expertise and facts, and politicians bring political sensitivity and political values to policy decision-making. The third image is described as energy/equilibrium, where ‘both politicians and bureaucrats make policy and are concerned with politics on different levels ... politicians provide a broader, more partisan view, while bureaucrats represent ... narrower program or clientele interests’ (Ingraham 2003, p. 103).

The fourth image proposed by Aberbach et al. (1981) is the pure/hybrid. Under this image, ‘the line between policy making and administration essentially vanishes, producing a seamless partnership between elected and appointed representatives of the citizenry’ (Ingraham 2003, p. 103). Aberbach et al. (1981) describe this as the ideal type (Martin and Aulich 2012, p. 8), ‘where politicians and bureaucrats each do what they are best able to do’ (Aberbach et al. 1981, p. 262).

Mouritzen and Svara (2002) built on the work of Aberbach et al. (1981) in producing their findings of an international study of CEO’s in western local government (Martin and Aulich 2012, p. 8). They propose a frame of four models to describe political administrative relations. The first is described in terms of separate roles with clear subordination of administrators to politicians and where separate roles and norms exist. This model aligns with the Aberbach et al. (1981) first image of policy/administration separation (Martin and Aulich 2012, p. 9). The second model identified is the autonomous administrator model where there is equal or greater influence for administrators, and a separation of politicians away from the administrative role.
The third model of Mouritzen and Svara (2002) to describe the leadership relationship between Mayors and Chief Executive Officers is the responsive administrator model where subordination of administrators to politicians occurs, and political norms dominate administrative norms (Martin and Aulich 2012, p. 9). The fourth model is that of overlapping roles where ‘there is reciprocal influence between elected officials and administrators’ (Martin and Aulich 2012, p. 9) and a shared leadership environment prevails. This model aligns with the pure/hybrid image of the political management relationship offered by Aberbach et al. (1981), and referred to by Martin and Aulich (2012) as the ‘sweet spot’ (p. 7).

The aforementioned review of leadership relationship models for western local governments provides a useful backdrop to understanding the complexities and potential challenges for the political and bureaucratic leadership relationships existing in Australian local governments. Martin and Aulich (2012) highlight that as the relationship between the two parties invariably involves operating in the other party’s domain, both politicians and bureaucrats will be most successful in their leadership relationship when they carefully and effectively manage the exercise of their respective powers (p. 10). ‘How they negotiate their respective roles and manage the overlap is part of the art and craft of leadership’ (Martin and Aulich 2012, p. 10), and appears to be a key measure of success in this complex dual leadership relationship.

Chapter Two provided a contextual discourse on the growing academic and practitioner interest in the concept of community governance and its influence on modern local government in western countries, and the corresponding need for new forms of leadership. Jan Verheul and Schaap (2010) argue that:

‘People want public leaders who contribute to the formation of a community’s identity, who have a clear vision, and who give direction. Leaders need to be strong and expressive in their performance. At the same time, there is a need for connective leadership and leaders who can keep the community together in the current environment of great diversity. It is apparent that the public has a particular preference for leaders who present an interactive, integrative and consensual leadership style’ (Van Verheul and Schaap 2010, p. 451).
The method of selection of Mayors varies amongst western countries, with some having directly elected Mayors, whilst others have appointed Mayors, and yet others have no Mayor at all (Schaap, Daemen and Ringeling 2009, p. 95). Schaap, Daemen and Ringeling (2009) note a trend of western European countries to move towards the direct election of Mayors, suggesting that this move towards a model of perceived stronger leadership is a response to the ‘legitimacy crisis in local government’ (p. 96).

Proponents of directly elected Mayors purport stronger leadership outcomes by establishing a direct link between the citizenry and its leadership, and that granting Mayors a direct mandate will not only make them more visible but should also provide a path to enhanced accountability (Steyvers, Bergstrom, Back, Boogers, Ruano De La Fuente and Schaap 2008, p.p. 136-137). Opponents of the directly elected Mayor model argue it poses a risk of Mayors losing their ability to fulfill a facilitative, connective role, and risks turning Mayors into ‘authoritarian or populist leaders, or even into Mayors who abuse their powers’ (p. 451). Jan Verheul and Schaap (2010) found from English and German experiences of directly elected Mayors with enhanced powers, however, that these fears are unfounded (p. 451). Sansom's (2012) research of the Australian experience also concluded that ‘direct election [of Mayors] is no more likely to produce an incompetent or egotistical Mayor than is indirect election by the councilors’ (p. 31).

Based on a study of Mayors in the United States of America over the past two decades, Svara (2009) challenges the conventional view that strong Mayors with enhanced formal powers and political independence are in the best position to provide effective leadership in contemporary local government (Martin and Aulich 2012, p. 11). Rather, Svara (2009) argues that an increasing emphasis on aspects such as community governance demand facilitative leaders, leaders who are collaborative and are focused on collaboration and the accomplishment of common goals.
Svara (2009) regards facilitative leaders as those who ‘combine selflessness and focus on making the right decisions that will advance central goals’ (p. 11). Sansom (2012) supports this view, noting that the challenges of modern local government requires facilitative leadership that can engage the community and other local stakeholders; negotiate with other levels of government; secure political support within the council for the adoption and implementation of strategic plans and associated budgets; and, maintain ongoing partnerships with others involved in implementation, particularly sound inter-government relations in which the local voice is ‘heard and respected’ (Sansom 2012, p. 9).

Sansom’s (2012) study of the Australian context found that there is value in Mayors who are enabled to exercise strong, facilitative and place-based leadership (p. 30). He found that the structures and norms of political governance in Australia have ‘largely failed to keep pace with the expanded functions of local government, and especially the growing expectations that councils will act more strategically to reflect’ (p. 32) and represent the needs of their communities. Sansom (2012) argues that these aspirations cannot be achieved unless the political arm of local government has the capacity to discharge its responsibilities effectively alongside those of Chief Executive Officers (p. 32).

3.12 Leadership and Change

One of the most significant challenges for leaders is to lead their organisations into the future by implementing planned organisational change in the form of ‘premeditated interventions intended to modify organisational functioning towards more favourable outcomes’ (Battilana, Gilmartin, Sengul, Pache and Alexander 2010, p. 422). Over the past two decades research about transformational leadership has explored the relationship between leadership behaviours and characteristics, and organisational change (Battilana et al. 2010, p. 422). This research has provided evidence that leadership characteristics and behaviours of change agents do have an influence on the success or failure of organisational change initiatives (Battilana et al. 2010; Berson and Avolio 2004; Bommer, Rich and Rubin 2005; Eisenhower, Watson and Pillai 1999; Higgs and Rowland 2000, 2005; Struckman and Yammarino 2003; Graetz 2000).
3.12.1 Theories of Change

Stacey (1996) noted that theoretical paradigms of change management are oversimplistically based on assumptions that managers can simply choose ‘successful mutations in advance of environmental changes’ (Higgs and Rowland 2005, p. 122); that change is linear; and that organisations are systems tending to states of stable equilibrium. Higgs and Rowland (2005) note that this paradigm has a long history, dating back to the work of Lewin (1951) who proposed the classical three-stage model of change: unfreeze; mobilise; and refreeze. This model is shown in Figure 5 below.

![Diagram of the three-phase model of change](image)

- **Unfreeze**
  - Create the case for change
  - Dissatisfaction with the status quo
- **Mobilise**
  - Identify and mobilise the resources required to effect the change
- **Refreeze**
  - Embed new ways of working in the fabric of the organisation

**Figure 5: The three-phase model of change**


This view of organisational change includes the assumption ‘that change, because of its linearity, is a relatively straightforward process and that it can (and should) be driven from the top of the organization [sic] and be implemented uniformly according to a detailed change plan’ (Higgs and Rowland 2005, p. 122). Subsequent interpretations of Lewin’s work such as that of Elrod and Tippett (2002), however, have challenged the simplistic view that organisational change is linear, arguing that change, in reality, is a much more complex process (Stacey 1996).
Nadler and Tushman (1990) argued that organisations go through change all the time, but it is the nature, scope and intensity of organisational change that varies considerably. They also purport that different kinds of organisational change require ‘very different kinds of leadership behaviour in initiating, energizing [sic], and implementing the change’ (Nadler and Tushman 1990, p. 79). They highlight that given the complexity of change, organisations need to build models of leadership that go beyond the inspired individual proposed by theories of charismatic leadership, to a model that takes into account the complexities of ‘system-wide change in large, diverse, geographically complex organizations [sic]’ (Nadler and Tushman 1990, p. 78).

Nadler and Tushman (1990) proposed a useful construct for understanding organisational change. They proposed that organisational change occurs along the spectrums of strategic and incremental changes, and reactive and anticipatory changes. Strategic changes are those that have an impact on the whole system of the organisation and fundamentally change the organisation including strategy, structure, people and core values.

By contrast, incremental change is aimed at enhancing the effectiveness of the organisation, but within the existing general framework of the current mode of organising and organisational values. Reactive changes are those that are forced upon the organisation, whilst anticipatory change is initiated internally in anticipation of events still to come and on the expectation that such changes will provide a beneficial or competitive advantage (Nadler and Tushman 1990, p. 79). Figure 6 provides an outline of the typology of different changes proposed by Nadler and Tushman (1990).

![Figure 6: Types of Organisational Change](source: Nadler, D. and Tushman, M. (1990), ‘Beyond the charismatic leader: leadership and organizational change’. *California Management Review*, 32 (2), p. 80)
From this, Nadler and Tushman (1990) propose that a number of types of change can be identified. Firstly, change which is incremental and anticipatory can be referred to as tuning. Incremental change which is initiated reactively can be referred to as adaptation; strategic change which is initiated in anticipation of future events is re-orientation; and change which is prompted by immediate demands is termed re-creation (Nadler and Tushman 1990, pp. 79-80). The role that leaders play in these different types of change varies considerably. For example, incremental change (or tuning) can be managed by existing management structures and processes of the organisation, whereas leadership of strategic re-orientation requires not only charisma, but also substantial instrumental skills in ‘building executive teams, roles, and systems in support of the change, as well as institutional skills in diffusing leadership throughout the organization [sic]’ (Nadler and Tushman 1990, p. 81).

3.12.2 Charismatic Leadership and Change

According to Nadler and Tushman (1990), charismatic leaders contribute positively to change management in the following three ways:

‘First, they provide a psychological focal point for the energies, hopes, and aspirations of people in the organization [sic]. Second, they serve as powerful role models whose behaviors, actions and personal energy demonstrate the desired behaviors expected throughout the firm. The behaviors [sic] of charismatic leaders provide a standard to which others can aspire ... they can become a source of sustained energy; a figure whose high standards others can identify with and emulate’ (Nadler and Tushman 1990, p. 83).
Nadler and Tushman (1990) purport that the behaviour of the charismatic leader in organisational change can be characterised by three major behavioural types: envisioning; energising; and enabling. Envisioning involves the creation of a picture of the future, or of a desired future state with which people can identify and which can create excitement. This includes articulating a compelling vision and modeling consistent behaviours. Energising involves the leader being a direct generator of energy and motivation, and is combined with leveraging excitement with others within the organisation. Enabling refers to the leader psychologically helping others to act or perform in the face of challenging goals. This can include demonstrations of empathy, understanding and sharing the feelings of those in the organisation (Nadler and Tushman 1990, p. 82-83). Many authors, such as Graetz (2000), argue that the personal involvement of senior leaders in organisational change signals the level of commitment to change and heightens the sense of urgency for change (Graetz 2000, p. 556).

Hinkin and Tracey (1999) highlight that the idealised influence (or charisma) dimension of transformational leadership may be more relevant in organisations that are undergoing significant change or a crisis, compared to organisations in more stable environments. They argue that whilst the dimensions of intellectual stimulation, individualised consideration and inspirational motivation all appear relevant for effective transformational leadership in both stable and turbulent organisations, a crisis may create a conducive environment for a truly charismatic leader to emerge (Hinkin and Tracey 1999, pp. 116-117).

In addition to the ascribed theoretical benefits that charismatic leaders bring as a force for change in organisations (Conger and Kanungo 1998; House 1977; Ladkin 2006; Shamir and Howell 1999), some authors also highlight that there are a number of inherent limitations to the effectiveness of charismatic leaders in change management, particularly associated with leadership which revolves around a single individual (Nadler and Tushman 1990, p. 84). Some of these potential limitations can include:

- **Unrealistic expectations** - in creating a vision, a charismatic leader may create expectations that are unrealistic or unachievable.
- **Dependency and counter-dependency** - some individuals and in some cases, whole organisations, may become overly dependent upon the charismatic leader.
- **Reluctance to disagree with the leader** - in the presence of a strong charismatic leader, people may become hesitant to disagree or come into conflict with the leader.
• Potential feelings of betrayal – when things do not work out as the leader may have envisioned some individuals may feel betrayed by their leader, resulting in expressions of frustration and anger.

• Disenfranchisement of next levels of management - a consequence of a strong charismatic leader is that the next levels of management can become disenfranchised (Nadler and Tushman 1990, p. 84).

Whilst the relationship between charisma and change is identified in theories of charismatic leadership (e.g. Bass 1985 and Conger and Kanungo 1998), some authors note that there has been a lack of research evidence actually linking charisma and change (House and Aditya 1997; Yukl 1999). Waldman, Javidan and Varella (2004), in their study of how Chief Executive Officer (CEO) leadership roles effect firm performance, went some way to addressing this evidence deficiency, finding preliminary evidence in their study ‘of a relationship between charisma and strategic change’ (Waldman et al. 2004, p. 374).

Other authors challenge the notion that charismatic leaders are intrinsically drivers of change. For example, Levay (2010) found from case studies in a health administration setting, that there are instances of charismatic leadership where the leaders are in fact resistant to change, and are interested only in the preservation of the status quo. On this basis, Levay (2010) argues that the concept of change agency being included in the definition of charismatic leadership is worthy of challenge (Levay 2010, p. 140).

3.12.3 Transformational/Transactional Leadership and Change

Bass and Riggio (2006) purport that transformational leadership, and most particularly its charismatic components, is associated with producing change in organisations. They highlight that the notion of change was central to Weber's notion of charisma, and to Burns' (1978) concept of the transforming leader (Bass and Riggio 2006, p. 55). Burns (1978) initially developed the concept of transformational and transactional leadership in a political context, and Bass (1985) further enhanced the theory by applying the theory to an organisational context (Eisenbach et al. 1999, p. 83).

According to Bass (1985), transactional leadership emanates from an exchange process between leaders and subordinates based on reward in exchange for performance. Transformational leadership, however, goes beyond transactional leadership to motivate followers to identify with the leader’s vision and sacrifice their self-interest for that of the group or organisation (Bass 1985).
Chapter Three: Literature Review

Descriptive research undertaken by Tichy and Devanna (1990) suggested that, in the process of change, transformational leaders tend to undertake a process that includes a sequence of phases. These include firstly recognising the need for change; creating and articulating a new vision; and then setting about to institutionalise the change (Eisenbach et al. 1999, p. 83). Podsakoff, MacKenzie and Bommer (1996) share this view, noting that most transformational leadership approaches:

‘share the common perspective that by articulating a vision, fostering the acceptance of group goals, and providing individualized [sic] support, effective leaders change the basic values, beliefs, and attitudes of followers so that they are willing to perform beyond the minimum levels specified by the organization [sic]’ (Podsakoff et al. 1996, p. 260).

Eisenbach et al. (1999) extend this proposition, arguing that transformational leaders can be successful in enacting change within organisations by displaying ‘the appropriate behaviors [sic] at the appropriate stage in the transformation process’ (Eisenbach et al. 1999, p. 84). This includes developing and articulating a vision that is attractive to followers rather than instilling dissatisfaction with the status quo (Ford and Ford 1994, Graetz 2000). They act as a champion of change who is capable of assembling and motivating a group with sufficient power to lead the change effort (Kotter 1995, Graetz 2000).

The literature suggests that to be successful in change, a leader must create a vision that effectively takes into ‘consideration the underlying needs and values of the key stakeholders’ (Eisenbach et al. 1999, p. 85). Having done this, the transformational leader enacts the aspired change through intellectual stimulation initiatives, such as setting challenging goals for followers that motivates them towards the change outcomes. This appeals to followers’ needs for achievement and growth. This is enhanced if the leader shows individualised consideration by way of individualised support and coaching. Eisenbach et al. (1999) argue that guiding and coaching behaviours by leaders are also ‘particularly important in large-scale transformation and in the development of self-managing teams’ (Eisenbach et al. 1999, p. 85).
Manz and Sims (1991) and Graetz (2000) also note that a transformational leadership style is advantageous in change management as this leadership approach serves to create a culture that encourages team decision-making and behaviour moderation. In this context, individualised consideration can play an important role in change management by moderating and potentially neutralizing resistance that is an inevitable part of change (Eisenbach et al. 1990, p. 85).

Several authors also identify the cultural impacts of transformational leaders in positively contributing to change (e.g. Kotter 1995; Brown and Eisenhardt 1997; and Eisenbach et al. 1999). They argue that successful leaders create a culture that is neither too rigid nor too chaotic to effectively facilitate change (Brown and Eisenhardt 1997) and that leaders need to set high performance expectations and reward behaviours accordingly. Most importantly, effective change requires leaders to role model the behaviours required to institutionalise the change (Graetz 2000, p. 556) ‘and set standards for the rest of the organisation to emulate’ (Eisenbach et al. 1999, p. 85).

Other authors, such as Battilana et al. (2010), purport that the orientation of leaders has an impact on how organisational change is implemented. Battilana et al. (2010) found that leaders who are more effective at task-oriented behaviours are more likely to focus on both the mobilising and evaluating activities of organisational change implementation compared to other leaders. Secondly, they found that leaders who are more effective at person-oriented behaviours are more likely, compared to others, to focus on the communicating activities of planned organisational change implementation (Battilana et al. 2010, p. 433).

Simons (1997) and Graetz (2000) assert that behavioural integrity, or the congruence between leaders’ words and deeds, is also critical to successful organisational change leadership (Simons 1999; Graetz 2000). It is argued that a divergence between words and deeds by leaders has ‘profound costs as it renders managers untrustworthy and undermines their credibility and their ability to use words to influence the actions of their subordinates’ (Simons 1999, p. 89). Simons (1999) defines behavioural integrity as entailing ‘an internal attribution for word-action match or mis-match, and may be ascribed to an individual manager…or to a large entity’ (p. 90).
The trust of followers in any transformational change approach is critical to success (Shamir and Howell 1999; Graetz 2000; Menges, Walter, Vogel and Bruch 2011). Hosmer (1995) proposes that ‘trust is the reliance...on a voluntarily accepted duty on the part of another...to recognise and protect the rights and interests of all others engaged in a joint endeavor [sic] or economic exchange’ (Hosmer 1995, p. 393). Yukl (1989) contends that transformational leadership is often identified by the effect that it has on followers’ ‘attitudes, values, assumptions and commitments’ (Simons 1995, p. 90), and therefore if followers are to be motivated to change their attitudes, values, assumptions and commitments to create alignment necessary for organisational change, they must first develop deep trust in the integrity and credibility of their leader (Carlson and Perrewe 1995; Kouzes and Posner 1992; Simons 1999).

The type of profound influence that a follower grants to a charismatic leader, and as proposed in transformational leadership theory, requires trust (Simons 1999, p. 91). Tyler and Degoey (1996) argue that enhanced employee trust in the leader, amongst other things, facilitates the implementation of organisational change. This kind of trust requires the follower to genuinely view the leader as being credible by demonstrating honesty and possessing integrity (Bass 1990; Carlson and Perrewe 1995; Kouzes and Posner 1992). Perceptions of honesty and integrity are best built through consistent behaviours and actions that are aligned to espoused values (Kouzes and Posner 1992; Simons 1999). Bartlett and Ghoshal (1995) assert that trust is essential for managing change because trust is ‘necessary for risk-taking, and personal risk-taking is integral to organisational change’ (Simons 1999, p. 90). Simons (1999) draws this discourse neatly together, noting that ‘transformational leadership often relies on charismatic leadership, and charismatic leadership requires trust and credibility among employees’ (Simons 1999, p. 92).

The literature identifies the challenges associated with sustaining behavioural integrity, being a requisite attribute of authentic transformational leaders. These challenges are exacerbated during processes of change that extend over long periods of time. Simons (1999) argues that some inconsistency in behavioural integrity is inevitable during any major change management process. The implication of this is that even perceptions of inconsistency (or breaches) of behavioural integrity will have the effect of diminishing the followers’ assessment of the behavioural integrity of the leader that champions the change (Simons 1999, p. 98). The maintaining of behavioural integrity is pivotal for the development of follower trust and commitment that, in turn, is ‘vital for successful change efforts’ (Simons 1999, p. 101).
Other authors, such as Parry (1999) have sought to advance the bringing together of leadership and change management theories by researching the social influence of leadership. In studying three local government organisations undergoing turbulent change, Parry (1999) found that the social influence of leadership in change management in a local government setting will be more successful if leaders improve the clarity of the leadership role that they can play in the organisation. Secondly, Parry (1999) found that leaders need to resolve the uncertainty that followers and leaders alike feel about the change environment in which they are working; and thirdly, leaders must seek to ‘continually enhance the adaptability of followers to the changing practices, processes and outcomes with which they are confronted’ (Parry 1999, p. 150). Parry (1990) concluded that the overarching characteristic of change is that it creates uncertainty for both leaders and followers, and that the social process of enhancing adaptability is an important way in which leaders in local government authorities can resolve such uncertainty and confusion (Parry 1999, p. 152).

Whilst the transformational leadership model developed by Bass (1995) has been the subject of considerable empirical investigation, Higgs and Rowland (2005) purport that the role and behaviours of leaders in a change context is an area that remains lacking in empirical research. They note further that the research in transformational leadership models has been largely quantitative, and has ‘fail[ed] to link directly with the change literature’ (Higgs and Rowland 2005, p. 126). They also note criticisms that the highly quantitative approach to research to date has failed ‘to provide insights into the actual behaviours of leaders’ (p. 126).

The literature suggests that studies on transformational leadership at the organisational level of analysis have typically examined transformational leaders at the top of the organisation hierarchy such as CEOs (Colbert, Kristof-Brown, Bradley and Barrick 2008; Ling, Simsek, Lubatkin and Veiga 2008; Pearce and Sims 2002, p. 176). These studies have generally focused on the interactions of the most senior organisational leader with followers. They have also provided evidence that the role of leaders in the change process, particularly transformational and charismatic leaders, does impact significantly on the success of change (Kotter 1990a 1996; Higgs 2003; Higgs and Rowland 2001, 2005; Pearce, Manz and Sims 2009).
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The individual beliefs and mind-sets of leaders have been shown to influence their approach to change and its implementation (Higgs and Rowland 2005, p. 126). Research studies to date have predominantly studied the influence of individual beliefs and mind-sets of the senior most organisation leader on change processes. This is consistent with Kotter’s study in 1990 that was based on the assumption (which has been subsequently challenged by such authors as Higgs and Rowland in 2005) that change is linear and driven from the top (Higgs and Rowland 2005, p. 128). In organisational change, however, leaders at the top of the organisational hierarchy rarely act in isolation (Menges et al. 2011, p. 893). They are heavily reliant on working collaboratively with other leaders within the organisation and at multiple hierarchy levels, to implement change (Pearce, Manz and Sims 2009). This is particularly the case in a complex change environment. It is unusual for one expert to have the know-how to understand all facets of the job at hand. Pearce et al. (2009) suggest that shared leadership within cross-functional teams is an effective means to alleviate the reliance on the senior most organisational leader in this context. This is the focus of the next section.

3.12.4 Shared Leadership

Shared leadership involves leadership from team members as well as from the team leader (Pearce and Sims 2002; Pearce et al. 2009). Shared leadership challenges the traditional notion of how organisations should operate where there is one person in charge and the others follow. It is a:

‘dynamic, unfolding, interactive influence process among individuals, where the objective is to lead one another toward the achievement of collective goals. This influence process often involves peer influence and at other times involves upward or downward hierarchical influence’ (Pearce et al. 2009, p. 234).
Shared leadership involves broadly sharing power and influence among a set of individuals rather than centralising it in the hands of a single individual who acts in the role of a dominant superior (Pearce et al. 2009, p. 234). Pearce and Sims (2002), in their study of vertical versus shared leadership as predictors of the effectiveness of change management teams, found that shared leadership is an important predictor of change management team effectiveness, slightly more so than vertical leadership. However, the two types of leadership (shared and vertical) should not be considered as mutually exclusive (p. 184). That is, both vertical and shared leadership contribute to team effectiveness. Pearce et al. (2009) support this finding, highlighting that shared leadership is not a replacement for leadership from above; it should be considered for situations where those involved share a certain degree of interdependence and when tasks are complex.

Despite the fact that leadership effectiveness seems to be inherently multi-level, to date there appears to have been limited progress in the development of multi-level leadership theories (Yammarino and Dansereau 2008; Chun, Yammarino, Dionne, Sosik and Koo Moon 2009). This theoretical shortcoming is supported by others, such as Pearce and Sims (2002), who highlight that the empirical examination of shared leadership as an alternate and valuable source of leadership influence in change management is relatively unexplored and remains a relatively neglected area of research.

A search of the literature also highlights that there is an absence of empirical investigation into the leadership approaches contributed by the various members of a change management, cross-organisational team charged with the implementation of organisational change, particularly where the team consists of multi-level leaders. For example, in a shared leadership approach to change management that consists of multi-level leaders, do all members of the team exhibit the same leadership approach? Do the leadership approaches of team members all mirror the senior most leader’s approach? Or alternatively, do leaders at different levels of an organisation, but forming part of the same change management team, exhibit a variety of leadership behaviours, functions and processes whilst working towards a common change outcome? Empirical studies to provide answers to these important questions would serve to expand and enhance leadership theory, and importantly, would advance the bringing together of leadership and change management theories.
3.12.5 A Congruence Model

Tushman and O'Reilly (2002) provide a useful construct for considering organisational architecture in the context of bringing together leadership and change theories. This theoretical framework is based on an extensive body of research and practice and suggests that alignment, or congruence, between strategy, leadership and the four organisational building blocks of culture, formal organisational arrangements, people and critical tasks drives success (Tushman and O'Reilly 2002). Conversely, Tushman and O'Reilly (2002) argue that incongruence, or a lack of alignment among these elements is always at the root of failure or performance gaps (p. 195).

The congruence model of Tushman and O'Reilly (2002) has relevant application to the leadership of organisational change. The congruence model suggests that, under the influence of organisational strategy and leadership, the stronger the alignment of the organisation's culture, formal organisational arrangements, people and critical tasks to a desired strategic change outcome, the greater chance of optimising change success. The model proposes that optimising change seeks for the organisation's culture to energize and facilitate the accomplishment of critical tasks rather than hindering, and for the organisation's structure and formal processes to be facilitative of critical task accomplishment rather than obstructive. Further, the congruence model indicates that change success is optimised when people have the right skills and are motivated and committed to accomplish critical tasks (Tushman and O'Reilly 2002). This conceptual framework has useful application in potentially integrating the theories of leadership and change management. Tushman and O'Reilly's (2002) congruence model is shown at Figure 7 below.
Figure 7: Organisational Architecture: A Congruence Model of Organisations

3.13 Chapter Summary

The extensive amount of literature on the topic demonstrates both the importance and the complexity of leadership. The concept is comprised of non-formulaic process that can exist at a variety of unspecified points across a number of simultaneously-functioning continuums. Leadership includes behavioural traits, knowledge content, functions performed, tasks completed, attitudes demonstrated, and goals achieved. The sheer complexity of the topic, despite the wide-ranging variety of research efforts, however, still leaves many unanswered questions – questions that are best explored through further empirical analysis.

One aspect of leadership worthy of further investigation is the concept that leadership of change may vary according to the context in which it is found, the way in which it is shared, as well as the level at which it is performed within an organisation.

This Chapter has provided a review of the literature relevant to this research study, and has identified a number of areas where theory would benefit from further empirical investigation. This study aims to make a contribution to leadership and change management theory. More specifically, the primary aim of this study is to make a contribution to the theories of transformational leadership, authentic leadership, multi-level leadership and change management. A secondary contribution is proposed to be made by advancing Tushman and O'Reilly's (2002) model of organisational congruence by bringing together theories of leadership and change management.

Given the pressing need for transformational change in local government in Australia (as outlined in Chapter Two), comprehensive, qualitative research into the leadership of effective change at multiple hierarchical levels in an Australian local government setting is needed. Such research will, firstly, provide valuable empirical knowledge to advance leadership theory; secondly, bring the theories of leadership and change management closer together; and lastly, provide empirically-based theoretical learning to better position the Australian local government sector for future important transformational change. This current study aims to address this important research gap and the next Chapter outlines the methodology used to implement the study.
Chapter Four: Research Method and Design

4.1 Introduction

This Chapter discusses the methods employed in this research study. The discussion includes the rationale for using a qualitative, descriptive case study approach, together with interview structure and design, questionnaire instrument selection, ethical considerations, sample selection, the research process, methods of data collection, and data analysis.

As already outlined, the aim of this research is to examine the leadership behaviours, functions and processes that are required and exhibited at multiple hierarchy levels of a local government organisation, using change as the catalyst for bringing forth the elements of leadership. The rationale for this study has been discussed in previous Chapters and is summarised by the following points:

- There is limited literature on multiple hierarchy level leadership theories.
- Empirical examination of shared leadership is relatively unexplored.
- There is an absence of empirical data relating to change management teams comprising multiple organisational hierarchy level participants.
- Management and leadership research in the Australian public sector, and most particularly local government, is a relatively neglected area of study, particularly in the area of change.
- Case studies of change projects within the public sector will strengthen the evidence base and inform leadership and change management theory development.

As outlined in Chapter One, the specific change management project selected for the case study involved the divestment of a 102 bed residential aged care facility from the operations of a local government authority, namely Knox City Council in Melbourne, Victoria, Australia. The divestment included the sale of the business, the disposal of land and buildings and the retrenchment of over a hundred staff - all set within a highly sensitised and political environment. As a reminder, and within this context, the research question examined in this study is:
Chapter Four: Research Method and Design

What leadership behaviours, functions and processes are required and exhibited at multiple hierarchy levels of a local government organisation in undertaking a major change management project?

A mixed methods research approach is considered appropriate for this research study as this approach allows for complementary data to be collected whilst still sharing the same research question (Yin 2009, p. 63). This allows for the collection of a richer and stronger array of evidence than can be accomplished by a single research method (Yin 2009, p. 63). The methods applied in addressing the research question are the focus of this Chapter.

4.2 Selection of a Qualitative Approach

This research used a mixed approach with a central focus on a qualitative methodology. Qualitative research includes any research that produces findings that are not arrived at by statistical procedures or other means of quantification (Strauss and Corbin 1998). Ueltzhoffer and Ascheberg (1999) argue that the aim of qualitative research is primarily of a sociological and psychological orientation, as it attempts to gain insight into the individual’s subjective interpretative patterns, experiences and positions. Denzin and Lincoln (2003) assert that qualitative research is most interested in processes and meanings that are not experimentally examined.

Qualitative research enables the researcher to conduct in-depth studies about a broad range of topics in plain and everyday terms (Yin 2011). Qualitative research has become an acceptable, if not mainstream, form of research in many different academic and professional fields, including sociology, political science, psychology, education and management (Yin 2011).

There are five features that make qualitative research distinctive (Yin 2011) and that are relevant to this research study. The first of these is that qualitative research involves studying the meaning of people’s lives, under real-world conditions. Qualitative research allows for social interactions to occur with minimal intrusions by artificial research procedures.
For example, respondents are not inhibited or limited to responding to a researcher’s pre-
determined questionnaire (Yin 2011). Secondly, qualitative research allows for the views and
perspectives of the participants in the study to be represented. Thus, the events and ideas
emerging from qualitative research can represent the meanings given to real-life events by
the people who live them and not the values and meanings held by the researcher (Yin
2011).

The third feature of qualitative research is that it allows for the ‘social, institutional, and
environmental conditions within which people’s lives take place’ (Yin 2011, p. 8) to be
represented. As these contextual conditions may strongly influence human events, it is
important for the purposes of quality research to capture these conditions. Other research
methods (e.g. experiments) often seek to ‘control out’ these conditions (Yin 2011).

Fourth, qualitative research is driven by a desire to explain the events of everyday life,
through existing or emerging concepts (Yin 2011). This is important for this research
project, which seeks to build theory in the field of leadership. Fifth, qualitative research
‘strives to collect, integrate, and present data from a variety of sources of evidence’ (Yin
2011). This variety generally arises from the complexity of the real-world setting in which
research is being undertaken. Yin (2011) argues that the complexity of field settings and the
diversity of participants often warrants the use of multiple methods of data collection.
Following this, the study’s conclusions are often best based on triangulating the data from
different sources (Yin 2011). This convergence of lines of enquiry (Yin 2009) adds to a
study’s ‘credibility and trustworthiness’ (Yin 2011, p. 9) and will be used in this research
study.

Minimal intervention from the researcher in determining direction is important to the integrity
of a qualitative approach. In this manner, the experiences of the interviewee can be more
fully understood. Such an orientation is consistent with the aims of this study. It is
acknowledged that since the researcher is the author of the ensuing report, the researcher
must take responsibility for the final interpretation of the conveyed experience of
interviewees.

Within qualitative research, phenomenological studies are most strongly devoted to
capturing the uniqueness of events (Yin 2011). Phenomenography is the selected qualitative
approach for this study, as it allows for a range of perspectives to be examined.
4.2.1 Phenomenography in the Qualitative Research Approach

Phenomenological studies attend not only to the events being studied, but also ‘to their political, historical and sociocultural contexts’ (Yin 2011, p. 14). Phenomenography is interested not only in describing experience, but also in examining variations in experience of a similar phenomenon. Phenomenography is a content-oriented research approach which allows for the investigation of the different qualitative ways in which people make sense of their world (Bowden 1994). The outcome of phenomenographic research is therefore the establishment of different content-related categories that describe the differences in people’s ways of experiencing and conceiving their worlds (Sjostrom and Dahlgren 2002).

Phenomenography as a research approach has emerged from the empirical base rather than a theoretical or philosophical base (Akerlind 2002). This approach holds that irrespective of the nature of the phenomenon there are always a number of ways in which the phenomenon is understood or experienced (Marton 1986; Dall’Alba 1996). The range of ways people experience these phenomena are referred to as ‘conceptions’ (Marton 1986), or ‘understandings’ (Sandberg 2000).

Marton (1988) identifies three lines of phenomenographic research as follows:-

1. the first concerns ‘content-related studies of more general aspects of learning’ (Marton 1988, p. 191). These studies investigate the relationship between learning process and learning outcome;

2. the second line of phenomenographic research relates to the study of learning within particular content areas (Marton 1988, p. 192). Typically these studies examine students’ understanding of concepts and principles and have often been undertaken in considering applications within physics (Dall’Alba 1996); and

3. the third line of phenomenographic research is identified as a study that has a ‘knowledge interest as it is focused on the description of how people conceive of various aspects of their reality’ (Marton 1988, p. 190). Areas of investigation have included conceptions of political power, organisational change and health studies (Akerlind 2002).
Dall’Alba (1996) argues that the difference between the second and third lines of research relates to whether the phenomenon being investigated has been the object of formal studies or not. This research study is primarily positioned within the third line of phenomenographic study in that the research study’s aim is to examine how leaders at multiple hierarchy levels of a local government organisation viewed their leadership behaviours, functions and processes whilst implementing a major change management project.

This study commits to the use of a phenomenographic research method for the purposes of establishing the qualitatively different ways people approach and perceive particular experiences. Whilst phenomenographic research has been described as empirical, it is also identified as a process more of discovery than of verification (Saljo 1988).

In phenomenographic research, the preferred method of data collection is the semi-structured interview (Marton and Booth 1997). Interviews are audio-taped and later transcribed verbatim. These transcripts constitute the empirical material for qualitative analysis, which follows certain consecutive steps allowing the researcher to identify both similarities and differences between research participants. The result of phenomenographic research is the identification of categories of description in which the different ways of conceiving a phenomenon are hierarchically and logically interrelated, and hence the establishment of a typology (Ashworth and Lucas 1998).

The qualitative approach applied to this study included semi-structured interviews in line with the phenomenographic approach. The approach also included an online survey and analysis of secondary data. All of these are explored in more detail later in the Chapter.

### 4.3 Selection of Case Study Design

The aim of research design is to specify the methods and procedures for collecting and analysing the information needed (Zikmund 1997, p. 48) to answer the research question. As outlined by de Vaus (2005), the function of research design is to ensure that the evidence obtained enables the initial question to be answered as unambiguously as possible (de Vaus 2005, p. 9). In short, the research design needs to be able to provide for an adequate level of evidence to answer or test the research question.
De Vaus (2005) suggests that there are four types of research design available – experimental, longitudinal, cross-sectional and case study (p. 48). Of these four types, it is considered that the case study approach presents as the most appropriate research type for this study. A case study is a detailed examination of a single case, within its real life context, using multiple sources of evidence (Yin 2011 2009; Hewitt-Taylor 2002a; Wellington 1996). The use of a case study enables an in-depth exploration of the issues related to the phenomenon being studied.

Yin (2009) proposes the following useful two part definition of case study as a research design approach:

1. *The case study is an empirical inquiry that*
   - Investigates a contemporary phenomenon in depth and within its real-life context, especially when
   - The boundaries between phenomenon and context are not clearly evident.

2. *The case study inquiry*
   - Copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result
   - Relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result
   - Benefits from the prior development of theoretical propositions to guide data collection and analysis’ (Yin 2009, p. 18).

Eisenhardt and Graebner (2007) highlight that theory building from case studies is an increasingly popular and relevant research strategy, the central notion of which is ‘to use cases as the basis from which to develop theory inductively’ (p. 25). It is also argued that case study research is ‘particularly well suited to new research areas or research areas for which existing theory seems inadequate’ (Eisenhardt 1989, p. 549).
Based on this, the rationale supporting the application of the case study research approach in this research project is outlined as follows:

- Whilst the literature identifies considerable research in the general fields of leadership and change management, there is a deficiency of research in the public sector in these important areas. Further to this, the literature identifies an even further deficiency in case study based research in the Australian public sector. An empirically-based case study that examines the impact of leadership at different hierarchical levels of a local government organisation in a successful change management project will contribute towards addressing this deficiency.

- Through the use of a case study approach, a greater depth of understanding will be established that will extend beyond existing literature and knowledge. Yin (2009) argues that the case study method allows for researchers to retain the holistic and meaningful characteristics of real-life events whilst contributing to knowledge of individual, group, organisational, political and related phenomena (p. 4). The use of a case study based approach has been used extensively and is highly regarded in fostering the development of organisational research (de Vaus 2005, p. 219). De Vaus (2005) asserts that ‘[e]ducational research, evaluation research and organisational research have all made extensive use of case studies to foster their development’ (p. 219).

- It is recognised that to optimise the research design and resultant analysis and insights, an examination of a representation of the organisation’s constituent elements is required (de Vaus 2005, p. 221). To this end, it is considered that a case study approach will best allow for the sourcing and examination of information from multiple levels of the organisation (de Vaus 2005, p. 221). A combination of primary and secondary data sources consistent with case based research, is considered appropriate in gaining in-depth insights into the study phenomenon.
• It is considered that the research question can be best answered through the application of a more detailed and rigorous examination of the leadership behaviours, functions and processes involved in a change management project. Authors such as Yin (2009) and de Vaus (2005) assert that the case study method is best suited when examining contemporary events and where the research question requires an extensive and in-depth description of a social phenomenon. Yin (2009) also highlights that the case study’s unique strength is ‘its ability to deal with a full variety of evidence – documents, artefacts, interviews, and observations – beyond what might be available in a conventional study’ (p. 11) such as a quantitative experiment.

• A fuller explanation of a phenomenon can be achieved through a case study analysis that provides for observations of similarities (convergences), differences (divergences), and through subsequent analysis, the establishment of higher level theory (Jack and Raturi 2006). A descriptive case study approach allows for this depth of explanation in the theoretical fields of leadership and change management.

A single case study research design is considered appropriate in this study as the case represents both a representative and revelatory case (Yin 2009, p. 48). The objective of this study is to capture and analyse the circumstances and conditions of a situation that is representative of like organisations. The case study represents a typical project of change management in a Victorian local government setting, and therefore may be typical of change management projects in other similar local government settings. The lessons learned from this single case study may be informative about the experiences of other typical change management projects in local government settings (Yin 2009, p. 48).

A further rationale for the use of a single case study in this research is that the case represents a revelatory case (Yin 2009, p. 48). The researcher in this single case study has a rare and unique opportunity to observe and analyse a phenomenon from a viewpoint not generally accessible to others due the researcher’s organisational position and relationship to the subject change management project. Such rare access for a researcher has the potential for this single case study to reveal insights often inaccessible to others.
Following this, the method to be applied in answering the research question in this study is to undertake an empirically based, qualitative examination of a leadership team responsible for a major change management project in a local government organisation. The leadership team forms the unit of analysis for the case study. All seven members of the leadership team have been selected as the embedded units of analysis.

Empirical, qualitative research will be used to undertake a detailed comparative analysis of the leadership behaviours, functions and processes experienced and exhibited by each member of the case study leadership team.

The type of case study design to be utilised is a descriptive case study. In depth, detailed descriptions will be presented to highlight leadership behaviours, functions and processes exhibited by each leader making up the unit of analysis. It is highlighted that these descriptions will be the researcher’s interpretation rather than a mirror image of the observations (de Vaus 2005, p. 225; Jack and Raturi 2006, pp. 345-347).

Using inductive typology (de Vaus 2005, p. 226), these descriptions will be selected and organised for comparative analysis by referencing full range leadership theory (Yukl 2006), and where applicable, authentic leadership theory (Gardner et al. 2011). Pre-established conceptual categories of leadership behaviour (i.e. higher order leadership subscales of transformational leadership, transactional leadership and laissez-faire leadership, and comprising nine facets) will be used in the form of comparison with ideal types (de Vaus 2005, p. 225). Full range leadership theory has been chosen as an appropriate framework for this research study as it provides a multi-dimensional model to categories a broad spectrum of leadership types. The full range leadership theory has achieved unprecedented acceptance in the leadership literature; is supported by a large number of empirical findings; and has been developed in an integrative manner (Antonakis and House (2002), p. 4) and therefore provides a highly credentialed, well-established model to present the findings of this study.
To provide an extension and refinement of the full range leadership subscales, descriptions will also be compared with authentic leadership theory subscales of balanced processing, internalised moral processing, relational transparency and self-awareness. The researcher is aware from initial analysis of secondary data derived from the case study organisation that elements of relational transparency and self-awareness appear to be prevalent in the organisation’s culture. An analysis against authentic leadership theory, therefore, provides an opportunity to examine these, and related, elements by comparing against an established, empirically-tested leadership theory that contains these elements. Authentic leadership theory provides this opportunity.

Ideal types derived from full range leadership theory and authentic leadership theory will be used as conceptual categories against which to analyse and compare the leadership approaches demonstrated by each of the embedded units of analysis in enacting the steps of change as proposed in Kotter’s (1995) seminal work, Leadership. Kotter’s (1995) change management model is one of the most eminent change management models featured in academic literature (Appelbaum, Habashy, Malo and Shafiq 2012, p. 765). First published in 1995, Kotter’s model of change management remains a key reference in the field of change management (Appelbaum at al. 2012, p. 765). Kotter’s model was developed after a study of more than 100 organisations varying in size and industry type, and is viewed as a vision for the change process (Mento, Jones and Dirndorfer 2002, p. 45). The model calls attention to the key phases in the change process based on Kotter’s empirical research; is aimed at the strategic level of the change management process (Mento, Jones and Dirndorfer 2002, p. 46); and is therefore well suited for reporting against the results of this research study.

Tushman and O’Reilly (2002) provide a useful construct for considering organisational architecture in the context of bringing together leadership and change theories. This theoretical framework is based on an extensive body of research and practice and suggests that alignment, or congruence, between strategy, leadership and the four organisational building blocks of culture, formal organisational arrangements, people and critical tasks drives success (Tushman and O’Reilly 2002). This model provides a coherent framework for bringing together the results of this research study by integrating theoretical elements of full range leadership theory, authentic leadership theory and change management theory.

The conceptual framework to be utilised in examining the subject phenomenon in this study is shown at Figure 8.
Organisational Level | Change Management Approach | Leadership Behaviours | Authentic Leadership Components | Change Management Organisational Components
--- | --- | --- | --- | ---
Organisational Level 1 | Demonstrating the need for change | Inspirational Motivation | Balanced Processing | Critical Tasks
| Enlisting the right people | Idealised Influence Attribute | Internalised Moral Perspective | Culture
| Create and communicating a Vision for change | Idealised Influence Behaviour | Relational Transparency | Formal Organisational Arrangements
| Removing Obstacles | Intellectual Stimulation | Self-Awareness | People
| Short Term Wins and Celebrating | Individualised Consideration | | 
| Debriefing and Learning | Contingent Reward | | 
| Anchoring the Change | Active Management By-Exception | | 

Figure 8: Conceptual Framework for Analysing Leadership Approach in Change Management, at Multiple Organisational Levels.

Source: Adapted from:
The research project will utilise a retrospective design. The case study involved is a major change management project that had already been implemented in a local government organisation. This requires the reconstruction of the history of the case through the selected research method (de Vaus 2005, p. 227). This research attempts to provide an idiographic explanation in that it focuses on the leadership behaviours, functions and processes demonstrated by leaders in a particular change management project, and uses multiple data sources in order to develop a complete and deep explanation of the subject phenomenon (de Vaus 2005, p. 22).

An underpinning principle of this research study is that the subject case is being studied in its own right. The aim is not to generalise the findings to other change management projects, local governments, or indeed, the public sector. This is congruent with the belief that in qualitative enquiry the ability to generalise is generally not sought (Hewitt-Taylor 2002a) as all human behaviour is time and context specific (Lincoln and Guba 1986). Qualitative approaches assume that consideration of the context in which the events occur is essential to understanding the findings and their meaning (Clarke 1995). The findings of this study may be of interest and applicable to other situations, but this would need to be determined by ‘a comparison of the context in which this study was conducted and the context in which transfer of findings was proposed’ (Hewitt-Taylor 2002a, pp. 33-34). As de Vaus (2005) explains, an idiographic case study provides a deeper understanding of one issue or case, whereas a nomothetic approach attempts to examine numerous cases but at a more shallow level, in an effort to generalise from the findings.

4.4 Methodological Triangulation

Yin (2009) argues that a major strength of case study data collection is the opportunity to use many different sources of evidence and research methodologies. This allows the researcher to ‘address a broader range of historical and behavioural issues’ (Yin 2009, p. 115). Yin (2009) also argues that an important advantage of using various sources of evidence is the development of converging lines of inquiry (p. 115) in a process of triangulation and corroboration.
Following this, the preferred analysis approach for this study is methodological triangulation where multiple research methodologies will be combined to study the same phenomenon (Denzin 1970). Methodological triangulation ‘involves using more than one quantitative or qualitative data sources or methods in a single source of research’ (Jack and Raturi 2006, p. 346). The principle of triangulation is to seek ‘at least three ways of verifying or corroborating a particular event, description, or fact’ (Yin 2011, p. 81). Such corroboration serves to strengthen the validity of the study (Yin 2011).

Jack and Raturi (2006) advance three rationale to support the use of methodological triangulation. The first is ‘completeness’ which recognises that any ‘single research method chosen will have inherent flaws, and the choice of that method will limit the conclusions that can be drawn’ (p. 346). Corroborating evidence derived from using a variety of methods is a means of addressing such flaws. The second rationale is that of ‘contingency’. In this context, contingency is described by Jack and Raturi (2006) as being:

‘driven by the need for insights into how and why a particular strategy is chosen. For example, qualitative research is often used when a phenomenon is very complex or poorly understood. Such contingent choices of methodology are often dictated by newness – discovery of environmental attributes that give rise to the phenomenon are necessary before we can quantify (and measure) such attributes. Interviews with managers, critical incident analysis, document reviews, and an interpretive mode of assessment can orient researchers to the nuances of how and why, for example, different strategies and tactics are deployed’ (Jack and Raturi 2006, p. 346).

The third rationale for applying triangulation methodology is ‘confirmation’ (Jack and Raturi 2006, p. 346). This refers to triangulation improving the ability to draw conclusions from studies that ‘might result in a more robust and generalizable [sic] set of findings’ (Jack and Raturi 2006, p. 346). Yin (2009) concurs with this rationale, arguing that any case study finding or conclusion ‘is likely to be more convincing and accurate if it is based on several different sources of information, following a corroboratory mode’ (p. 116).
As previously stated, the effects of leadership behaviours, functions and processes at multiple hierarchy levels of an organisation on a major change management project in a public sector setting, is arguably poorly understood from a theoretical perspective. The absence of empirical evidence and academic literature on this phenomenon suggests an underdeveloped theoretical perspective and highlights the need to build theory in this important area. It is argued that the methodological triangulation approach to research is well suited to this theory building research study.

The methodological triangulation approach will be informed by existing academic literature in the theories of transformational leadership, authentic leadership, multi level leadership and change management. Existing academic literature will be used to inform the process of methodological triangulation, and to provide a framework for analysis and reporting the research findings and conclusions. The process of methodological triangulation will also be applied to address identified gaps in existing literature. In particular, the research study aims to address gaps in existing theory in the fields of transformational leadership, authentic leadership and multi level leadership by providing an empirical examination of the effects of leadership behaviours, functions and processes at multiple hierarchy levels of an organisation undertaking change management.

To provide structure to this research project, the outline of methodological triangulation as presented by Jack and Raturi (2006) has been adapted to provide a framework to inform the research methodology. This framework includes primary and secondary data research approaches, and provides for qualitative and quantitative modes of assessment. This framework is presented at Figure 9 below.
Figure 9: Research Methodology - Methodological Triangulation

Triangulation is useful in providing four types of inference (Jack and Raturi 2006). These include:

- **Complementary inference**, where we may observe similarities across studies that are mutually reinforcing;

- **Convergent inference**, where we may observe that similarities allow us to solidify a proposition or a theory;

- **Divergent inference**, where we may observe radical differences across the studies, leading to a serendipitous learning or theory development; and

- **Meta inference**, where we may step back and reflect on the general findings to generate higher level theories or frameworks (Jack and Raturi 2006, p. 353).
It is recognised that a key challenge with case study research lies in translating raw data into patterns and identifying conceptual themes (Ahrens and Dent 1998; Durden 2008). For this research, the processing of data followed four cognitive processes that ‘occur more or less sequentially’ (Morse 1994, p.25). These are: comprehending; synthesising; theorising; and decontextualising. The primary data collected from the in-depth interviews was written up in the first instance as detailed research summaries (Morse 1994). This is an intensive process that not only involves writing up the research evidence, but also simultaneously identifying patterns and themes and attempting to determine any linkages between these (Morse 1994). This is discussed in more detail in section 4.10.6 below.

4.5 Research Instruments

This study utilises three data sources. The first is primary data collected from the semi-structured, in-depth interview data collection method. The second source of primary data will be collected using an online questionnaire. The third source of data will be internal secondary data. The following sections provide a more detailed explanation of the three data sources and collection methods.

4.5.1 Semi-structured interview

Polit and Beck (2006) define an interview as a method of data collection in which one person (an interviewer) asks questions of another person (a respondent). Interviews are one of the most commonly used methods of data collection in research (DiCicco-Bloom and Crabtree 2006).

A semi-structured interview is a qualitative method of inquiry that combines a pre-determined set of open questions (questions that prompt discussion) with the opportunity for the interviewer to explore particular themes or responses further. This means that the interview is not highly structured, as in the case of an interview that consists of all closed-ended questions, nor is it so unstructured that the interviewee is simply given a license to talk freely about whatever comes up.
Semi-structured interviews allow all respondents to be asked the same questions within a flexible framework (Dearnley 2005). Harvey-Jordan and Long (2001) note that semi-structured interviews are used widely in qualitative research to understand the reasons why people act in particular ways, by ‘exploring participants’ perceptions, experiences and attitudes’ (p. 219). It is a flexible and powerful tool to ‘capture the voices and the ways people make meaning of their experiences’ (Rabionet 2011, p. 563). Whiting (2008) notes that semi-structured, in-depth interviews should be personal and intimate encounters in which open, direct and verbal questions should be used to elicit descriptive stories and narratives (DiCicco-Bloom and Crabtree 2006).

One of the advantages of using semi-structured interviews in this descriptive study is the richness of data they yield (Harvey-Jordan and Long 2001) thereby adding to the validity of the study (Dearnley 2005). Within a framework of open-ended questions aimed at eliciting responses to the topic of interest, the interviewee is free to talk more openly and the frankness of opinions provided can often provide fuller, more descriptive responses that get to the heart of the matter. This method also provides an opportunity for various themes or sub-topics to be developed throughout the interview (Harvey-Jordan and Long 2001). The interviewer can use cues or prompts to encourage the interviewee to consider questions further if they are experiencing difficulty in answering or if they are only providing brief responses.

The semi-structured, in-depth interview method is also appropriate for this descriptive case study because the research question has been well-defined and therefore the topic of interest is clear. This provides clarity and focus to the matters of interest to be explored in depth with the respondents.

Marton (1994) identifies the significance of the semi-structured interview for phenomenographic studies. He suggests that the interview should have a few questions made up in advance, and with more emerging from what the research respondent says. The point is to establish the phenomenon as experienced and to explore its different aspects jointly and as fully as possible (Marton 1994). A semi-structured, in-depth interview method is well suited to achieve this.
Questions used as part of the semi-structured interviews were targeted to well-defined topics whilst being as open-ended as possible so that the participants were able to choose the dimensions of the question they wished to answer. Interviews were also tailored to suit the respondent. In this study external validity of the claims made by the respondents was not relevant (Ashworth and Lucas 1998), and the researcher operated from a position of neutrality. Gathering data through the semi-structured interviews was a process of discovery, initially concentrating on each individual and later establishing meaning as given by the respondent.

The semi-structured interviews were transcribed verbatim, enabling the transcripts to be the focus of the analysis. Of crucial importance to this study was the need to ensure that any variation reflected the variation of experience of the participant, rather than a variation in interview structure and format. To this end, a high level of consistency in interview technique was sought, including ensuring that all aspects of respondent contact, project description, place of interview, introductions and interview questions, were standardised.

To ensure such a standardised approach, a number of pre-determined interview questions were developed. These were structured to elicit information relating to the respondents’ views concerning:

- The leadership behaviours, functions and processes of the change management team as a collective, across identified steps of change (Kotter 1995)
- The leadership behaviours, functions and processes of individual members of the change leadership team (at multiple hierarchy levels of the organisation) across identified steps of change (Kotter 1995);
- How leadership behaviours, functions and processes managed multiple stakeholder sensitivities throughout the change management project; and
- How leadership successes and failures were experienced throughout the change management project.

Based on this structure, thirteen main questions were posed as part of the semi-structured interviews, with probe questions identified and used if insufficient data was provided through the main questions. These questions were:
a. Please tell me a little about you and your position within the organisation. What level within the organisation is your position?

b. Thinking about your substantive role within the organisation, please describe your day-to-day leadership approach.

c. Thinking about the initial stages of the change management project, how did you go about creating or demonstrating the need for change?
   • How did others in the leadership team individually go about creating and demonstrating the need for change?
   • How did the team collectively go about creating and demonstrating the need for change?

d. How did you go about enlisting the support of the ‘right’ people to assist with the change?
   • How did other members of the leadership team individually go about this?
   • How did the team collectively do this?

e. What steps did you undertake to create a vision for the change?
   • Can you describe steps taken by other team members to create a vision for the change?
   • Can you describe how the team collectively created a vision for the change?

f. How did you communicate the vision for change to the stakeholders?
   • Can you describe how other team members individually communicated the vision for change to the stakeholders?
   • Can you describe how the team collectively communicated the vision for change to the stakeholders?

g. Were you required to enlist the support of others for the change, and if so, how did you do this?
   • Can you describe how other team members individually enlisted the support of others for the change?
   • Can you describe how the team collectively enlisted the support of others for change?
h. What obstacles were required to be removed by you to ensure the change implementation was successful, and how did you do this?
   - How did other team members remove obstacles throughout the change process?
   - How did the team collectively remove obstacles throughout the change process?

i. Thinking about the change process, can you describe any short-term wins that come to mind, and how did you celebrate these (if at all)?
   - Can you recall how other team members also celebrated success?
   - Can you recall how the team collectively celebrated success?

j. Can you describe any processes of debriefing and continuous learning undertaken by the team during the change management project?
   - What was your contribution to the debriefing and continuous improvement processes?
   - Can you describe the contribution of other team members to debriefing and continuous learning processes during the change project?

k. Can you describe initiatives implemented to anchor the change? What was your role in this?
   - What role did other team members play in this?
   - Can you describe how the team anchored the change?

l. Looking back at the project, what would you consider could have been done differently from a leadership and change management perspective?

m. Would you like to make any further comments?
It is important to acknowledge that the semi-structured interview method has potential limitations. Bruce (2001) suggests that one of the major disadvantages of the semi-structured interview, compared to questionnaires involving short written responses, is the extraneous material that is collected from the former, as against the greater focus of the latter (Diamond 2007). Whilst this is acknowledged, in this research study there was no attempt to limit the answers of respondents. Rather, the participants were allowed and indeed encouraged, to determine what was important in giving their experience meaning. The richness that this provided to the data collected outweighed the disadvantages of collecting any extraneous material.

A further identified weakness of using the semi-structured interview method is that whilst a rich source of data can be collected about a respondent’s experiences, behaviours and feelings, the data is limited in the scope of its usage (Harvey-Jordan and Long 2001). The reason for this is that the data is particular to a certain person, at the time of the study. To make this point, Harvey-Jordan and Long (2001) argue that if the same person was interviewed ‘the following week on the same topic you may find that person’s response had already altered from the original findings’ (p. 221).

The personal nature of interviewing also introduces the scope for error and bias. This influence can affect all stages of the data collection process including planning, interviewing, recording and interpretation (Harvey-Jordan and Long 2001). Added to this, semi-structured in-depth interviews are also time-consuming, particularly in the transcription and analysis stages. Despite these potential shortcomings, it was considered that the semi-structured interview data collection method still presented as the best suited method for this qualitative, descriptive case study research.
4.5.2 Multifactor Leadership Questionnaire

Yin (2009) highlights that the advantage of using more than one source of evidence is that it allows for the convergence of lines of inquiry, leading to case study findings and conclusions being more ‘convincing and accurate’ (p. 116). As outlined above, the principal data source for this study is from semi-structured interviews. To supplement the data collected from interviews, primary data was also collected utilising a questionnaire to quantitatively examine the leadership style of interview respondents. This quantitative data enabled an analysis of the interview respondents’ leadership style within a theoretical leadership framework.

The questionnaire was administered to respondents as self-raters, to their direct reports (where applicable), and to their supervisor (where appropriate). The data gathered from the questionnaire was triangulated with the data collected from the semi-structured interviews and with the data collected from secondary sources.

Specific leadership survey instruments are numerous and derive from different theoretical backgrounds. One such instrument is the leadership behaviour questionnaire of Stogdill (1963) which came from early behavioural work at Ohio State University. Charismatic leadership has also been examined using Conger and Kanungo scales (Rowold and Heinitz 2007). Another leadership questionnaire to attract research interest is the Leadership Practices Inventory by Kouzes and Posner (1988), which is based on neo-charismatic or transformational leadership theory (Carless 2001; Posner and Kouzes 1988; Zagorsek, Stough and Jaklic 2006; Martin 2011). The most widely used questionnaire specific to leadership, however, is the Multifactor Leadership Questionnaire by Avolio and Bass (2004) (Antonakis, Avolio and Sivasubramaniam 2003; Hinkin and Schriesheim 2008b; Kanste, Miettunen and Kyngas 2007).

The Multifactor Leadership Questionnaire (5X-Short) or MLQ was chosen for this research study because it represents a highly validated method to assess a range of leadership behaviours using a full range leadership model (Avolio and Bass 2004). The MLQ has evolved over more than 25 years based on numerous investigations of leaders in public and private organisations ranging from ‘CEOs of major corporations to non-supervisory project leaders’ (Avolio and Bass 2004, p. 3). The MLQ has been used extensively in field and laboratory research to study transformational, transactional, and passive/avoidant leadership styles.
For this specific study, the MLQ was selected in preference to other measurement instruments because of its capacity to provide data on a broad range of leadership behaviours. This suited the requirements of the study as it was anticipated that a wide range of leadership behaviours would be evident at multiple organisational hierarchy levels.

Commercially available from Mind Garden Inc., the MLQ in its various forms and translations has attracted unprecedented leadership interest (Hunt 1999). To validate the claim of the MLQ being the most researched leadership instrument, Martin (2011) found that, using summer 2009 searches of publication databases, EBSCO databases included 297 articles involving the MLQ compared to 229 articles for all other leadership questionnaires combined (p. 69).

Usage of the MLQ in research has continued to grow since its inception. Moreover, the pace of using the MLQ in research has consistently increased over the more than 30 years since Bass originally explored the concepts in a 1980 pilot study (Bass 1985; Bass 1997). A database search reveals that, on average, the number of published articles referencing MLQ more than doubled each decade since 1980 (Martin 2011). In the period 2004 to 2009 alone, 92 articles were published involving the MLQ. By way on contrast, the Leadership Practices Inventory (Kouzes and Posner 1988) totaled 58 publications in the same five year period (Martin 2011, p. 70).

Several researchers (e.g. Hinkin and Schriesheim 2008b; Hunt 1999; Judge and Piccolo 2004; and Kanste et al. 2007) assert that the MLQ is the most widely used instrument for research in leadership behaviours due to, firstly, the dominance of transformational leadership theory in the field of study, and secondly, the MLQ’s predictive validity.

Explored in Burns’ (1978) book on leadership and expanded by Bass (1985), the MLQ was constructed using full range leadership theory (Yukl 2006). This is depicted in Figure 10 below.
Figure 10: Full Range Leadership Model

The full range leadership model encompasses three higher order distinct conceptualisations along a performance continuum, with transformational at the top, transactional at the midpoint, and laissez-faire at the bottom. The three conceptualisations are associated with nine distinct underlying behaviours and attributes, or facets (Avolio and Bass 2004). The MLQ supports these three higher order concepts by operationalising them into nine behaviours and attributes. It contains 45 items that identify and measure key leadership and effectiveness behaviours. Of the 45 items, there are 36 items that represent the nine leadership components. Each of the nine leadership components is measured by four ‘highly inter-correlated items that are as low in correlation as possible with items of the other eight components’ (Avolio and Bass 2004, p. 12). This study focuses only on the 36 items that correspond to the nine leadership components.

The following sections provide a more detailed description of the three higher order leadership subscales of the MLQ.

4.5.2.1 Transformational Leadership

According to the MLQ, transformational leadership sits at the top of the potential performance continuum (Avolio and Bass 2004). The leader (through idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration), creates the conditions in which the follower supersedes purely short-term and self-interested goals for broader, higher and nobler purposes. This is achieved through the pursuit of individual, group, or organisational objectives (Martin 2011). Avolio and Bass (2004) make a distinction between socialised and personalised transformational leaders. Socialised transformational leadership benefits others as demonstrated by the leader’s self-sacrifice. Personalised transformational leadership, however, is focused on the ego and power of the leader for personal gain (Bass 1985). It is socialised transformational leadership behaviours, not personalised or self-glorification, that Bass (1985) designed into the MLQ (Martin 2011).

The MLQ is designed to test for idealised influence as two facets: attributed and behaviour (Avolio and Bass 2004). Idealised influence is used to distinguish positive leadership from the negative side of charisma, which serves only the leader in self-gratification whilst keeping followers in a subservient role (Schyns, Felfe and Blank 2007).
The third facet of transformational leadership tested by the MLQ is inspirational motivation (Avolio and Bass 2004). Inspirational motivation, along with idealised influence, was once termed charisma (Bass 1985). Projecting a compelling vision, the charismatic leader approaches the future with optimism and enthusiastically invites followers to participate in achievement of the vision (Bass 1985).

The fourth facet of transformational leadership as measured by the MLQ is intellectual stimulation (Avolio and Bass 2004). Because problem solving is a key process in completing an objective, intellectual stimulation focuses on how the follower conceptualises, analyses, and approaches complex problems (Rowold and Heinitz 2007). It is the leader’s responsibility to develop the intellectual stimulation in followers to develop a broader perspective of the problem definition, and to consider multiple ways of approaching solutions (Avolio and Bass 2004). According to Bass (1985), the test of the degree to which a leader develops followers’ intellectual stimulation is how well followers perform in new situations in the absence of the leader (Martin 2011).

The fifth and final facet of transformational leadership as measured by the MLQ is individualised consideration (Avolio and Bass 2004). Concern by the leader for followers is demonstrated by an interest in all aspects of the follower. All the abilities, hopes, aspirations, and fears of the follower are relevant to the leader in the management and development of the follower (Martin 2011). Only through understanding followers at such a deep level can the leader influence the follower’s perspective and elevate aspirations (Schyns et al. 2007).

The five transformational facets of idealised influence (attributed and behaviours), inspirational motivation, intellectual stimulation, and individualised consideration form part of the nine facets of the full range leadership model (Avolio and Bass 2004). All five transformational facets may be demonstrated by a transformational leader. In the transactional subscale, a leader may exhibit three separate and distinct facets (Avolio and Bass 2004). The transactional subscales are discussed in the following section.
4.5.2.2 Transactional Leadership

According to full range leadership theory, transactional leadership is at the centre of the leadership performance continuum. Transactional leadership, as the name implies, is the exchange of something beneficial from the leader for compliance with expectations of performance from the subordinate, team or organisation (Avolio and Bass 2004). The full range leadership model predicts that transformational leadership is an augmentation of transactional leadership (Bass 1985). That is, transformational leadership does not occur without some level of transactional leadership behaviours (Martin 2011).

Contingent reward, the first facet of three transactional leadership behaviours measured by the MLQ, is required to build a trusting relationship between the leader and the follower (Judge and Piccolo 2004). Upon this initial level of trust is built individualised consideration, intellectual stimulation, inspired motivation, and finally, idealised influence. Contingent reward behaviours are highly correlated with all transformational leadership behaviours (Avolio and Bass 2004).

The second facet of transactional leadership behaviours is active management by exception (Avolio and Bass 2004). According to Hinkin and Schriesheim (2008b), by exercising active management by exception leaders actively seek to correct followers’ mistakes. This type of behaviour is more concerned with maintaining existing standards of performance, than improving performance. By demonstrating active management by exception behaviours, leaders commonly find fault with followers or publicly comment on mistakes by followers. A focus on deviations from standard operating procedures is also common, and the leader is seen to be primarily focused on upholding the status quo.

The third facet of transactional leadership behaviour as measured by the MLQ is passive management by exception (Avolio and Bass 2004). A leader exhibiting passive management by exception behaviours will only initiate intervention if the follower’s actions are considered to be chronic and to potentially have significant consequences for the leader (Avolio and Bass 2004).
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These three behavioural facets of contingent reward, active management by exception, and passive management by exception constitute transactional leadership in the full range leadership model measured by the MLQ. When added to the five transformational facets, they operationalise eight of the nine underlying constructs of the full range leadership model. The last of the higher order leadership components in the full range leadership continuum, and considered as the most negative of the leadership behaviours, is laissez-faire leadership.

4.5.2.3 Laissez-Faire Leadership

Laissez-faire leadership, or non-leadership behaviours, is at the bottom of the leadership performance continuum. Hinkin and Schriesheim (2008a) found that unlike transactional leadership, laissez-faire leadership behaviours consistently reduce the output of the individual, group or organisation. In the MLQ, laissez-faire leadership is represented by avoidant behaviours. Laissez-faire leadership is marked by the absence of decision-making and/or corrective action (Martin 2011). A laissez-faire leader does not effectively respond to their environment and withdraws from all leadership responsibility. Laissez-faire is the ninth and final facet in the full range leadership model.

4.5.2.4 Administering the MLQ

With these nine conceptual facets, Bass (1985) and Avolio and Bass (2004) have designed, constructed and revised the MLQ over a period extending more than 25 years. The theoretical approach, research and subsequent incorporation of findings into the MLQ were necessarily an iterative process. Avolio and Bass (2004) have progressively developed the MLQ to reflect the considerable research effort undertaken and to stabilise the MLQ factor structure (Martin 2011).

Avolio and Bass (2004) believe that the MLQ has been the principal means by which they have been able to reliably differentiate leadership behaviours in their research in a range of fields including the military, government, education, manufacturing, hospital and volunteer organisations. The MLQ has been used with a wide variety of rater and ratee groups (Avolio and Bass 2004). Avolio and Bass (2004) also found that the psychometric properties of the MLQ are comparable for direct reports and for colleagues or peer ratings of leaders.
However, the way in which raters are contacted and selected does make a difference. Seltzer and Bass (1990) found that despite anonymity of the data processing, if the raters were selected and contacted by the leader rather than by an independent party, the ratings appeared to be inflated.

Bearing this in mind, and in an endeavour to improve validity in this research study, Mind Garden Inc. were engaged and paid to administer the survey in this study to respondents using a web-based version of the instrument. Raters were not contacted by the respective leaders who were being rated.

4.5.3 Secondary Data

The third source of data for this research study was internal secondary data. Zikmund, Babin, Carr and Griffin (2010) define secondary data as:

‘data which are gathered and recorded by someone else prior to (and for purposes other than) the current project. Secondary data are usually historical and already assembled. They require no access to respondents or subjects’ (p. 161).

The advantage of secondary data is their availability. Accessing secondary data is always faster and less expensive than acquiring primary data (Zikmund et al. 2010). Secondary data is also useful when data cannot be obtained using primary data collection procedures. The disadvantage of using secondary data is that such materials were not designed specifically to meet the researcher’s needs, and sometimes the data may not be particularly pertinent to the particular research project. The data may also be inadequate as it is out of date, provides a variation in definition of terms compared to the project at hand, uses different units of measurement, or lacks information to verify the data’s accuracy (Zikmund et al. 2010).

This research project used secondary data classified as internal to the organisation, that is, data that either originated inside the organisation relevant to this case study, or was created, recorded, or generated by or for the organisation (Zikmund et al. 2010).
Two sources of internal secondary data (Zikmund et al. 2010) were used, as follows:

- **Knox City Council 2010 Knox People Workplace Survey: Key Findings Report** (Knox City Council 2010); and
- **Knox City Council 360-Degree Feedback 2010-2011, Organisational Summary Report** (Knox City Council 2011c).

These two sources of secondary data were accessed by the researcher from the case study organisation specifically for this research project. Both sources of data were generated by consultancies engaged by the organisation to undertake independent research, data analysis and report preparation. Both engagements utilised research methods unique to the respective projects. The methodologies and results of the respective secondary data sources were therefore not directly comparable with each other, or with the MLQ instrument. However, they did provide relevant and important data on the organisation's culture and leadership style of direct relevance to this research project.

The two internal secondary data sources were selected to provide an analysis of the broader organisational culture in which the units of analysis have been selected from, and operate within. It is contended that the leadership behaviours and attributes demonstrated by the units of analysis will be substantially influenced by the broader organisational culture in which they operate. A deeper understanding of the subject organisation's culture was derived from the selected internal secondary data sources, which provided the results of previous organisational surveys covering relevant aspects of staff engagement, leadership, culture, values, attributes and core capabilities. This secondary data was then triangulated with the primary data derived from the semi-structured interviews and the MLQ survey.

When secondary data is reported in a format that does not exactly meet the researcher's needs, a process of data conversion may be necessary. Data conversion is the process of 'changing the original form of data to a format more suitable for achieving a stated research objective' (Zikmund et al. 2010, p. 162). This process carries inherent risks for data validity arising from potential distortion in the conversion of data from one format to another. To mitigate this risk, the researcher's academic supervisor, Dr Richard Pech was engaged to provide an independent review of the data conversion process undertaken by the researcher.
4.6 Insider Research

As outlined previously, the case study unit of analysis for this research study is a change management leadership team in a local government organisation. As the researcher is currently an employee of the subject local government organisation, an insider research approach (Yin 2011; Hewitt-Taylor 2002; Dearnley 2005; de Guerre 2002) was applied.

Coghlan and Holian (2007) highlight that doing research in and on one’s own organisation means that a member of an organisation undertakes an explicit research role in addition to ‘the normal functional role that they hold in the organisation’ (p. 5). Under this scenario, the researcher is required to balance their organisational role with the additional demands of a role of inquiry and research. This requires insider researchers to:

‘be aware of how their roles influence how they view their world as well as how they are perceived by others, and to be able to make choices as to when to step into and out of each of the multiple roles they hold’ (Coghlan and Holian 2007, p. 5).

Wuest (1995) and Kuhn (1970) argue that immersion in a culture is a distinct advantage if the researcher is to achieve a deep understanding of the phenomenon being studied (Hewitt-Taylor 2002). This deeper level of engagement would be more difficult to achieve using intermittent visits to other sites, and therefore has influenced the selection of the researcher’s own workplace for this study.

Insider research can also provide researchers with a depth and richness of data that might not otherwise be accessible to them (Ashworth 1995; Wellington 1996; Hewitt-Taylor 2002). This may be because those who work external to an organisation would generally not be allowed access to the range of information that would be granted to insiders, or because the practicalities of spending sufficient time in the workplace being studied would render this difficult (Hewitt-Taylor 2002). Being immersed as an insider allows the researcher to gain a deeper understanding of the many issues involved in the phenomenon, including a deeper appreciation of the cultural context in which the phenomenon being studied exists. de Guerre (2002) argues that it is only after researchers are accepted as an insider that they will be in a position to ‘get the whole story’ (p.334). Levin (1993) supports this concept, arguing that ‘a true dialogical situation must be free of dominance by outsiders who possess only technical expertise but lack contextual knowledge’ (p. 198).
Being immersed in the organisation also allows the research respondents to become familiar with the researcher’s presence and thereby increasing the possibility of a more trusted, comfortable, familiar and natural environment for the study. de Guerre (2002) notes further that some organisation members withhold information from external parties, resulting in ‘outsiders’ never getting to a real depth of data. Being an insider also allows for information to be gleaned from encounters that arise from regular contact with the respondents during day-to-day work activity.

The decision to undertake insider research is balanced against the potential difficulties and challenges, particularly the potential for biases to emerge in the study (Dearnley 2005). According to Finlay (1998) the word ‘bias’ implies that an unequivocal reality exists, which can be distorted by subjective interpretation. The alternative view is that multiple realities exist, rather than a single, unequivocal reality. This view endorses the positive impact of subjectivity, rather than rejecting it as bias (Dearnley 2005, p. 21). Finlay (1998) further suggests that engaging in reflexive activity directly and openly makes it possible to turn the problem of subjectivity into an opportunity (Dearnley 2005, p. 21). ‘From this perspective, it is held that personal reflection allows the researcher to identify with the participants, and is thus more able to understand the views of participants’ (Dearnley 2005, p. 21). Processes of reflection are an important part of this research study.

Tresch (2001) identifies the problems that researchers experience when crossing the traditional research line of objective attachment. The researcher’s role as an employee of the case study organisation raised the question of how objective the researcher would be to view a situation of which he was a part (Hewitt-Taylor 2002). Fetterman (1989) purports that research of any kind is subject to some form of bias, and that making the potential biases of a study explicit through disclosure can, to some extent, mitigate against the effect on their findings (Hewitt-Taylor 2002). To this, the researcher is aware that as an insider he will bring personal beliefs and values to the study situation. These beliefs and values were identified and recorded in field notes throughout the course of the research study. Similarly, the researcher’s perceptions of his position and relationships within the organisation, and in particular with the respondents to the study, were recorded in field notes. This enabled the researcher to evaluate the possible effects of these perceptions on the data gathered and to analyse these effects accordingly (Hewitt-Taylor 2002).
There is also the potential that the study respondents in this research study will assume that the researcher, given his co-employee status and established relationships, will know or already understand certain views of respondents or events and the respondents will therefore not identify these as being necessary to identify to the researcher (Hewitt-Taylor 2002). There is also a risk that events that are considered by respondents to be routine or mundane will not see these as sufficiently significant to report when, in fact, these might be important data elements. To overcome this, the researcher encouraged respondents to fully describe and discuss such events during the semi-structured interviews to mitigate this potential form of bias.

Another issue to be considered in undertaking insider research is the possibility that other events within the organisation, but outside the case study, might unduly influence the researcher’s interpretation of the gathered data (Hewitt-Taylor 2002). Despite the advantages of working within the organisation, other elements such as observed organisational culture might also be given greater weight by the researcher than they merit in relation to this particular study. To manage these issues, Sandelowski (1986) suggests that engagement, not detachment, is required of the qualitative researcher, and that the objectivity of the findings, and not the researcher, is paramount to quality research outcomes (Hewitt-Taylor 2002). Accordingly, this qualitative case study required the researcher to ‘engage with the field of enquiry, rather than observing from an external standpoint’ (Hewitt-Taylor 2002, p. 34). As described by Tresch (2001), the inside researcher is required to be both an informant and an analyst.

Koch (1994) recognises the challenges of balancing between involvement and understanding, and detachment and drawing conclusions. This case study involves the researcher being part of the ‘reality’ under investigation, but also requires the researcher to describe and interpret the experiences observed as well as the researcher’s own responses to these events to determine the meaning of these (Hewitt-Taylor 2002). It is noted that holding multiple roles can both complicate and enhance the focus of research (Coghlan and Holian 2007). The challenge in this lies in the researcher attaining a sense of professional distance or objectivity, and to move beyond a personal perspective by rigorously testing assumptions and interpretations (Coghlan and Holian 2007). The design of this research study provided for the researcher to reflect upon the researcher’s recordings to develop a deeper understanding of situations in which the researcher has been involved.
Recording of personal responses and feelings of the researcher assisted in interpretations of reality. Hewitt-Taylor (2002) claims that by abstractly hypothesising in such a detached way regarding the research question and how the data was gathered (including analysis of the researcher’s reflective notes) will give greater insight to the phenomenon under investigation.

The final dimension of insider research worthy of discussion is that of the researcher’s relationships within the organisation. Bell (1993) suggests that combining the roles of researcher and member of an organisation might affect current and ongoing relationships with respondents beyond the research project. This can also extend to potential role conflict, role confusion and potential impact on future careers (Coghlan and Hollian 2007).

Whilst the inside researcher enjoys advantages of freer access, stronger rapport and a deeper, more-readily-available frame of shared reference with which to interpret the data they collect, on the other hand they have to also contend with their own pre-conceptions and those their informants have formed about them as a result of their shared history (Mercer 2007, p. 13). This phenomenon is relevant to this research study, particularly in the collection and analysis of qualitative data collected thorough semi-structured interviews that involve the researcher as the Chief Executive Officer of the subject organisation, and the interviewees being subordinates at three hierarchy levels of the organisation. By its nature, the qualitative research interview entails a hierarchical relationship with an asymmetrical power distribution between interviewer and interviewee (Kvale 2006, p. 484), and this power asymmetry is accentuated in a positional hierarchy environment such as that present in this research study.

Power asymmetry in qualitative research interviews arises from a number of dimensions. Firstly, the interviewer rules the interview. The interviewer determines the time, initiates the interview, decides the topic and poses the questions. The research interview is not a dominance-free dialogue between equal partners (Kvale 2006, p. 484), and this is potentially heightened in a positional hierarchy environment. Secondly, the interview generally involves one-directional questioning. This also means the interviewer who devises and controls the questions then exerts power over the dialogue and the interpretation of the data. Thirdly, in a form of informant bias, the interviewee may not share certain information with the researcher for fear of being judged (Mercer 2007, p. 7) or fearing repercussions, particularly if the researcher is a management superior.
As the CEO of the case study organisation, the researcher was mindful of potential problems relating to power asymmetry. An example of this arose during the semi-structured interviews when some respondents appeared to be reluctant to criticise leadership and/or the change process. A further example was some respondents not wishing to appear ignorant in the presence of the CEO. To manage this, it was the researcher’s responsibility to emphasise to respondents, and to uphold at all times, that the information they divulged during this study was separate from all other organisational processes and procedures, and that the confidentiality promised extended to all their disclosures or evaluative comments (Hewitt-Taylor 2002).

Despite best endeavours to create an environment of equal power between researcher and respondents, Clarke (1995) argues that power relations always exist in research situations and have the potential to influence subjects (Hewitt-Taylor 2002). To address this, specific power issues in this research project were identified and disclosed up front and their likely effects evaluated, including applying minimisation and/or removal strategies where possible. Such strategies included a neutral space being selected within the subject organisation’s workplace for the conduct of interviews. The aim of venue selection was to avoid any established perceptions of power imbalance that may have prevailed from existing organisational relationships. For example, the Chief Executive’s personal office was avoided for the conduct of interviews to overcome any power imbalance that may be perceived from this environment. Secondly, respondents were encouraged to participate in the interview in the context of a dialogue, and were encouraged to question the interviewer throughout the interview. All respondents were made aware of the opportunity to withdraw from the interview at any time, and an opportunity was provided before concluding interviews for any matters to be raised by respondents. All respondents were provided with a copy of the full transcript of their individual interviews to check for accuracy of transcription and all requested amendments were made.

Disclosures provided in this section enable any reader of this study to make their own assessments of bias or influence, and if they find the disclosures objectionable, they are then in a position to choose or ignore the findings of this research at their will (Yin 2011).
4.7 Ontology

The ontological and epistemological perspectives of the researcher as well as those included as subjects of this research, need to be explained. This research was undertaken in a large local government authority in the greater metropolitan area of Melbourne, Victoria, Australia in 2012. The researcher examined leadership through theoretical lenses developed and tested within a western, predominantly English-speaking context. These theories provide the major frameworks for understanding the concept of leadership – within a western, postmodernist society in the early decades of the twenty-first century. The context for studying leadership was one of significant change.

It is important to note that the subject change management project was one of great concern to the authority's elected members and the community and therefore required considerable sensitivity and political acumen. This was not a project that could tolerate indiscretion, incompetence, or insensitivity. Most particularly, the concerns of the residents living in the aged care facility had to be taken into consideration, as well as local community and stakeholder reactions. So while from an epistemological perspective, this may simply appear to be a study of leadership utilising western theory, it must be stated that this is also a study of leadership within the context of extreme sensitivity towards stakeholders. This circumstance places the study in a unique leadership context. For example, a great deal of leadership research to date has been undertaken within a military context (Yukl and Van Fleet 1982). By contrast, this research was undertaken within a civilian, local government context to examine leadership contribution to change in an environment that was demanding of the highest levels of political, broader community and multiple stakeholder sensitivity. Figure 11 below shows the subject local government authority (Knox City Council) in the context of the Victorian and Australian public sector, and includes an outline of the multiple stakeholder sensitivities that contribute to this study's uniqueness.
Stakeholder Sensitivity

1. Residents of the Aged Care Facility
   Frail, aged and vulnerable persons (No. 102), highly dependent on ongoing, quality residential care.

2. Families and guardians of residents of the Aged Care Facility
   Require assurance that their family member, or person being cared for, will be provided with ongoing, quality residential aged care.

3. Staff of the Aged Care Facility
   Loss of ongoing employment, management of redundancy, retrenchment and outplacement processes, whilst continuing to operate the Facility within accreditation standards.

4. Commonwealth Department of Health and Ageing
   Assurance that accreditation standards and the ongoing welfare of residents of the Aged Care Facility are maintained leading up to, and beyond, divestment. Capable of issuing significant penalties for breaches of care standards.

5. Local community (including volunteers)
   Strong historical community association with the Aged Care Facility as a community-based facility ‘for the people’.

6. Councillors (elected members)
   Potentially a politically unpopular decision to divest a local facility with high levels of community association.

Figure 11: Research Project Context, Uniqueness and Sensitivities
4.8 Ethical Considerations

Whiting (2008) notes that whilst ethics are a priority when vulnerable people are being interviewed, the same care and concern should also be displayed towards professionals. This is particularly heightened when as a researcher, one is entering into the lives of professional colleagues. Such care requires ethical and moral considerations to be taken into account (Rabionet 2011).

Yin (2011) asserts that a strong sense of ethics towards the research is pivotal because of the numerous discretionary choices that can be made in qualitative research. It is argued that approaching the research from a moral and ethical stance in this study will facilitate the researcher’s interaction with the interviewees, being professional colleagues and subordinates. Issues of purpose, consequence, consent, identity, relationships, confidentiality and protection are central to this research project (Rabionet 2011).

The ethical basis of this study is guided by the philosophy of equity, participation and collaboration (Dearnley 2005; Carr and Kemmis 1986; McNiff 1988). These are articulated in three basic principles, as suggested by House (1990):

- **Mutual respect** – understanding others’ aims and interests, not damaging self-esteem, and not being condescending;
- **Non-coercion and non-manipulation** – not using force or threats or leading respondents to co-operate when it is against their interests;
- **Support for democratic values and institutions** – commitment to equality and liberty (Dearnley 2005).

These principles formed the basis for the application to the Faculty Human Ethics Committee for approval to conduct this research, and guided the researcher’s approach to the conduct of all aspects of the research process.
4.9 Research Sample and Sequencing

The unit of analysis (Yin 2009; de Vaus 2005) selected for the case study was the leadership team charged with responsibility for implementing the identified change management project. The embedded units of analysis (Yin 2009; de Vaus 2005) were the seven leaders who formed the leadership team. The seven leaders represented three hierarchy levels within the Director (first), Manager (second) and Co-ordinator (third) levels of the organisational hierarchy.

The seven leaders were approached in writing to establish their willingness or otherwise to be part of the research project, and in particular, to be part of the interview and questionnaire processes. Contact was made with the seven potential respondents to provide introductory context, together with an outline of the research project and the project’s aim.

The research design was sequential to the extent that interviewing each of the embedded units (i.e. team members) making up the unit of analysis (i.e. leadership team) followed one another sequentially, as opposed to being conducted in parallel. The order of interviews was determined based on the availability of interviewees. Using a sequential design allows a single researcher to conduct the research. The advantage of this approach is that issues identified in earlier interviews can be the subject of greater examination in later interviews, thus potentially adding to the quality of the research data (de Vaus 2005, p. 227).

4.10 The Research Process

As outlined throughout this Chapter, this descriptive case study based project included several key phases. These phases are described in more detail in the following sections and are summarised diagrammatically at Figure 12.
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Figure 12: Research Process

4.10.1 Development of Project Proposal

The development of the project proposal was undertaken for the purposes of seeking approval and admittance to undertake PhD studies through the Faculty of Business, Economics and Law at La Trobe University, Victoria, Australia. This proposal was prepared following an initial literature review and was based on an interest area of the researcher as an experienced practitioner in the Victorian local government sector for more than 30 years.

4.10.2 Ethics Approval

The Ethics Approval phase involved seeking and obtaining approval of the Faculty Human Ethics Committee (FHEC) for the research in accordance with La Trobe University Guidelines on Ethics Approvals for Research with Human Subjects and the National Statement on Ethical Conduct in Human Research (2007). Approval for the research to be undertaken was granted by the Ethics Committee on 18 July 2012. A copy of the Ethics Committee approval is provided at Appendix D.

4.10.3 Exploratory Research

This phase of the research process involved a comprehensive review of relevant literature in order to respond to the research aim and research question. The literature review was used to initially identify, shape and crystallise key themes related to leadership in a change management environment. These initial themes were then utilised to develop a more comprehensive methodology to guide the empirical research. The exploratory research phase covered a range of material from a variety of sources, including:

- Leadership publications, including texts, journals and articles
- Change management publications, including texts, journals and articles
- Local government publications including texts, journals, articles, newsletters, websites, internal publications and reports, policies and procedures
- Commentator analysis and critiques
- Related research documentation covering leadership theory, change management theory, and local government reform.
4.10.4 Case Study Identification

To effectively address the identified research question, it was first necessary to identify a population of local government organisations that have participated in a major organisational change management process within the past three years. It was considered desirable to limit the period of time that had elapsed since the completion of the major change process to increase the likelihood of the personnel involved either still working within the organisation, or are at least known to be contactable.

Restricting potential cases to the past three years would also reduce the impact of loss of corporate knowledge that occurs with the destruction or misplacing of formal corporate records over time. Restricting the study to relatively recent events also increases potential respondents’ capacity to recall events, experiences, and feelings.

The selection of the case to be studied commenced with identifying the potential population of local government organisations to be considered. The population chosen was the seventy-nine local government authorities in Victoria, Australia. Restricting assessment of potential cases to this population was considered appropriate for practicality, time and cost considerations, given the researcher is based in Melbourne, Victoria. A desktop assessment of Victorian local government authorities was then undertaken to identify those organisations that had completed a major change process in the past three years.

From the desktop assessment, a small pool of potential case study candidates was identified. As this research study aims to provide an idiographic explanation of the phenomenon, and to develop as complete an explanation of the subject case as possible (de Vaus 2005), the selection of a single case study was considered appropriate. From the small pool identified of potential cases, the Knox City Council was identified as the preferred case. Knox City Council is a large metropolitan-based local government authority that undertook and completed a major organisational change management project over the period 2010 to 2011. The objective of this change was to achieve strategic organisational re-alignment, and included significant operational down-sizing, considerable staff redundancies, and divestment of assets and business operations. This change management project was also undertaken in an environment of high political and community sensitivity.
The selection of the subject case study was also opportunistic as the researcher is a senior employee of the Knox City Council and therefore has ready access to respondents and internal secondary data sources such as corporate records and publications. This opportunity provided for time and cost efficiencies in the research process. For the interested reader, a more detailed description of Knox City Council is provided at Appendix C.

4.10.5 Phase One – Secondary Research

The first phase of the case study development involved the use of secondary research methods and incorporated an analysis of existing literature, internal reports and publications, and websites. The purpose of the secondary data analysis at this phase was to provide a deeper understanding of the case study and, more specifically, the change management project that is the subject of this research project. The secondary research also provided a deeper understanding of the context of Victorian and Australian local government challenges, together with opportunities and pressures for reform.

4.10.6 Phase Two – Primary Research

Utilising empirical research methods, the second phase employed primary research methodology using two methods, an in-depth semi-structured interview method and a questionnaire. All members of the change management leadership team were invited to participate in the semi-structured interviews. Similarly, all members of the change management leadership team were invited to complete the questionnaire. Other respondents to the questionnaire included the team members’ supervisor (where appropriate) and direct reports (where applicable).

The use of the semi-structured interview method was employed to capture the views, experiences and feelings of the seven members (i.e. total population) of the change management leadership team, as they related to the subject change management project. Team members comprised leaders from three hierarchy levels within the organisation. The semi-structured interviews ran for approximately two hours and covered the questions that were devised to explore the research question. At no stage of the interview was the conceptual leadership/change management framework discussed or revealed in terms of how the interview results would be appraised. This was to ensure, as far as possible, that the responses were a reasonable and unbiased reflection of the interviewee’s views.
The MLQ instrument was administered to all members of the leadership team, the members’ supervisors (where appropriate) and the members’ direct reports (where applicable). The MLQ web-based version was purchased from Mind Garden Inc., and Mind Garden Inc. was paid to gather the results and present them in Microsoft Excel report format to the researcher. A sample of questions from the MLQ is provided at Appendix E.

A 360-degree assessment format was considered important to achieve, as far as possible, a complete assessment of the leadership behaviours of the individual team members. The quantitative data derived from the MLQ instrument was triangulated with the primary qualitative data gathered from the semi-structured interviews and the secondary data to develop a comprehensive description of the leadership behaviours, functions and processes exhibited during the case study change management project.

As indicated earlier, the processing of primary and secondary data was conducted in accordance with the methodology proposed by Morse (1994). This methodology is explained more fully as follows:

- **Comprehending** is the process of learning everything about a setting or the experiences of the research participants. It requires facilitation of comprehension through extensive literature research, data collection, sorting and analysis, uncovering meanings and metaphorical references and bringing both the central and peripheral referents to the researcher’s attention (Bell 2012). Comprehending enables the researcher ‘to identify the characteristic of a phenomena and to develop complex taxonomies that reveal the components of the phenomena’ (Morse 1994, p. 30).

- **Synthesising** is the merging of multiple stories and experiences to describe a typical, composite pattern of behaviour or response. It is the ability of the researcher to combine multiple stories and/or experiences to describe the typical patterns or behaviours of the response group (Morse 1994).

- **Theorising** is considered to be the sorting phase of the analysis. It is the ‘systematic selection and “fitting” of alternative models to the data. Theorizing [sic] is the process of constructing alternative explanations and of holding these against the data until a best fit that explains the data most simply is obtained’ (Morse 1994, p. 33).
4.10.7 Case Study Assessment

The case study assessment phase compared and contrasted the leadership behaviours, functions and processes of the seven leaders comprising the change management leadership team, using triangulation methodology (Yin 2011). This assessment primarily included an analysis of the leadership behaviours, functions and processes demonstrated by the individual leaders using full range leadership theory and authentic leadership theory. Data sourced from the semi-structured interviews provided a deep exploration of respondents’ experiences, perspectives and feelings related to the subject change management project. These were triangulated with data sourced from the MLQ questionnaire. When triangulated further with the secondary data, a richer, more complete analysis of the leadership behaviours, functions and processes were enabled.

The case study analysis used a pattern-matching logic technique. This logic enables a comparison of empirically-based patterns with a predicted one (Yin 2009), in this case, being full range leadership theory and authentic leadership theory. The use of rival explanations as patterns in the case study analysis was also employed to increase validity.

4.10.8 Theoretical Assessment

Themes and patterns identified from the case study assessment were assessed against contemporary leadership literature to establish the theoretical basis for the patterns. This aspect is important for the building of theories (Bell 2012). The process involves comparison of the emergent concepts, theory or hypotheses with the extant literature to establish and understand the basis for any identified similarities and contradictions (Eisenhardt 1989, p. 544).
Linking the emergent theory to existing literature through the use of triangulation enhances internal validity (Yin 2011) and improves the level of theory building from case study research (Eisenhardt 1989, p. 544).

4.10.9 Conclusions and Recommendations

This phase included capturing the significance of the project, including the identification of limitations and opportunities for further research, the presentation of new and/or expanded theories and concepts, identification of the opportunities and challenges for generalising the findings to other situations, and finally, the making of propositions that explain the key facet of this study (Yin 2011).

4.11 Data Collection and Storage

Primary data collected from the semi-structured interviews were recorded using interview notes and audio recordings. Data collected from the MLQ questionnaire were electronically collected, collated and stored by Mind Garden Inc., with the results of the questionnaire provided in Microsoft Excel spreadsheet format. All documentation has been stored in secure, lockable locations. All computer files, including electronic audio files, are password protected.

Data and consent forms will be kept for a period consistent with the Public Records Office of Victoria Standard (02/01), which provides for a retention period of five years for non-clinical trial data.

Following completion of the research study, all data and project documentation will be stored in locked filing cabinet facilities in the offices of Dr Richard Pech at La Trobe University, Bundoora, Victoria, Australia.

4.12 Chapter Summary

This Chapter has outlined the approach taken in addressing the research question: What leadership behaviours, functions and processes are required and exhibited at multiple hierarchy levels of a local government organisation in undertaking a major change management project?
It provides a rationale for the selection of the specific qualitative, case study based approach, as well as an understanding of the methods adopted to build that case including semi-structured interviews, administration of the MLQ survey, and analysis of secondary data. A description of the ontological and epistemological perspectives in which the research was undertaken is provided, and the phases of the research have been graphically presented. In addition, the opportunities and challenges of undertaking insider research are explored.

An idiographic, descriptive case study approach was considered appropriate for this study, presenting an opportunity to examine and respond to the research question in-depth. This, it is argued, leads to an enhanced understanding of theory and concepts beyond those found in the existing literature and knowledge. This learning was elicited through the application of a detailed and rigorous assessment of the case study. A process of data triangulation across primary and secondary data was used to enhance the study's validity (Jack and Raturi 2006; Yin 2011).

To provide structure to the research and focus in sourcing and analysing data, a theoretical framework based on full range leadership theory and authentic leadership theory has been used. The case study analysis applied a pattern-matching logic technique. This logic enables a comparison of empirically-based patterns with a predicted one (Yin 2009), in this case, full range leadership theory and authentic leadership theory.

The Chapter concludes with an overview of data collection, storage and security processes. The next Chapter presents the results of the research.
Chapter Five: Results and Findings

5.1 Introduction

Based on the research question examined, this Chapter presents the study’s results and findings by considering leadership functions and processes at organisational hierarchy level. In particular, the results and findings reference three organisational hierarchy levels (Levels 1, 2 and 3) within the case study organisation. These hierarchy levels were represented on the change leadership team (unit of analysis) charged with leading the case study change management project. Figure 13 provides a diagrammatic illustration of the hierarchy structure of the case study organisation together with a description of the three hierarchy levels (Levels 1, 2 and 3) referenced in this Chapter.

![Diagram of Knox City Council Organisational Hierarchy Levels 1, 2 and 3]

- **Position Title:** Director
  - **Function Responsibilities:** Directorate-wide and organisational leadership, management of a broad range of portfolio functions
  - **Budget Responsibilities:** Ranging from $14M – $41M per annum
  - **Directorate Staff Numbers:** Ranging from 120 – 650

- **Position Title:** Manager
  - **Function Responsibilities:** Departmental-wide and organisational leadership, management of a medium range of portfolio functions
  - **Budget Responsibilities:** Ranging from $0.600M – $17.61M per annum
  - **Department Staff Numbers:** Ranging from 5 – 300

- **Position Title:** Coordinator
  - **Function Responsibilities:** Team and organisational leadership, management of a small range of portfolio functions
  - **Budget Responsibilities:** Ranging from $0.100M – $5M per annum
  - **Team Staff Numbers:** Ranging from 1 – 50

**Figure 13: Knox City Council Organisational Hierarchy Levels 1, 2 and 3**
The results and findings presented in this Chapter are derived from three data sources:

a. semi-structured interviews involving the case study change leadership team members;

b. a survey of the case study change leadership team members using the MLQ instrument; and

c. secondary data sources including:
   - Knox City Council 2010 Knox People Workplace Survey: Key Findings Report (Knox City Council 2010); and

This Chapter has been structured to present the research results in the following order:

1. Semi-structured interviews – results from a detailed analysis of primary, qualitative data derived from semi-structured interviews of all members of the case study change leadership team (unit of analysis) are reported by referencing Kotter’s (1995) key steps of change.

2. Multifactor Leadership Questionnaire – results from a detailed analysis of primary data derived from the MLQ survey are reported. This includes an analysis of data from surveys completed by all members of the case study change leadership team, the members’ supervisor, and where appropriate, the members’ direct reports. The results are reported against the full range leadership theory model of transformational leadership, transactional leadership, and laissez faire leadership. The results are reported at three organisational hierarchy levels.

3. Secondary data – detailed analysis of secondary data derived from an examination of two key sources is reported:
   a. Knox City Council 2010 Knox People Workplace Survey: Key Findings Report (Knox City Council 2010); and

These secondary data sources were selected to elicit a deeper understanding of the Knox City Council’s organisational culture.

4. Summary – a summary of the research results and findings is provided.
5.2 Semi-Structured Interviews

Semi-structured interviews were conducted with the seven members of the change leadership team (being the unit of analysis) over the period 3 October to 20 November 2012. Team members included leaders from Levels 1, 2 and 3 within the organisational hierarchy. Interviews were conducted within the workplace of the case study organisation to minimise disruption for the interviewees.

These interviews were conducted approximately one year after the conclusion of the major change project. Due to the expiration of time, a small number of participants expressed some difficulties in recalling some elements of the change project. This potentially provided a limitation on the fullness of interviewees’ observations and feelings. To ameliorate this, however, many participants were prompted by later questions in their respective interviews to provide further insights as additional matters were recalled.

Interviewees were not provided with the interview questions in advance. This strategy was adopted to encourage responses that were spontaneous, rather than pre-scripted or rehearsed. Given the expiration of time since the conclusion of the change project and the difficulty of some respondents in recalling events and observations in the immediacy of the interview, in hindsight it is considered that the depth and range of responses may have been enriched had the interview questions been made available to interviewees in advance.

A further observation from the semi-structured interviews is that some respondents did not appear familiar with the language used in a small number of the questions. It was observed that language, such as ‘anchoring change’ and ‘removing obstacles’, were not expressions familiar to all interviewees. This unfamiliarity appeared to cause discomfort with a small number of interviewees as they felt compelled to provide an answer, whilst appearing to be not quite certain of the meaning of the question.

This aspect appeared to be extenuated by the researcher/interviewer being the organisation’s CEO and employees not wanting to appear to be ignorant in his presence.

Other aspects of insider research were also relevant. The interviewer, as the organisation’s CEO, encouraged all interviewees at the commencement of the interviews to regard the interviewer as being ignorant of all history and knowledge related to the subject case study, and (as far as practicable) to ignore the interviewer’s hierarchical status in the organisation.
Despite this, it was observed that interviewees at times tended to not be expansive in their responses, focussing on major, higher level components only, and ignoring more mundane or routine aspects. Interviewees may have assumed that the interviewer was already aware of these aspects. A second observation in this regard is that there was limited criticism of leadership and/or the change process. This may have been due to the more positive aspects alone remaining in the memories of the interviewees, given the passing of time (i.e. one year). Alternatively, it may have been due to a reluctance to be critical or negative of the process in the presence of the organisation’s CEO. Both elements were observed during the interviews. Despite these limitations, interviewees were very generous in giving their time to the interview process, and in sharing their insights, feelings and observations.

The following sections present the key results and findings from the semi-structured interviews. These are presented by referencing a conceptual leadership framework (as depicted in Figure 8 in Chapter 4) adapted from Kotter’s (1995) key steps in managing change, as follows:

a. demonstrating the need for change;
b. enlisting the right people;
c. creating and communicating a vision for change;
d. removing obstacles;
e. short-term wins and celebrating;
f. processes of debriefing and learning; and
g. anchoring the change.
5.2.1 Demonstrating the need for change

5.2.1.1 Context
This element of change management focuses on the importance of creating and demonstrating a sense of urgency for, and importance of, change. This phase of the change process, sometimes referred to as a process of ‘unfreezing’, involves leaders raising awareness within the organisation of the need for change, and motivating others to let go of the status quo (Hayes 2002, p. 110).

The following sub-sections provide an overview of the major leadership themes identified from the semi-structured interviews in relation to the change leadership team’s approach to demonstrating the need for change. The major themes identified include the importance of building a robust and comprehensive evidence base on which change decisions can be made; the importance of a well-planned, effective communications strategy; and finally, the power of a demonstrable commitment to the change by senior leaders in the organisation.

5.2.1.2 Building an Evidence Base
In demonstrating the need for the divestment of Amaroo Gardens, interview respondents described a number of sources of evidence that highlighted the challenges for the local authority in remaining as a provider of residential aged care services. These challenges included both significant financial and operational risks. A substantial capital investment to undertake necessary building refurbishment works to maintain Commonwealth Government accreditation, and ongoing financial operating losses, were cited as evidence examples (Interviewee 1, p. 1, para. 6; Interviewee 4, p. 1, para. 6). Such evidence, assembled over an extended period of time, formed a major part of a robust evidence base available to the decision-makers in this change project.

Assembling a strong evidence base on which to make sound, robust decisions for change was reported by respondents as a key success factor in the case study change project (Interviewee 6, p. 2 para. 1; Interviewee 1, p. 2, para. 1; Interviewee 4, p. 2, para. 3). Research, analysis and validation of a range of evidence was undertaken over a period extending more than three years. This evidence base included financial and other risk projections prepared by both the case study organisation and experts external to the organisation (Interviewee 5, p. 2, para. 4).
Independent validation was considered important to provide confidence to elected members (as the ultimate decision-makers) that the evidence on which they were to make significant decisions was robust, comprehensive and unbiased.

In recognition of the specialist nature of the advice to be provided to elected members to assist in their decision-making, the organisation engaged aged care industry experts to also provide independent advice (Interviewee 5, p. 2, para. 4; Interviewee 5, p. 3, para. 11). The contribution of independent industry experts assisted in providing progressive assurance to elected members. This was considered important given the considerable sensitivities attached to any decision to divest. This resulted in an increased level of confidence by elected members in their decision-making. Respondents reported that progressive briefings of elected members over an extended period was an important measure in building confidence amongst elected members to enable a final decision for change to be made (Interviewee 5, p. 2, para. 4).

Respondents also reported that creating an environment where the elected members felt sufficiently informed to make a potentially contentious decision, was an important contribution to the change process (Interviewee 5, p. 2, para. 7; Interviewee 5, p. 3, para. 11). Sensitivity to creating an environment where the decision-makers did not feel pressurised to act until they felt sufficiently informed, suggests advanced levels of political sensitivity and astuteness by the leadership team charged with responsibility for managing the change process.

5.2.1.3 Effective Communications

Respondents at hierarchy Levels 1, 2 and 3 highlighted the importance of effective communications in demonstrating the need for change (Interviewee 1, p. 2, para. 1; Interviewee 5, p. 1, para. 6; Interviewee 2, p. 2, para. 2; Interviewee 1, p. 9, para. 3). This importance was described in two primary ways. Firstly, respondents articulated an acute awareness of the importance of communicating with empathy, authenticity and transparency (Interviewee 2, p. 7, para. 1; Interviewee 3, p. 2, para. 1; Interviewee 7, p. 2, para. 10). This sensitivity and awareness also reflects the cultural importance placed on integrity and individualised consideration within the organisation. Respondents placed importance on these leadership behaviours as a primary means of building trust with the various stakeholder groups (Interviewee 3, p. 2, para. 1).
This is reported to have been particularly important to the change project given the high level of sensitivity for those affected by the change (Interviewee 2, p. 2, para. 3).

Respondents articulated a heightened awareness of the need to ensure the leadership team communicated with a consistent set of key messages when describing the need for change (Interviewee 1, p. 4, para. 1; Interviewee 4, p. 3, para. 9; Interviewee 3, p. 1, para. 6). Whilst these messages could be adapted to suit different audiences, the key messages remained unchanged throughout the change process (Interviewee 1, p. 4, para. 1). Respondents described a high level of discipline to this ‘core messaging’ approach (Interviewee 4, p. 3, para. 6; Interviewee 6, p. 3, para. 5; Interviewee 1, p. 4, para. 1). This was acknowledged as fundamental to demonstrating a united, controlled and consistent approach to describing the need for change (Interviewee 1, p. 9, para. 3). Restricting communications to simple messages that expressed empathy along with certainty (Interviewee 1, p. 4, para. 3) was a key part of a well-planned, strategic approach to communications.

Restricting the number of spokespersons responsible for communication was also considered a critically important part of a well-controlled communications approach as it served to limit potential variability in messaging.

5.2.1.4 Demonstrable Commitment by Senior Leaders

Respondents described the importance of the messaging for change being led by the CEO and Director - Community Services [Level 1 participant], the latter being the leader of the change leadership team (Interviewee 3, p. 1, para 9; Interviewee 5, p. 2, para 7). Respondents articulated feelings of being motivated and inspired by the demonstrable commitment of these senior executives in demonstrating the need for change (Interviewee 3, p. 1, para. 8; Interviewee 5, p. 7, para. 1). Respondents described the leadership shown by these senior executives in authentically articulating the reasons for change to key stakeholder groups, as being fundamental to the success of the change project (Interviewee 3, p. 1, para. 9).
Observable examples of leadership commitment to the change process included the CEO and Director - Community Services personally addressing several meetings of affected stakeholders to personally explain the reasons for the proposed change. A willingness to make themselves available at any time to address the concerns of stakeholders in an honest and transparent way, sometimes in an unfriendly environment, exhibited a genuine and demonstrable commitment by the organisation’s senior leaders.

Individual respondents described a high level of personal commitment to the need for change. This was described by several of the respondents as a genuine belief in the soundness of the decision to divest (Interviewee 3, p. 1, para 6; Interviewee 6, p. 2, para. 1; Interviewee 1, p. 1, para. 6). This genuine belief appears to have been derived from the strong evidence base assembled to support the case for change, and the confidence given to the team by the demonstrable leadership of senior executives. One Level 2 respondent described the CEO’s role in this regard in the following way:

‘The Chief Executive Officer in particular crafted the sense of urgency for the change, and empowered the key members to utilise their skills and knowledge. This created engagement as the project team [members] each felt valued’ (Interviewee 3, p. 2, para. 5).

Another Level 2 respondent described the Director - Community Services’ [Level 1 participant] contribution as ‘the engine room of the project’ (Interviewee 5, p. 2, para. 5), suggesting an active, personal commitment by the Director.

High levels of personal commitment by the change leadership team members resulted in respondents reporting that they were stimulated to contribute additional discretionary effort to the change process. This included taking on considerable additional workloads in addition to their normal workload commitments over an extended period of time (Interviewee 1, p. 4, para. 6).
5.2.2 Enlisting the Right People

5.2.2.1 Context
This component of change management focuses on the importance of forming a coalition of influential people to lead change. Managing organisational change on its own is not enough – it needs to be led. A coalition of influential people can come from a variety of sources within the organisation. This can include those with job title hierarchical status, technical expertise, experience, or political importance. The change coalition needs to work as a team, and to build urgency and momentum around the need for change.

The following sub-sections provide an overview of the major leadership themes identified from the semi-structured interviews in the area of enlisting the right people to support and enact the change. The major themes to arise included the importance of identifying and recruiting leaders with the requisite skills, experience and leadership attributes to lead the change project; the challenges of confidentiality; and finally, the motivational influence of the CEO in enlisting the support of others for the change effort.

5.2.2.2 The ‘Right’ People
Respondents highlighted the importance of enlisting a combination of people with the appropriate levels of authority and appropriate skills to lead the change process (Interviewee 1, p. 2, para. 3; Interviewee 4, p. 2, para. 5; Interviewee 3, p. 2, para. 5). Forming this coalition occurred in a variety of ways within the organisation as described in the following paragraphs.

Some respondents referred to the benefits of having only a small number of influential members act as the core change leadership group. These members were either holders of senior roles in the organisation (i.e. positions of authority and influence), or members with critical technical expertise relevant to the tasks at hand, such as human resource management and communications (Interviewee 1, p. 2, para. 4; Interviewee 4, p. 2, para. 5). The size of the core leadership group was reportedly kept to a small size to reduce the potential for confidentiality leaks in the early stages of the project (Interviewee 6, p. 2, para. 3; Interviewee 2, p. 3 para. 4).
Respondents reported that whilst keeping the core leadership group to a manageable size was important, it was equally important to enlist the support of others outside the core group to assist with various change processes (Interviewee 6, p. 2 para. 3; Interviewee 1, p. 2, para. 4; Interviewee 5, p. 12, para. 8). This was reported as being necessary to enable a larger coalition of support for the change and to engage the necessary skills to carry out the various technical and operational aspects required. In particular, respondents referred to the need to enlist others who possessed the various supplementary skills and passion required for the various elements of the change process (Interviewee 1, p. 2, para. 7; Interviewee 5, p. 12, para. 8). These ‘others’ were enlisted from both within the organisation and external to the organisation, and were enlisted on an ‘as required’ basis.

The CEO was reported to have taken primary responsibility for assembly of the core leadership group. It was reported that the CEO assembled a team of people whom he believed had the necessary role authority, skills and passion to carry out the tasks of leading the divestment process (Interviewee 3, p. 2, para. 5). These persons were identified as those who had functional authority and responsibility for Amaroo Gardens, and those with the technical expertise and authority to enact the various processes involved in the divestment. They were also identified as those who had the capability to enlist others outside the core group to enact the various change processes (Interviewee 6, p. 2, para. 5).

The enlisting of others outside the core leadership group is reported to have been enacted in a variety of ways. One respondent referred to the need to enlist the support of the entire People Performance team (approximately 14 people) (Interviewee 3, p. 2, para 3). This was considered necessary given the expected extent of activity relevant to this functional area. Enlisting the entire People Performance team was undertaken through a process of collaboration (Interviewee 3, p. 2, para. 3). An example of this collaboration included the Manage - People Performance [Level 2 participant] personally addressing the People Performance team to reinforce the organisational priority to the change project and the important contribution to be made by the team to the project. It was reported that this resulted in a high level of commitment by the team to the change process and created a high level of ‘followership’ (Interviewee 3, p. 1, para. 6).
Another respondent described the challenges of not being in a position to engage the entire team for which the respondent was functionally responsible (Interviewee 6, p. 2, para. 3). The reason cited was a concern for potential breaches of confidentiality and the resultant harm that may be caused to the change project. It was reported that this restriction posed an obstacle in operationalising some aspects of the change process as only limited information could be shared with those outside the change leadership team. This resulted in disproportionate workloads being assumed by those members of the change leadership team who were not able to delegate tasks (Interviewee 5, p. 5, para. 8).

Another respondent reflected that the desire to protect confidentiality resulted in the change leadership group being limited in its skills and experience, and that the effectiveness of this group would have been enhanced if a broader range of skills and experience had been recruited to the change leadership group (Interviewee 2, p. 4, para. 5). This respondent also reflected that involving a greater number in the change leadership group would have been a demonstration of trust to the expanded group, and that this would have been consistent with the organisation’s values (Interviewee 2, p. 13, para. 2).

Level 2 respondents referred to the change process as providing an opportunity for people in their operational teams to expand their skills in areas in which they were previously inexperienced. The organisation had not undertaken such a significant change process in its recent history, and therefore an opportunity was afforded for some staff to up-skill (Interviewee 3, p. 2, para. 3; Interviewee 5, p. 4, para. 3). Respondents referred to this opportunity for skill development as providing a motivating factor for staff (Interviewee 3, p. 2, para. 3).

A negative aspect of additional tasks arising from the change project being assigned to/assumed by group members was also reported. This stemmed from some leadership team members being taken ‘off-line’ to work exclusively on tasks associated with the change process. This reportedly resulted in feelings of disconnect by, and with, other members in their operational teams (Interviewee 5, p. 6, para 9). This is reported to have manifested itself in feelings of disconnect for those not assigned responsibilities at not being included in such a significant organisational project (Interviewee 2, p. 5, para. 6).
5.2.2.3 **Challenges of Confidentiality**

Several respondents reflected on the challenges of maintaining confidentiality at critical times throughout the change project (Interviewee 6, p. 2, para. 3; Interviewee 2, p. 4, para. 5; Interviewee 1, p. 3, para. 1; Interviewee 1, p. 8, para. 10). The stringent desire for confidentiality is reported to have arisen from a fear that any breach of sensitive information at critical times may have seriously disrupted the change process, or caused the change process to be abandoned (Interviewee 2, p. 5, para. 2). This criticality appears to be centered on the highly politically sensitive nature of the divestment. The elected members considered various aspects and options associated with the proposed divestment over a period extending approximately three years prior to publicly announcing that it intended to consider the divestment of Amaroo Gardens. The time taken by the elected members to arrive at this decision is reflective of the extreme level of perceived political sensitivity associated with such a decision. Leaks of critical information at any time during this period may have served as a trigger to abandon the proposed divestment (Interviewee 2, p. 5, para. 2). It is for this reason that maintaining confidentiality became a primary concern of the change leadership group in the period leading to the elected members’ decision to divest.

As already indicated, one challenge cited in relation to confidentiality was a limiting of the skills and experience available to the change leadership group (Interviewee 2, p. 4, para. 5; Interviewee 6, p. 2, para. 3). Maintaining confidentiality meant a restriction on accessing a broader range of skills and experience to implement various tasks. Whilst this was addressed in some way by the acquisition of specialist consultancy expertise from outside the organisation, a restriction on the ability to share sensitive information internally resulted in heavy workloads due to constraints placed on delegating or outsourcing tasks to others. This became a source of stress and anxiety for those most affected, particularly as these members assumed additional tasks on top of their day-to-day work commitments (Interviewee 6, p. 8, para. 3; Interviewee 5, p. 13, para. 1).
Some respondents also reported experiencing anxiety as a result of feeling that they were withholding information (for reasons of confidentiality) from their subordinates. One respondent referred to this as feeling like the leadership group was required to operate in ‘a clandestine way’ (Interviewee 2, p. 5, para. 1). This tension appeared to be heightened by the fact that Knox City Council’s organisational culture places a high value on relational transparency and integrity. The demand for confidentiality in the lead up to the decision to divest resulted in some respondents feeling a sense of betrayal of those subordinates who would potentially be impacted by the decision to divest (Interviewee 6, p. 6, para. 3). These expressed feelings suggest advanced levels of self-awareness and an emphasis on relational transparency.

5.2.2.4 Influence of the CEO

Respondents reported that the CEO was a positive influence in enlisting the right people to form a coalition for change (Interviewee 3, p. 2, para. 5; Interviewee 5, p. 7, para. 1; Interviewee 3, p. 8, para. 6).

Respondents said that the CEO initially took responsibility for identifying the skills, experience and behaviours required for the core change leadership group. This was described as the CEO recruiting people with the required leadership and technical skills to manage the various tasks (Interviewee 3, p. 2, para. 5). A Level 2 respondent reflected that one of the successes of the change project was that the ‘right people’ (Interviewee 3, p. 2, para. 5) were enlisted by the CEO to the change coalition.

It was stated that the CEO also provided an important motivating influence for the enlisted change leadership group members by creating a sense of urgency, inspiration and empowerment (Interviewee 3, p. 2, para. 5; Interviewee 4, p. 10, para. 6; Interviewee 3, p. 8, para. 6).

A Level 2 respondent described the inspirational motivation of the CEO’s involvement in enlisting support for the change in the following way:

‘There certainly was an interest in the organisation and a passion for this project because it had the Chief Executive Officer in the room … if there is a project where the Chief Executive Officer is in the room, it certainly works far more seamlessly and in a more structure way’ (Interviewee 5, p. 7, para. 1).
This respondent went on to articulate that the motivational influence of the CEO was more than that arising from hierarchical power. Describing leadership attributes of individualised consideration, intellectual stimulation and inspirational motivation, this Level 2 respondent described the CEO’s leadership approach as being:

‘about someone who understands what everyone is bringing to the table, the capability to filter it and to make the decision at that time … that works because that actually engages people … that particular style energised the room and people wanted to be part of it …’ (Interviewee 5, p. 7, para. 1-2).

A Level 3 respondent also reflected on the CEO’s influence on the change process in the following way:

‘The Chief Executive Officer led by example, was always available to speak to anyone … The Chief Executive Officer was open about what was going on, was concerned and showed empathy towards the residents [of Amaroo Gardens] and I think that came out clearly …’ (Interviewee 7, p. 7, para. 7).

An example of this was the CEO’s willingness to make himself available to any party seeking information or expressing anxiety in relation to the proposed divestment. This willingness was accompanied by a high level of transparency and honesty in responding to parties.

This study suggests that the active and consistent engagement of the CEO in the change process created a positive influence on the success of the change project.

5.2.3 Creating and Communicating a Vision for Change

5.2.3.1 Context

A critical component in the leadership of change is the development of a vision that people can grasp easily and remember. A clear, plausible vision can assist people to help understand why they are being asked to change. When people see for themselves what it is that is envisaged, then the impacts of change tend to make more sense.
Executing the vision commences with communicating the vision. Communicating the vision is likely to be in competition with other day-to-day communications, and therefore it is important that the vision is communicated frequently and powerfully. Keeping the vision fresh in people's minds and embedding the messages into all facets of operations increases the chances of successful execution.

The following sub-sections provide an overview of the major leadership themes identified from the semi-structured interviews in the area of creating and communicating the vision for change. The major themes to arise in this area of leadership include the importance of authentically encapsulating the human dimension in developing and communicating the vision; the importance of disciplined, strategic messaging in communicating the vision; the power of a genuine belief in the veracity of the vision for change; the benefits of tailoring the vision message to different stakeholder groups; and finally, the effectiveness of communication saturation, or 'flooding'.

5.2.3.2 Genuine Belief

Respondents reflected that developing the vision for change was substantially assisted by a genuine belief that the change (being the divestment of Amaroo Gardens to a private provider) was the right decision (Interviewee 5, p. 5, para. 4; Interviewee 3, p. 2, para. 3).

This belief in the change outcome appears to have been arrived at following an extended period of analysis of the current and projected operating environment of residential aged care in Australia, and the current and future capability of Knox City Council in this environment. The centre-piece of this analysis appeared to be a genuine concern for the well-being of residents of Amaroo Gardens (Interviewee 5, p. 5, para. 4; Interviewee 2, p. 7, para. 1).

An extended period of analysis, which involved elected members and officers, supported by external industry expert advisors, is reported to have culminated in a compelling case for the local authority to exit the residential aged care sector as a direct provider. Demonstrating a strong moral perspective, the compelling case for change revolved around the best possible outcomes for the current and future residents of Amaroo Gardens (Interviewee 2, p. 7, para. 1; Interviewee 5, p. 5, para. 4). A genuine belief appears to have been formed that divestment of Amaroo Gardens was in the best long-term interests of current and future residents of Amaroo Gardens.
A Level 2 respondent described their genuine belief that the change outcome was in the best interests of the residents, the organisation and the community, in the following way:

‘… I genuinely felt that the [change] outcome was for the benefit of the people [residents of Amaroo Gardens], it made it so easy to believe in it, which makes it easy then to ask people to participate because you genuinely like it and think it’s going to work’ (Interviewee 5, p. 5, para. 4).

Respondents reported that the CEO played a pivotal role in the development of the vision for change. It was reported that the CEO’s genuine belief in the vision greatly assisted in delivering a compelling vision to multiple stakeholder audiences (Interviewee 3, p. 3, para. 5). The CEO is reported to have articulated the vision for change in a way that demonstrated empathy, integrity and authenticity.

One Level 2 respondent described this in the following way:

‘… the importance of the change was clearly articulated [by the Chief Executive Officer] and so it was not only the vision for the project team and the organisation, but the vision that was created for the community as well. So there was that genuine approach, the integrity, authenticity in terms of delivery style [by the Chief Executive Officer]…’ (Interviewee 3, p. 3, para. 5).

A Level 1 respondent also reflected on the importance of the CEO and the Director – Community Services [Level 1 participant and change leadership team leader] declaring that the change project was ‘a key corporate priority project’ (Interviewee 1, p. 3, para. 5). Examples of this declaration of corporate priority were consistently provided by the senior leaders through staff meetings, written communications, emails, and through daily face-to-face communication with relevant staff. It was reported that labeling the change project as a key organisational priority served to empower others on the change leadership group. This empowerment is reported to have had an inspiring and motivating effect on those in the group, and also provided confidence to apply resources to the project and to enlist the support of others (Interviewee 3, p. 5, para. 4). This declaration and reinforcement of the project as a key corporate priority, together with a genuine belief in the soundness of the vision, is reported to have resulted in a deep sense of commitment by the leadership group, and served as a motivator to successfully deliver the change project for the organisation and the community (Interviewee 6, p. 9, para. 6).
5.2.3.3 The Human Dimension

Respondents articulated that a genuine belief in the vision for change had, as its foundation, a genuinely empathetic focus on what would be best for the people affected. This focus on the human dimension of change appears to have permeated all aspects of developing and communicating the vision, and in enacting the change process.

The human dimension was reported to have been considered from the perspective of three stakeholder groups: the staff of Amaroo Gardens; the residents of Amaroo Gardens and their families; and the broader community. One Level 3 respondent reflected that the conveying of the vision for change to the different stakeholder audiences was always focused on ‘the psychology of the people involved in the change’ (Interviewee 2, p. 5, para. 4).

Prioritising a focus on the impacts for those affected by the change, as opposed to a focus on economic considerations for the local authority, was reported to be a deliberate strategy in communicating the vision (Interviewee 5, p. 4, para. 4; Interviewee 2, p. 5, para. 4). In light of the political sensitivity of the local authority divesting its residential aged care facility to a for-profit provider, and potentially recouping a large financial profit in return, respondents articulated concerns that they would be accused of placing profit before vulnerable people. In response, it was reported the vision for change was deliberately framed around what was in the best interests of the residents of Amaroo Gardens, and avoided references to financial and economic considerations. As one Level 3 respondent described, ‘...it’s [the divestment of Amaroo Gardens] far more about the human dimension than the spreadsheet’ (Interviewee 2, p. 5, para. 4).

5.2.3.4 Disciplined, Strategic Messaging

Respondents reported that articulating the vision for change was substantially aided by the development of a comprehensive project plan for the change (Interviewee 1, p. 7, para. 4; Interviewee 1, p. 3, para. 3; Interviewee 5, p. 8, para. 8). The project plan was developed by the change leadership group, and was complemented by a strategic and operational communications plan. Several respondents reflected that a major factor in the success of this change project was the discipline exercised in delivering the key messages for change (Interviewee 6, p. 3, para. 5; Interviewee 6, p. 3, para. 3; Interviewee 4, p. 3, para. 4; Interviewee 4, p. 3, para. 6; Interviewee 3, p. 3, para. 5; Interviewee 1, p. 9, para. 3).
Respondents articulated a heightened awareness of the need to ensure the leadership group communicated with a consistent set of core messages when describing the vision for change (Interviewee 6, p. 3, para. 3). Whilst these messages could be adapted to different audiences, the key messages remained consistent throughout the change process. Examples of this included the preparation of different communication pieces for affected staff, residents, media and relevant government departments. Whilst these communication pieces appeared quiet different, the key messages always remained the same. This was acknowledged as fundamental to demonstrating a united, controlled and consistent approach to change, and has been regarded as a major contributor to the success of this case study.

Restricting communications to simple messages that highlighted the human dimension, showed individualised consideration and provided certainty, was the result of a well-planned, strategic approach to communications that was crafted over several months.

As already highlighted, restricting the number of spokespersons and therefore the likelihood of inconsistent messaging, was seen as an important part of a well-controlled, highly successful communications approach (Interviewee 6, p. 3, para. 5). It was acknowledged that stakeholders might develop feelings of distrust in the change process if they received conflicting messages as to the rationale for the change. Given the sensitivities involved for a range of stakeholders in this change project, together with the politically sensitive environment in which the change was occurring, it was determined that the most effective strategy to sustain high levels of trust in the change project was to reduce the opportunities for variability in messaging. This involved being very clear of the key messages to be conveyed, and restricting the number of spokespersons.

This disciplined approach to key messaging allowed for, as one Level 2 respondent described, the change leadership group to be ‘really united around what our reasons for this process and the need for change were’ (Interviewee 6, p. 3, para 5). Limiting the key public spokespersons to the Mayor and CEO positioned the change as having the full support of the organisation (Interviewee 6, p. 3, para. 5).
5.2.3.5 **Tailoring the Vision Message**

Respondents reported that successfully communicating the vision to stakeholders rested largely on two key aspects. The first was crafting a simple and comprehensible rationale for the change, and the second, the ability to tailor key messages to suit multiple stakeholder audiences (Interviewee 1, p. 4, para. 1 and para. 3).

Respondents articulated a heightened need to genuinely understand the interests and emotional sensitivities of various stakeholders, and this knowledge was applied in tailoring the key core messages to respective stakeholder audiences (Interviewee 1, p. 4, para 1). This was articulated as understanding, for example, that the interests of the elected members as decision-makers in a political environment, were very different to the interests and emotional sensitivities that would be experienced by the residents of Amaroo Gardens.

This was described by one Level 1 respondent in the following way:

> ‘So there were fundamentally the same messages, but we adjusted based on the background and the interest and the emotion and the role, of those different stakeholders’ (Interviewee 1, p. 4, para. 1).

Respondents reflected that the strategic intent of tailoring the key messages to different audiences was to demonstrate empathy with the various stakeholders, and to convey information in a way that was timely, meaningful, and to demonstrate a sense of personalised consideration and relational transparency (Interviewee 2, p. 5, para. 4). This was aimed at building trust and confidence in the change process, and to reduce anxiety for those directly impacted by the change (Interviewee 1, p. 4, para. 3; Interviewee 2, p. 6, para. 7).

The emphasis placed on tailoring key messages to individual stakeholder audiences reflects an empathetic, individualised consideration approach to leadership that was evident across the three hierarchical levels of leadership represented on the change leadership team.
5.2.3.6 Communication Flooding

One respondent described the communication technique used in this project as being akin to those used in the management of a crisis (Interviewee 2, p. 6, para. 6). This was described as being very open, transparent and timely about the dissemination of information (after the decision to divest had been made by the elected members), and involved a technique of ‘flood[ing] people with information’ (Interviewee 2, p. 6, para. 6). A sense of over-communicating to stakeholders was viewed as a positive way of building trust in the change process, to reduce anxiety and to strengthen relational transparency (Interviewee 2, p. 6, para. 7). Examples of this included the production and distribution of communication pieces to provide frequent information updates to affected stakeholders. The frequency of these communications was designed to create a perception of information overload in the minds of recipients, and often involved the repeat of information previously communicated to reinforce a perception of saturation.

Over-communicating was also designed to eliminate the opportunity for creating a void of information that could readily be filled by others, particularly those with an interest in hindering the change process. Avoiding the opportunity for others to fill any information gaps with their own information that may be incorrect or intentionally disruptive, and therefore damaging to the change process, was considered a key communication strategy. This was reported to have been achieved by nominated spokespersons providing as much information as possible throughout every phase of the change process - ‘more information than they could ever possibly need’ (Interviewee 2, p. 6, para. 6).

This technique of information ‘flooding’ is reported to have been applicable to a broad range of stakeholders with a direct interest in the change process, including journalists, newspaper editors, residents of Amaroo Gardens and their families, and staff (Interviewee 2, p. 6, para. 6). Communication techniques included face-to-face meetings, regular group briefings, Frequently Asked Questions sheets, personalised letters, and a ‘hot line’ telephone service.
5.2.4 Removing Obstacles

5.2.4.1 Context

Obstacles to change can come in the form of personal or group resistance, or in processes, systems and structures that get in the way of successful change implementation. Removing obstacles to change also includes implementing the right structures for change, and empowering the people needed to execute the change by removing any unnecessary obstacles for them. Identification of those who are resisting the change and assisting them to work through this resistance, together with rewarding those who are making the change happen, are also important strategies for successful change implementation.

The following sub-sections provide an overview of the major leadership themes identified from the semi-structured interviews in the area of removing obstacles to facilitate and embed change. The major themes to arise from respondent interviews included the importance of proactively managing and re-prioritising workloads and tasks to ensure change is embedded as an organisational priority; actively managing change resistance; and finally, being cognisant of, and remaining attuned to, managing tensions within the change leadership group.

5.2.4.2 Workload Management and Re-Prioritisation

Respondents reflected on the impact of a significantly increased workload arising from their participation in the change process (Interviewee 1, p. 4, para. 6; Interviewee 3, p. 4, para. 6; Interviewee 2, p. 8, para. 7; Interviewee 7, p. 5, para. 1; Interviewee 6, p. 8, para. 3). Some respondents reflected that there was an element of naivety at the outset of the change project in fully understanding the extent of work required to implement the change, and that this led to an under-estimate of resources required for effective implementation (Interviewee 1, p. 4, para. 6; Interviewee 4, p. 4, para. 5; Interviewee 4, p. 9, para. 9). This additional workload requirement appears to have been addressed in three primary ways: firstly, by absorbing additional tasks within existing workloads; secondly, by securing support for additional resources; and thirdly and most predominantly, by re-prioritising/discontinuing other tasks. These elements are discussed further in the following paragraphs.
Many respondents reflected that an obstacle to the successful implementation of change was the limited potential to absorb additional work tasks into already demanding workload programs (Interviewee 7, p. 5, para. 1; Interviewee 2, p. 9, para. 5; Interviewee 3, p. 4, para. 6; Interviewee 4, p. 4, para. 5; Interviewee 6, p. 8, para. 3). All leaders involved in the change management program occupy senior roles within the organisation, and these roles come with pre-existing demanding workloads. Respondents reflected that, in hindsight, additional resourcing of the change project, including the engagement of a dedicated project leader to oversee the change project, should have been considered (Interviewee 4, p. 9, para. 7; Interviewee 3, p. 8, para. 1; Interviewee 5, p. 13, para. 4; Interviewee 6, p. 8, para. 3).

Of interest, respondents reflected on the aspect of additional workload management not from a perspective of resentment, but rather from a concern at ensuring they were able to contribute successfully and with high performance (Interviewee 2, p. 9, para. 7). Respondents expressed a high level of commitment and resolve to complete the change process with the highest performance possible. The challenge of absorbing the additional workload, therefore, was seen more as a potential obstacle to high performance, than as a point of contention and resentment (Interviewee 2, p. 9, para. 7; Interviewee 6, p. 9, para. 6). Despite this, respondents expressed a realisation that whilst additional tasks would be absorbed into existing work programs, in the main, re-prioritisation and discontinuation of some other day-to-day tasks was required.

A lack of staff resources in a key operational area that was significantly affected by increased workload from the change process was viewed by one Level 1 respondent as a major obstacle to successful change implementation (Interviewee 1, p. 5, para. 2). Advocacy was directed to the CEO to authorise the allocation of additional resources to supplement staffing resources to address this issue. Additional resources were granted as a result of this advocacy (Interviewee 1, p. 5, para. 2).
Respondents at all three hierarchy levels reflected on the re-prioritisation of their day-to-day work that was required to enable effective participation in the change process (Interviewee 7, p. 5, para. 1; Interviewee 2, p. 9, para. 5; Interviewee 3, p. 4, para. 6; Interviewee 1, p. 4, para. 6). Respondents expressed feelings of empowerment to re-prioritise their existing workloads to give priority to the tasks required to enact change processes (Interviewee 3, p. 5, para. 4; Interviewee 6, p. 5, para. 6). This empowerment was reported to be the result of the CEO actively endorsing and regularly reinforcing that the change project was an organisational priority (Interviewee 6, p. 5, para. 6; Interviewee 3, p. 5, para. 4). One respondent reported that because the CEO gave ‘active support’ (Interviewee 3, p. 5, para. 4) to the change, the project became a priority for the organisation. A feeling of empowerment to re-prioritise workloads because of the assigned priority status created a sense of legitimacy for members of the change leadership team. This allowed them to more comfortably re-schedule, delay or discontinue other tasks. The granting of legitimacy appears to have reduced feelings of anxiety and/or guilt that might otherwise have been present with the leader’s perceived non-achievement of other day-to-day tasks and responsibilities.

5.2.4.3 Managing Resistance
In reflecting upon obstacles in the change process, respondents referred to potential resistance by three distinct stakeholder groups: elected members; long-term staff; and unions. Each of these is explored further in the following paragraphs.

A Level 1 respondent identified an initial level of resistance to the proposed divestment of Amaroo Gardens by a small number of elected members (Interviewee 1, p. 4, para. 5). This resistance mainly emanated from one elected member’s long-term association with the Amaroo Gardens facility, and the same elected member’s involvement in resisting a previous attempt to divest the facility.

This resistance meant that the council decision to divest was not unanimously supported by elected members. This opposition needed to be carefully and respectfully managed. This was reportedly managed through a process of progressively presenting evidence based information to the elected member group over an extended period of time, engaging industry experts to provide independent validation and assurance, and through the development of a comprehensive, tailored communication program (Interviewee 1, p. 4, para. 5; Interviewee 4, p. 4, para. 5).
Resistance to the change process by long serving staff at the Amaroo Gardens facility also presented as an obstacle to the change project. This aspect of resistance was expressed as an initial lack of awareness of the need to change, together with a sense of loyalty to, and protection of, the residents of the facility with whom long serving staff had developed enduring relationships. This resistance presented itself as expressions of uncooperativeness and a general withdrawal of discretionary effort (Interviewee 6, p. 4, para. 6; Interviewee 6, p. 5, para. 1). Regular, transparent communications that sought to address the anxieties and suspicions of this cohort were implemented to ameliorate resistance (Interviewee 1, p. 4, para. 3).

The third form of potential resistance identified by respondents was that of industrial action by the relevant workplace unions, namely the Australian Services Union and the Australian Nurses Federation (Interviewee 3, p. 5, para. 7; Interviewee 6, p. 4, para. 6). This potential obstacle was identified early in the process and a proactive strategy was implemented to respect the role of the workplace unions in the change process (Interviewee 3, p. 5, para. 7). This strategy involved the CEO and the Manager responsible for industrial relations personally informing senior personnel of both unions of the council’s intended actions to divest, prior to the divestment decision being made (Interviewee 3, p. 5, para. 7). This expression of courtesy to senior officials of both relevant unions was followed by a strategy of regular communication with the unions to keep them informed throughout the change process (Interviewee 3, p. 5, para. 7). No industrial action resulted from the change process.

5.2.4.4 Team Tension
The change leadership team comprised members from different hierarchy levels, multiple professional disciplines, and those with direct operational management responsibilities for Amaroo Gardens. This multi-faceted approach to team composition resulted in a team with inherent competing interests, priorities and approaches. Some respondents noted that this composition had the potential for team incoherency at times, and significant time delays due to the re-working required to accommodate multiple professional interests (Interviewee 4, p. 5, para. 7; Interviewee 5, p. 8, para. 2).
Respondents reflected on tensions arising from within the change leadership team due to differences in professional disciplines (Interviewee 4, p. 4, para. 9; Interviewee 3, p. 5, para. 6). As an example, respondents referred to the conflict between communications and governance professionals. Governance practitioners were keen to ensure that the strict legislative requirements placed on the local authority in the various steps of the divestment process were upheld and strictly adhered to. Communications practitioners, on the other hand, were concerned to ensure that clear and simple messaging was not unnecessarily compromised or burdened by bureaucratic language (Interviewee 4, p. 5, para. 3). Respondents reported that this was a source of tension that created obstacles in moving forward from time to time, and required careful negotiation and compromise by the respective professional practitioners. Any tensions that could not be resolved by negotiation and compromise were resolved with the intervention of the relevant Director (Interviewee 4, p. 5, para. 5). An example of this involved the Director – Corporate Development playing a mediating role with governance and communication practitioners to seek ‘middle ground’ in the tensions involved in communicating key legislative requirements to stakeholders.

5.2.5 Short Term Wins and Celebrating

5.2.5.1 Context
Kotter (1995) argues that success serves to motivate, and therefore it is important that those involved in change ‘taste’ success early in the change process. Creating early success relies upon setting milestone targets that are tangible and achievable. This serves to build confidence in the change process, and in turn, momentum. It also serves to reduce the effect of critics and negative thinkers. Celebration of short-term wins and rewarding those involved also form important elements in building positive change momentum.

The following sub-sections provide an overview of the major leadership themes identified from the semi-structured interviews in the area of creating, acknowledging and celebrating short-term wins throughout the change process. The major themes to arise from respondent interviews included the importance of acknowledging identifiable milestones; the restrained and reserved approach taken to reward and recognition; and finally, the perceived inappropriateness of overtly celebrating successes for fear of being viewed as triumphant.
5.2.5.2 Acknowledging Milestones

Respondents reported that the change management project, whilst complex, highly sensitive and delivered over an extended period of time, was punctuated by key, identifiable milestones along the way. These milestones were reported to include the elected members making a pivotal, in-principle decision to divest Amaroo Gardens (Interviewee 1, p. 5, para. 7; Interviewee 3, p. 5, para. 12); achieving Commonwealth Government accreditation for the aged care facility for a further three year period (Interviewee 6, p. 6, para. 3; Interviewee 1, p. 5, para. 7); and concluding the land and business sale negotiations associated with the divestment. Respondents reflected upon the significance of these gateway milestones as being critical to the success of the change project. Rather than being targets expressly created for the purposes of celebrating success, these milestones were reflected upon by respondents as critical steps in the divestment process that, if not achieved, may have seen the change process abandoned (Interviewee 6, p. 6, para. 3).

Some respondents also reflected upon the significance of smaller achievements in providing confidence and motivation to the change leadership team. For example, achieving consensus on common language to be used in all communications associated with the divestment was cited by respondents as a ‘win’. A Level 2 respondent reflected that ‘it was those smaller type wins that kept the momentum going’ (Interviewee 5, p. 9, para. 2). This study suggests that acknowledging smaller successes throughout the change journey is important for change momentum and confidence.

5.2.5.3 Reward and Recognition

Respondents articulated that a restrained approach was taken to the reward and recognition of milestones and other positive achievements throughout the change process (Interviewee 2, p. 10, para. 3). Reward and recognition activities were generally confined to the immediate change leadership team or other work teams responsible for operationalising discreet elements of the change (Interviewee 6, p. 6, para. 6).

The predominant forms of reward and recognition are reported to have been verbal and email recognition by the CEO and Director - Community Services [Level 1, team leader] (Interviewee 1, p. 6, para. 2; Interviewee 3, p. 6, para. 1; Interviewee 5, p. 9, para. 9); morning/afternoon tea celebrations for discreet teams (Interviewee 1, p. 6, para. 4); and peer recognition and acknowledgement (Interviewee 4, p. 6, para. 7; Interviewee 7, p. 6, para. 2).
Respondents reflected that the forms of reward and recognition that had the most impact were intrinsic rewards (Interviewee 5, p. 9, para. 8) and that these came predominantly from two sources. The first was personal appreciation and recognition provided by the CEO and the Director – Community Services [Level 1, team leader]. This form of recognition was reflected upon by one respondent in the following way:

‘[The two leaders] constantly show[ed] their appreciation to each individual who was participating … And that makes a huge difference, that people just notice and say “thanks”’ (Interviewee 5, p. 9, para. 9).

Another respondent described recognition from the CEO and Director – Community Services in the following way:

‘… there was communication from the Chief Executive Officer and Director Community Services via email and one-on-one in terms of thanking people for their support and their input and their contributions, so people felt valued as part of that process’ (Interviewee 3, p. 6, para. 1).

The second form of intrinsic reward reported by respondents was the personal satisfaction derived from having successfully completed a task or milestone, and from having a sense of connection with something of organisational significance (Interviewee 2, p. 10, para. 10; Interviewee 6, p. 6, para. 3). This view was expressed by Level 2 and 3 respondents, and appeared to be aligned to operational responsibility for aspects of the change process (Interviewee 2, p. 10, para. 3; Interviewee 5, p. 9, para. 3; Interviewee 3, p. 6, para. 2). This form of intrinsic reward, according to respondents, was considered more appropriate than overt celebrations (Interviewee 5, p. 9, para. 8).

5.2.5.4 Inappropriate to Celebrate

Respondents expressed a reluctance to celebrate achievements or ‘wins’, at least publicly (Interviewee 6, p. 6, para. 4; Interviewee 2, p. 10, para. 3; Interviewee 2, p. 10, para. 3). Expressing high levels of individualised consideration, self-awareness and a positive moral perspective, many respondents reflected on the perceived inappropriateness of any form of public celebration. This expression was most dominant among Level 2 and 3 participants.
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Respondents reflected that they were always conscious that the change process may have a perceived negative impact on the residents and staff of Amaroo Gardens (Interviewee 6, p. 6, para. 4). As a mark of respect and empathy for those likely to be directly affected by the change, respondents expressed feelings of discomfort at portraying any sense of victory or triumph (Interviewee 2, p. 10, para. 3) during the change journey. To do so would portray insensitivity and disrespect for the anxiety being experienced by those directly affected (Interviewee 6, p. 6, para. 3; Interviewee 2, p. 10, para. 3). Respondents avoided the term celebration and expressed uneasiness with the notion (Interviewee 2, p. 10, para. 3). One Level 3 respondent described their level of discomfort in the following way:

‘There wasn’t a sense of triumphalism. And I think that’s the nature of this change ... because we all had a sense that this affects people’s lives, that there was anxiety around this change, that there was fear around this change, that celebration would have been triumphalism, and that was not right’ (Interviewee 2, p. 10, para. 3).

Respecting the interests of those directly affected by the divestment process appears to emanate from a deep sense of empathy permeating the change leadership team. This resulted in any acknowledgement of successes being low key, contained to discreet work teams and individuals, and largely in the form of personalised expressions of appreciation or affirmation by the CEO and the team leader.

5.2.6 Processes of Debriefing and Learning

5.2.6.1 Context

The following sub-sections provide an overview of the major leadership themes identified from the semi-structured interviews in the area of instituting processes for debriefing and continuous learning as part of change management. The major theme arising from respondent interviews in this case study was that formal debriefing and continuous learning processes were not prominent throughout the change project. Rather, preference appears to have been afforded to informal, unstructured debriefing processes over structured debriefing and learning.
5.2.6.2 Informal, Unstructured Debriefing

Respondents reflected a high degree of variability in their reflections on whether debriefing processes were undertaken, and if so, the extent and form of this activity. Level 1 respondents reported a concerted effort to build processes of debriefing into conversations, team meetings, and formal and informal gatherings throughout the change process (Interviewee 1, p. 6, para. 6; Interviewee 4, p. 7, para. 5). One Level 1 respondent described informal and unstructured debriefing as a ‘part of our normal business’ (Interviewee 1, p. 7, para. 6).

Level 2 respondents, however, reflected predominantly on informal, unstructured occasions to debrief (Interviewee 3, p. 7, para. 1; Interviewee 5, p. 10, para. 5), whilst Level 3 respondents contained their reflections to a formal debrief session conducted at the conclusion of the change project (Interviewee 2, p. 11, para. 1). Respondents from all Levels reflected on this latter, formal debriefing. This variability in responses suggests a difference in the awareness of, and value attributed to, debriefing and learning as a leadership activity across the three Levels of the change leadership team.

Level 1 and 2 respondents reported participating in a range of unstructured, informal debriefing opportunities. These opportunities were reported to have been incorporated into other forums such as staff meetings, informal gatherings of change leadership team members, and corridor conversations (Interviewee 1, p. 6, para. 6-7; Interviewee 4, p. 8, para. 4; Interviewee 3, p. 7, para. 1; Interviewee 1, p. 7, para. 7). The format of these informal debriefings was reported to be relatively unstructured and conversational, where individuals and teams were provided with an opportunity to express their opinions and observations on what worked well, and what could have been done better. No evidence was provided to indicate that the learning from these debriefings was formally captured as corporate knowledge or was used to build change momentum.

Some respondents reflected that the intensity and pace of the change process did not create a conducive environment for proper reflection, debriefing and continuous learning (Interviewee 1, p. 7, para. 8). It would appear that such processes were assigned a lesser priority than completing tasks at hand. A further observation is that, with some minor exceptions, informal, unstructured debriefing opportunities were created more as a result of pre-established (sometimes personal) relationships between participants (Interviewee 1, p. 7, para. 7), rather than a commitment to formal processes of continuous learning and capture of corporate knowledge.
As mentioned previously, a formal opportunity for debriefing was created at the conclusion of the change project. The following section describes this process in more detail.

### 5.2.6.3 Formal Debriefing

Respondents at Levels 1, 2 and 3 reported participating in a single, formal debriefing session at the conclusion of the change project (Interviewee 3, p. 6, para. 4; Interviewee 2, p. 11, para. 1; Interviewee 3, p. 6, para. 4). This debrief is reported to have been an internally facilitated forum to reflect on the learnings and observations of the change project (Interviewee 2, p. 11, para. 1). It was designed to capture knowledge for application in other organisational activities. No other formal debriefing sessions were reported.

One respondent reflected that the formal debriefing session provided a disproportionate focus on the various operational tasks involved in the change process, compared to the psychological impacts for those leading and managing the change (Interviewee 2, p. 12, para. 1). It was reflected that throughout the change process there was considerable attention given to the emotional well-being of those affected by the change process, but insufficient attention given to the emotional well-being of those managing the change (Interviewee 2, p. 12, para. 1). This focus was attributed to the session being facilitated by persons from within the organisation, rather than by external facilitation. It was reported that external facilitation of the session may have provided a level of independence in the exploration of the psychological aspects of the change process that was more difficult to achieve with internal facilitation (Interviewee 2, p. 12, para. 1). This led to a conclusion that the formal debriefing session lacked comprehensiveness, and as one respondent described, a feeling that the process of debriefing ‘was never quite finished’ (Interviewee 2, p. 11, para. 6).
5.2.7 Anchoring the Change

5.2.7.1 Context
Research suggests that opportunities to embed, or anchor, the change should be taken throughout the change process to solidify the change within the organisation’s culture. Kotter (1995) suggests that continuous efforts to ensure that the change is seen in every aspect of organisational life, is important to embedding change. This involves communicating the change at every opportunity, ensuring the leaders continue to support the change throughout the process, and that successes are rewarded. Anchoring change across multiple stakeholder groups, both internal and external to the organisation, can be both demanding and complex.

The following sub-sections provide an overview of the major leadership themes identified from the semi-structured interviews in the area of anchoring change. The two major leadership themes arising from respondent interviews include the importance of identifying and communicating critical milestones; and the power and influence of a strong, cohesive change leadership team.

5.2.7.2 Identifying and Communicating Critical Milestones
Respondents reported that the identification of critical milestones throughout the change process and achieving ‘sign-off’ as they were achieved was important to anchoring the change. The segmentation of major tasks, and understanding which of these were critical gateways in the change process, also enabled these tasks to be isolated for the purposes of communication. This process enabled communications to be tailored to stakeholders to highlight that critical steps in the change process had been met or passed (Interviewee 4, p. 9, para. 3). This enabled a process of regular communication to stakeholders, and created a sense of certainty and confidence that aspects of the change process were now enshrined. It also enabled an anchoring of the various critical steps in the change process (Interviewee 4, p. 9, para. 3).
Level 1 respondents reflected that an emphasis was placed on critical milestones being linked to decision-making by elected members (Interviewee 1, p. 8, para. 3; Interviewee 4, p. 8, para. 10). Reflective of their positions and responsibilities within the organisation, Level 1 respondents cited critical gateway, elected member decisions as being fundamental to anchoring the change (Interviewee 1, p. 5, para. 7; Interviewee 4, p. 8, para. 10). These decisions were seen to provide authority and certainty to the change process.

Also reflective of their organisational responsibilities, Level 2 and Level 3 respondents articulated critical milestones as being associated with key operational tasks (Interviewee 6, p. 7, para. 6; Interviewee 7, p. 7, para. 3). Respondents at all Levels reflected upon the critical importance of effective communications in anchoring the change.

Effective communications for the purpose of anchoring change was identified by respondents to mean deeply and empathetically understanding different stakeholder perspectives and roles, and tailoring communications to reflect these different aspects (Interviewee 4, p. 9, para. 3; Interviewee 3, p. 7, para. 6; Interviewee 5, p. 12, para. 1; Interviewee 6, p. 7, para. 6; Interviewee 2, p. 12, para. 5). It also involved being disciplined, adaptable and professional in the delivery of all communications, and being clear about the key messages to be conveyed.

The role played by the local authority’s Mayor and CEO in communicating key milestones was articulated by some respondents as being critical to anchoring the change. One respondent described the CEO’s role in the following way:

‘...I think the critical piece was the Chief Executive Officer’s style and delivery of those key messages to each of those different audiences and adjusting the approach [accordingly]’ (Interviewee 3, p. 3, para. 6).

One respondent specifically reflected on the significance of the CEO’s role in directly communicating critical change milestones to staff (Interviewee 3, p. 7, para. 6). Placing an importance on empathy, transparency and respect throughout the change process was described by respondents as giving staff a feeling of being valued.
5.2.7.3 A Strong, Cohesive Leadership Team

Respondents reflected upon the functioning of the change leadership team as also being important to anchoring and embedding change (Interviewee 2, p. 12, para. 7). Despite some reported professional discipline tensions, the change leadership team was described as being highly functional, cohesive, competent and deeply committed to the change (Interviewee 5, p. 3, para. 10; Interviewee 2, p. 12, para. 7).

Supported by a declaration from the CEO that the divestment of Amaroo Gardens was an organisational priority (Interviewee 4, p. 10, para. 6), the climate created by the change leadership team permeated a sense of momentum and confidence for the change within the broader organisation (Interviewee 4, p. 10, para. 6; Interviewee 6, p. 9, para. 6). It was reported that the positive influence created by a highly effective change leadership team, together with the organisational priority placed on the change, enabled a momentum for change within the organisation that was difficult to work against (Interviewee 3, p. 8, para. 2).

5.2.8 Summary of Semi-structured Interview Findings

Data from the semi-structured interviews highlights the importance placed by members of the change leadership team on leadership behaviours of relational transparency, a strong moral perspective, and individualised consideration. An appreciation for the power of effective, disciplined communications that were influenced by authentic leadership behaviours, was also reported by respondents. Several leadership challenges inherent in leading change in a highly sensitive and politicised environment including the complexities of maintaining confidentiality and the scope for professional discipline tensions were also identified.

5.3 Multifactor Leadership Questionnaire Results

5.3.1 Introduction

To supplement data collected from the semi-structured interviews, data was also collected using a questionnaire in an effort to quantify and subsequently analyse perceptions of the leadership styles and preferences of the change leadership team members.
As outlined in Chapter Four, the Multifactor Leadership Questionnaire (5X-Short) (‘or MLQ’) was chosen as an appropriate questionnaire instrument for this study as it represents a reliable method to assess a range of leadership behaviours (Avolio and Bass 2004). The MLQ consists of two forms: the leader form is used as a self-assessment to be completed by leaders; and the rater form is designed for persons to evaluate the leadership behaviours of supervisors, subordinates, or peers. The two forms are complementary with respect to the content of leadership behaviours under examination. In this study the results of the two forms have been combined to produce an overall assessment of leadership style for each participant of the subject change leadership team.

Of the 45 survey items included in the MLQ, this research project focused on the 36 subscale components related to transformational, transactional and laissez-faire leadership behaviours only (see questionnaire sample at Appendix E). The survey items were presented in the form of statements, and the rater was requested to assess the frequency for each behaviour or outcome. The frequency of each stated behaviour was assessed on a five-point Likert-type scale ranging from 0 to 4, as follows:

- 0 – Not at all
- 1 – Once in a while
- 2 – Sometimes
- 3 – Fairly often
- 4 – Frequently, if not always

Individual ratings from the subject leader’s self-assessment and ratings from others’ assessment of the subject leader are summed and averaged for each of the subscale components in order to produce an overall scoring. Average scores for each subscale component range from 0 to 4. A lower scale indicates that the leader’s behaviour is perceived to be more inconsistent with the description of the leadership factor under examination. Conversely, a higher score indicates that the leader’s behaviour is perceived to be more consistent with the factor under examination (Bass and Avolio 1990; Vande Zande 2012). The MLQ instrument takes approximately 20 minutes to complete.

Table 4 below provides a comparison summary of the averaged mean results for the change leadership team members across the full range leadership scales of transformational, transactional and laissez-faire leadership, averaged at organisational hierarchy level.
Table 4: Comparison of Average Means Across the Full Range Leadership Scales for Hierarchy Levels 1, 2 and 3 Participants

<table>
<thead>
<tr>
<th>Variable</th>
<th>Level 1 (n=14)</th>
<th>Level 2 (n=15)</th>
<th>Level 3 (n=6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealised Influence (Attributed)</td>
<td>2.73</td>
<td>3.33</td>
<td>3.43</td>
</tr>
<tr>
<td>Idealised Influence (Behaviour)</td>
<td>3.01</td>
<td>3.26</td>
<td>3.44</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>2.82</td>
<td>3.28</td>
<td>3.46</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>2.97</td>
<td>3.15</td>
<td>3.52</td>
</tr>
<tr>
<td>Individual Consideration</td>
<td>3.05</td>
<td>3.21</td>
<td>3.52</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>2.91</td>
<td>3.23</td>
<td>3.48</td>
</tr>
<tr>
<td>Contingent Reward</td>
<td>2.73</td>
<td>3.19</td>
<td>3.52</td>
</tr>
<tr>
<td>Management by Exception: Active</td>
<td>1.05</td>
<td>2.08</td>
<td>2.02</td>
</tr>
<tr>
<td>Management by Exception: Passive</td>
<td>1.11</td>
<td>0.48</td>
<td>0.56</td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>1.63</td>
<td>1.88</td>
<td>2.03</td>
</tr>
<tr>
<td>Laissez-Faire</td>
<td>0.68</td>
<td>0.36</td>
<td>0.38</td>
</tr>
</tbody>
</table>

Note: Each item was rated on a 5-point scale of 0 (Not at All), 1 (Once in a While), 2 (Sometimes), 3 (Fairly Often), and 4 (Frequently, if not always).

The following sections present a detailed overview of the results and findings from the MLQ instrument, presented at organisational hierarchy level.
5.3.2 Leadership at Level 1

Triangulation of data derived from the MLQ instrument with data from the in-depth, semi-structured interviews, indicates a high level of correlation for Level 1 participants. Level 1 participants rated considerably higher on transformational leadership behaviours (inspirational motivation, idealised influence, intellectual stimulation and individualised consideration) compared to transactional leadership behaviours (contingent reward, management by exception: active, and management by exception: passive) (an averaged mean of 2.91/4 compared to 1.63/4), and even higher compared to laissez-faire behaviours (an average mean of 2.91/4 compared to 0.68/4). Table 5 provides a comparison of average means for the three leadership scales of transformational, transactional and laissez-faire leadership behaviours for Level 1 participants.

Table 5: Comparison of Means of Transformational, Transactional and Laissez-Faire Leadership Scales for Level 1 Participants

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average Mean Assessment (n=14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership</td>
<td>2.91</td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>1.63</td>
</tr>
<tr>
<td>Laissez-Faire Leadership</td>
<td>0.68</td>
</tr>
</tbody>
</table>

Note: Each item was rated on a 5-point scale of 0 (Not at All), 1 (Once in a While), 2 (Sometimes), 3 (Fairly Often), and 4 (Frequently, if not always).

Level 1 participants rated highest in the transformational leadership behaviours of individualised consideration (3.05/4) and idealised influence (behaviours) (3.01/4), followed closely by intellectual stimulation (2.97/4), inspirational motivation (2.82/4) and idealised influence (attributed) (2.73/4). The range of averaged means across the five transformational leadership behaviours is relatively narrow at 0.32/4, ranging from 3.05/4 to 2.73/4. This suggests a relatively even display of transformational leadership behaviours amongst Level 1 participants. Table 6 provides a comparison of the averaged means for Level 1 participants across the transformational leadership subscales.
Table 6: Comparison of Means of Transformational Leadership Subscales for Level 1 Participants

<table>
<thead>
<tr>
<th>Variable</th>
<th>Self Assessment (n=2)</th>
<th>Assessment by Others (n=12)</th>
<th>Average Assessment (n=14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealised Influence - Attributed</td>
<td>2.90</td>
<td>2.69</td>
<td>2.73</td>
</tr>
<tr>
<td>Idealised Influence – Behaviour</td>
<td>3.55</td>
<td>2.91</td>
<td>3.01</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>3.25</td>
<td>2.75</td>
<td>2.82</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>3.30</td>
<td>2.91</td>
<td>2.97</td>
</tr>
<tr>
<td>Individual Consideration</td>
<td>3.40</td>
<td>2.99</td>
<td>3.05</td>
</tr>
</tbody>
</table>

Note: Each item was rated on a 5-point scale of 0 (Not at All), 1 (Once in a While), 2 (Sometimes), 3 (Fairly Often), and 4 (Frequently, if not always).

Whilst the MLQ data suggests a stronger display of transformational behaviours by Level 1 participants compared to transactional behaviours, it is noted that transformational leadership does not occur without some level of transactional leadership behaviours (Martin 2011). In particular, Avolio and Bass (2004) report that contingent reward behaviours (being a measure of transactional leadership behaviour in the MLQ instrument) are highly correlated with all transformational leadership behaviours. MLQ quantitative data for Level 1 participants supports this proposition as highlighted in Table 7.

Table 7: Comparison of Means of Transactional Leadership Subscales for Level 1 Participants

<table>
<thead>
<tr>
<th>Variable</th>
<th>Self Assessment (n=2)</th>
<th>Assessment by Others (n=12)</th>
<th>Average Assessment (n=14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent Reward</td>
<td>3.05</td>
<td>2.66</td>
<td>2.73</td>
</tr>
<tr>
<td>Management by Exception – Active</td>
<td>1.80</td>
<td>0.92</td>
<td>1.05</td>
</tr>
<tr>
<td>Management by Exception - Passive</td>
<td>1.25</td>
<td>1.09</td>
<td>1.11</td>
</tr>
</tbody>
</table>

Note: Each item was rated on a 5-point scale of 0 (Not at All), 1 (Once in a While), 2 (Sometimes), 3 (Fairly Often), and 4 (Frequently, if not always).
An active display of contingent reward behaviours is considered important when leading change as it is a necessary ingredient for building trust with stakeholders. Individualised consideration, intellectual stimulation, inspired motivation, and finally, idealised influence are then built on this initial level of trust (Judge and Piccolo 2004). The averaged mean for contingent reward behaviours for Level 1 participants was rated at 2.73/4, suggesting a strong correlation with the ratings for transformational leadership subscales for Level 1 participants which range from 2.73/4 to 3.05/4. It is noted that the contingent reward subscale of transactional leadership is rated considerably higher for Level 1 participants than the management by exception – active and management by exception – passive subscales at 1.05/4 and 1.11/4 respectively.

The MLQ survey data, which indicates a dominant preference for transformational behaviours by Level 1 participants compared to transactional or laissez-faire leadership behaviours, correlates closely with the qualitative data derived from the semi-structured interviews. This correlation is expanded upon further in Chapter Six.

5.3.3 Leadership at Level 2

Analysis of data derived from the MLQ survey indicates change management team participants at Level 2 also display strong transformational leadership behaviours. The averaged mean for transformational leadership behaviours for Level 2 participants is 3.23/4, compared to an averaged mean for transactional leadership behaviours of 1.88/4. Laissez-faire leadership behaviours rated very low at 0.36/4. Table 8 provides a comparison of averaged means for the three leadership scales of transformational, transactional and laissez-faire leadership behaviours for Level 2 participants.

### Table 8: Comparison of Means of Transformational, Transactional and Laissez-Faire Leadership Scales for Level 2 Participants

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average Mean Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership</td>
<td>3.23</td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>1.88</td>
</tr>
<tr>
<td>Laissez-Faire Leadership</td>
<td>0.36</td>
</tr>
</tbody>
</table>

Note: Each item was rated on a 5-point scale of 0 (Not at All), 1 (Once in a While), 2 (Sometimes), 3 (Fairly Often), and 4 (Frequently, if not always).
Level 2 participants were rated as displaying higher levels of transformational leadership behaviours than Level 1 participants (3.23/4 compared to 2.91/4), with the range of transformational subscale ratings ranging from 3.15/4 (intellectual stimulation) to 3.33/4 (idealised influence - attributed). Like the results for Level 1 participants, the range of transformational leadership ratings for Level 2 participants across the five subscales is narrow, ranging from 3.33/4 (idealised influence - attributed) to 3.15/4 (intellectual stimulation). This very narrow averaged mean range indicates an even display of transformational leadership behaviours by Level 2 participants. It is noted that exceptionally high ratings of transformational leadership subscales for one Level 2 participant has influenced these average mean ratings.

Somewhat different to Level 1 participant ratings, the transformational leadership behaviours displayed by Level 2 participants rated highest in the behaviours of idealised influence - attributed (3.33/4) and inspirational motivation (3.28/4). These two transformational leadership behaviours rated lowest among Level 1 participants.

As with Level 1 participants, the data suggests a relatively even display of transformational leadership behaviours amongst Level 2 participants. Table 9 provides a comparison of the results for Level 2 participants across the five transformational leadership subscales.

**Table 9: Comparison of Means of Transformational Leadership Subscales for Level 2 Participants**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Self Assessment (n=3)</th>
<th>Assessment by Others (n=12)</th>
<th>Average Assessment (n=15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealised Influence – Attributed</td>
<td>2.87</td>
<td>3.48</td>
<td>3.33</td>
</tr>
<tr>
<td>Idealised Influence – Behaviour</td>
<td>3.03</td>
<td>3.31</td>
<td>3.26</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>3.00</td>
<td>3.35</td>
<td>3.28</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>3.27</td>
<td>3.12</td>
<td>3.15</td>
</tr>
<tr>
<td>Individual Consideration</td>
<td>3.20</td>
<td>3.21</td>
<td>3.21</td>
</tr>
</tbody>
</table>

Note: Each item was rated on a 5-point scale of 0 (Not at All), 1 (Once in a While), 2 (Sometimes), 3 (Fairly Often), and 4 (Frequently, if not always).
It is noted that across the five transformational leadership subscales, Level 2 participants self-assessed themselves with lower ratings compared to ratings provided by non-participant raters in four of the five subscales. Put another way, others consider the Level 2 participants to demonstrate these four transformational leadership subscale behaviours and attributes at a higher level than the participants viewed themselves. This is compared to Level 1 participants where raters assessed themselves higher in all five transformational leadership subscales compared to ratees.

Level 2 participants also rated higher in transactional leadership behaviours compared to Level 1 participants (1.88/4 compared to 1.63/4 respectively – refer Table 4). This averaged mean rating for Level 2 participants has been significantly influenced by an averaged mean rating for contingent reward behaviour of 3.19/4. Table 10 provides a comparison of means across transactional leadership subscales for Level 2 participants.

**Table 10: Comparison of Means of Transactional Leadership Subscales for Level 2 Participants**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Self Assessment (n=3)</th>
<th>Assessment by Others (n=12)</th>
<th>Average Assessment (n=15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent Reward</td>
<td>2.83</td>
<td>3.29</td>
<td>3.19</td>
</tr>
<tr>
<td>Management by Exception</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>1.37</td>
<td>2.26</td>
<td>2.08</td>
</tr>
<tr>
<td>Management by Exception</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passive</td>
<td>0.87</td>
<td>0.39</td>
<td>0.48</td>
</tr>
</tbody>
</table>

Note: Each item was rated on a 5-point scale of 0 (Not at All), 1 (Once in a While), 2 (Sometimes), 3 (Fairly Often), and 4 (Frequently, if not always).

The higher rating of transactional leadership behaviours by Level 2 participants compared to Level 1 participants, particularly in the area of contingent reward behaviours, is attributed to the more operational and technical orientation of Level 2 participants compared to Level 1 participants. As second level managers, Level 2 participants were appointed to the change leadership team for their operational and technical expertise in their respective discipline or subject areas.
It is therefore expected that Level 2 participants would display stronger transactional leadership behaviours (given their organisational positions and role responsibilities requiring strong management-type activity) compared to Level 1 participants (who have organisational responsibilities requiring them to operate more strategically and less operationally).

Level 2 participants also rated considerably lower in laissez-faire leadership behaviours compared to Level 1 participants (0.36/4 compared to 0.68/4 respectively). The low average rating for the laissez-faire leadership subscale for Level 2 participants (averaged mean of 0.38/4) indicates a highly engaged group of leaders at Level 2.

### 5.3.4 Leadership at Level 3

Analysis of data derived from the MLQ survey indicates that participants at Level 3, like those at Levels 1 and 2, display strong transformational leadership behaviours. The averaged mean for transformational leadership behaviours for Level 3 participants is 3.48/4, compared to an averaged mean for transactional leadership behaviours of 2.03/4. Laissez-faire leadership behaviours rated very low at 0.38/4. Table 11 provides a comparison of average means for the three leadership scales of transformational, transactional and laissez-faire leadership for Level 3 participants.

#### Table 11: Comparison of Means of Transformational, Transactional and Laissez-Faire Leadership Scales for Level 3 Participants

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average Mean Assessment (n=6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational</td>
<td>3.48</td>
</tr>
<tr>
<td>Transactional</td>
<td>2.03</td>
</tr>
<tr>
<td>Laissez-Faire</td>
<td>0.38</td>
</tr>
</tbody>
</table>

Note: Each item was rated on a 5-point scale of 0 (Not at All), 1 (Once in a While), 2 (Sometimes), 3 (Fairly Often), and 4 (Frequently, if not always).
Interestingly, the averaged mean ratings for Level 3 respondents for both transformational and transactional leadership behaviours are higher than that for Level 2 participants, and even higher than that of Level 1 participants. The averaged mean rating under the MLQ measurement for Level 3 respondents for transformational leadership behaviours is 3.48/4 compared to 3.23/4 for Level 2 respondents and 2.91/4 for Level 1 respondents. Similarly, the averaged mean rating for transactional leadership behaviours for Level 3 respondents is 2.03/4 compared to 1.88/4 for Level 2 respondents, and 1.63/4 for Level 1 respondents. The averaged mean for the laissez-faire leadership subscale for Level 3 respondents is similar to Level 2 respondents at a low rating of 0.38/4.

There is a relatively consistent high rating for Level 3 respondents across the five transformational leadership behaviours. The averaged mean ratings range from 3.43/4 (idealised influence - attributed) to a high 3.52/4 for two subscales (intellectual stimulation and individual consideration). This suggests a strong display across all five transformational leadership behaviour subscales. Table 12 provides a comparison of the results for Level 3 participants across the transformational leadership subscales.

**Table 12: Comparison of Means of Transformational Leadership Subscales for Level 3 Participants**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Self Assessment (n=2)</th>
<th>Assessment by Others (n=4)</th>
<th>Average Assessment (n=6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealised Influence – Attributed</td>
<td>3.55</td>
<td>3.38</td>
<td>3.43</td>
</tr>
<tr>
<td>Idealised Influence – Behaviour</td>
<td>3.65</td>
<td>3.33</td>
<td>3.44</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>3.40</td>
<td>3.50</td>
<td>3.46</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>3.50</td>
<td>3.53</td>
<td>3.52</td>
</tr>
<tr>
<td>Individual Consideration</td>
<td>3.25</td>
<td>3.65</td>
<td>3.52</td>
</tr>
</tbody>
</table>

Note: Each item was rated on a 5-point scale of 0 (Not at All), 1 (Once in a While), 2 (Sometimes), 3 (Fairly Often), and 4 (Frequently, if not always).
Similar to respondents’ ratings at Levels 1 and 2, the contingent reward transactional leadership behaviour attracted the equal highest averaged mean rating of all leadership behaviours of level 3 respondents at 3.52/4. This is significantly higher than that rated for Level 2 respondents at 3.19/4, and Level 1 respondents at 2.73/4. This stronger rating for contingent reward leadership behaviour is also considered to be reflective of the operational focus of Level 3 respondents in their substantive roles within the organisation. Table 13 provides a comparison of means of transactional leadership subscales for Level 3 participants.

Table 13: Comparison of Means of Transactional Leadership Subscales for Level 3 Participants

<table>
<thead>
<tr>
<th>Variable</th>
<th>Self Assessment (n=2)</th>
<th>Assessment by Others (n=4)</th>
<th>Average Assessment (n=6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent Reward</td>
<td>3.65</td>
<td>3.45</td>
<td>3.52</td>
</tr>
<tr>
<td>Management by Exception - Active</td>
<td>0.65</td>
<td>2.70</td>
<td>2.02</td>
</tr>
<tr>
<td>Management by Exception - Passive</td>
<td>0.15</td>
<td>0.77</td>
<td>0.56</td>
</tr>
</tbody>
</table>

Note: Each item was rated on a 5-point scale of 0 (Not at All), 1 (Once in a While), 2 (Sometimes), 3 (Fairly Often), and 4 (Frequently, if not always).

5.3.5 Summary of Findings from the MLQ

Data from the MLQ survey suggests strong transformational leadership behaviours are evident across all members of the change leadership team. Of interest, Level 3 respondents recorded the highest ratings of transformational leadership behaviours, and Level 1 respondents recorded the lowest. Consistent with demonstrations of transformational leadership behaviours, strong evidence of contingent reward behaviours was also reported by leaders at all three organisational hierarchy levels. Conversely, all members of the change leadership team recorded very low levels of passive/avoidant leadership behaviours.
5.4 Secondary Data Analysis

5.4.1 Introduction

The third source of data accessed for this research study was internal secondary data. As already outlined in Chapter Four, two sources of secondary data were accessed by the researcher from the case study organisation for this research project:

a. Knox City Council 2010 Knox People Workplace Survey: Key Findings Report (Knox City Council 2010); and


As indicated earlier, these secondary data sources were selected to elicit a deeper understanding of the Knox City Council’s organisational culture. Data from these sources was then triangulated with the primary data derived from the interviews and questionnaire. Results and findings from the secondary data sources are provided in the following sections.

5.4.2 Knox City Council Workplace Survey

5.4.2.1 Context

Knox City Council engaged the services of commercial firm Right Management Inc. in 2010 to manage the design and delivery of a comprehensive workplace survey. The survey sought to measure three core areas:

a. General Employee Satisfaction: factors employees considered as important and their degree of satisfaction;

b. Employee Engagement: employee’s current experience at Knox City Council and level of engagement; and

c. Organisational Culture: the extent to which employees demonstrate the organisational values and behaviours (Knox City Council 2010).
For the purposes of this research project, only data from the Employee Engagement and Organisational Culture components of the survey will be referenced. General Employee Satisfaction data is considered to be less relevant to the research question at hand.

Employee Engagement was measured in this survey instrument across seven subscales containing a total of 49 items, with the number of items per subscale ranging from three to 11 (Knox City Council 2010).

Organisational Culture was measured through demonstrations of organisational values and leadership attributes, respectively. These two aspects contained subscales previously established by the organisation, thus carrying defined meanings within the organisation. Demonstration of organisational values was measured across five subscales of integrity, teamwork, innovation, service excellence and enjoying work. Leadership attributes were measured across five subscales of multi-dimensional, adaptable, emotionally aware, collaborative and community minded. Each subscale was supported by between two and four items (Knox City Council 2010).

The scale used to collect feedback in the Employee Engagement and Organisational Culture components of the survey was as follows:

1 - Strongly disagree
2 - Disagree
3 - Partly agree and partly disagree
4 - Agree
5 - Strongly agree
0 - Don’t know/not applicable (Knox City Council 2010).

The workplace survey was administered online or via paper and pencil where staff did not have access to online facilities. All staff were invited to voluntarily participate, with 53.4 per cent (n=610) of employees responding to the survey. The survey was conducted in late 2010 (Knox City Council 2010). This data represents the most current secondary source available at the time of data collection to measure employee engagement and organisational culture in Knox City Council.
5.4.2.2 Employee Engagement

Research indicates that engaged employees work harder, satisfy customers, attract employees, and contribute to long-term performance and growth (Knox City Council 2010, p. 11). The Right Management survey instrument measured overall employee engagement using a two construct model. Measured separately, the constructs describe Job Engagement (the level of engagement an employee has to their job) and Organisational Engagement (the level of engagement they have to their organisation). Each construct was reported against by referencing four statements relating to job or organisation: pride; commitment; satisfaction; and advocacy (Knox City Council 2010, p. 11).

Job Engagement was calculated in the Right Management survey instrument by identifying those employees who responded positively to all four Job Engagement statements. Similarly, Organisational Engagement was calculated by identifying those employees who responded positively to all four Organisational Engagement statements. Overall Employee Engagement was calculated by identifying those employees who responded positively to all eight statements (Knox City Council 2010). The eight statements are shown in Table 14 below.
Table 14: Knox City Council - Employee Engagement (2010)

<table>
<thead>
<tr>
<th></th>
<th>Agree (4-5)</th>
<th>Partly Agree &amp; Partly Disagree (3)</th>
<th>Disagree (1-2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall Engagement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Overall, I am satisfied with my present job</td>
<td>84%</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>2. I am proud of the work I do</td>
<td>95%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>3. I am committed to doing what is required to perform my job well</td>
<td>98%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>4. I would recommend Knox to my friends and colleagues as a great place to work</td>
<td>88%</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Job Engagement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Overall, I am satisfied with Knox as an employer</td>
<td>88%</td>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td>6. I am proud to work for Knox</td>
<td>90%</td>
<td>9%</td>
<td>2%</td>
</tr>
<tr>
<td>7. I am committed to doing what is required to help Knox succeed</td>
<td>96%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>8. I speak highly of Knox's services</td>
<td>92%</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Organisational Engagement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Overall, I am satisfied with Knox as an employer</td>
<td>88%</td>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td>10. I am proud to work for Knox</td>
<td>90%</td>
<td>9%</td>
<td>2%</td>
</tr>
<tr>
<td>11. I am committed to doing what is required to help Knox succeed</td>
<td>96%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>12. I speak highly of Knox's services</td>
<td>92%</td>
<td>7%</td>
<td>2%</td>
</tr>
</tbody>
</table>

n = 610


Note: Each item was rated on a 5-point scale from 1 (Strongly Disagree), 2 (Disagree), 3 (Partly Agree / Partly Disagree), 4 (Agree), and 5 (Strongly Agree).
The 2010 Knox City Council workplace survey (Knox City Council 2010) indicates that 73 per cent of Knox City Council employees were engaged overall, whilst 77 per cent of employees felt engaged with their job, and an even higher 82 per cent felt engaged with their organisation. These findings suggest substantially higher levels of employee engagement were experienced at Knox City Council compared to Australian average figures of 36 per cent, 43 per cent and 46 per cent, respectively, and the Australian public sector average figures of 36 per cent, 43 per cent and 45 per cent, respectively (Knox City Council 2010, p. 12). This data is presented in Table 15 below.

Table 15: Comparison of Job, Organisation and Overall Engagement

<table>
<thead>
<tr>
<th></th>
<th>Overall Engagement</th>
<th>Job Engagement</th>
<th>Organisation Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knox City Council</td>
<td>73%</td>
<td>77%</td>
<td>82%</td>
</tr>
<tr>
<td>Australian Average</td>
<td>36%</td>
<td>43%</td>
<td>46%</td>
</tr>
<tr>
<td>Public Sector Australia Average</td>
<td>36%</td>
<td>43%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Source: Knox City Council (2010), Knox City Council 2010 Knox People Workplace Survey; Key findings Report, report prepared for Knox City Council by Right Management Inc., Melbourne, Victoria, Australia 2010, p. 14

This secondary data suggests that Knox City Council employees feel highly engaged in their work. With workplace engagement levels almost twice that of employees in the Australian public sector (and the Australian workforce more generally), this data suggests that Knox City Council has an organisational culture that stimulates employees to be motivated, inspired in their work, and to feel valued.

A detailed analysis of the data provides valuable insights into those aspects of employee engagement that rated lowest in this workplace survey.
Whilst still achieving averaged scores of 3.49/5 or higher, the following five items (out of a total of 49 items) were identified as the lowest performing:

a. My individual team achievements are recognised and rewarded (3.49/5)
b. There are opportunities for me to develop my career at Knox (3.55/5)
c. There is sufficient incentive to perform well (3.60/5)
d. Senior management manage change effectively at Knox (3.62/5)
e. Knox retains/keeps people with needed skills (3.62/5) (Knox City Council 2010, p. 19).

Of interest to this research project is the comparatively low rating for the item ‘senior management manage change effectively at Knox’. Whilst recognising that an averaged score of 3.62/5 reflects a satisfactory performance rating, this data suggests a relatively low performance rating for this aspect compared to other employee engagement drivers.

5.4.2.3 Organisational Values and Leadership Attributes

The 2010 Knox City Council workplace survey (Knox City Council 2010) provided an assessment of the extent to which Knox City Council employees believe the organisation’s agreed values and leadership attributes are demonstrated. The organisational values of integrity, teamwork, innovation, service excellence and enjoying work were established by the organisation in 2001 and have remained unchanged since their establishment. These values were selected following an extensive employee consultation program aimed at garnering organisational commitment to the values.

Knox City Council also identified a group of key leadership attributes in 2008 to define the expected behavioural attributes of leaders at all levels of the organisation. Leaders at Knox City Council are expected to be multi-dimensional, adaptable, emotionally aware, collaborative and community-minded. The 2010 workplace survey sought to measure the extent to which employees considered that the organisation’s adopted values and leadership attributes were demonstrated.

Tables 16 and 17 below provide a summary of the results of the Knox City Council’s 2010 workplace survey in relation to the demonstration of adopted organisational values, and the demonstration of adopted leadership attributes.
<table>
<thead>
<tr>
<th>Organisational Values</th>
<th>Integrity</th>
<th>Teamwork</th>
<th>Innovation</th>
<th>Service Excellence</th>
<th>Enjoying Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>We always demonstrate... (Strongly Agree / Agree)</td>
<td>84%</td>
<td>84%</td>
<td>88%</td>
<td>91%</td>
<td>87%</td>
</tr>
<tr>
<td>We sometimes demonstrate... (Partly Agree / Partly Disagree)</td>
<td>13%</td>
<td>13%</td>
<td>11%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>We don’t demonstrate... (Disagree / Strongly Disagree)</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
<td>1%</td>
<td>3%</td>
</tr>
</tbody>
</table>

n = 610


Note: Each item was rated on a 5-point scale from 1 (Strongly Disagree), 2 (Disagree), 3 (Partly Agree / Partly Disagree), 4 (Agree), and 5 (Strongly Agree).
Table 17: Knox City Council – Demonstration of Leadership Attributes (2010)

<table>
<thead>
<tr>
<th>Leadership Attributes</th>
<th>Multi Dimensional</th>
<th>Adaptable</th>
<th>Emotionally Aware</th>
<th>Collaborative</th>
<th>Community Minded</th>
</tr>
</thead>
<tbody>
<tr>
<td>We always demonstrate... (Strongly Agree / Agree)</td>
<td>82%</td>
<td>87%</td>
<td>84%</td>
<td>85%</td>
<td>90%</td>
</tr>
<tr>
<td>We sometimes demonstrate... (Partly Agree/Partly Disagree)</td>
<td>15%</td>
<td>11%</td>
<td>13%</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>We don’t demonstrate... (Disagree / Strongly Disagree)</td>
<td>3%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>

n = 610


Note: Each item was rated on a 5-point scale from 1(Strongly Disagree), 2 (Disagree), 3 (Partly Agree / Partly Disagree), 4 (Agree), and 5 (Strongly Agree).

Analysis of the 2010 workplace survey data suggests a strong organisational commitment to the demonstration of organisational values within Knox City Council. A rating range of 84 per cent (lowest rating) to 91 per cent (highest rating) across the five organisational values against either agree or strongly agree was given to the belief that organisational values are always demonstrated. This data suggests a very high and consistent cultural commitment to the organisation’s adopted values.

Similarly, the 2010 workplace survey data suggests that Knox City Council’s leaders are strong exponents of the organisation’s preferred leadership attributes. Community mindedness rated the highest of the leadership attributes. Ninety per cent of employees rated that they either strongly agreed, or agreed, that the organisation always demonstrates being community minded.
Whilst still being rated a high 82 per cent, being multi-dimensional was the lowest rated leadership attribute. These high ratings suggest strong demonstrations of leadership attributes being exhibited at Knox City Council.

An analysis of Knox City Council’s adopted organisational values and leadership attributes identifies an organisational culture that emphasises relational behaviours. With adopted organisational values including integrity and teamwork, and preferred leadership attributes including being emotionally aware, collaborative and community minded, it is suggested that Knox City Council’s organisational culture places a strong emphasis on maintaining and nurturing relationships.

In summary, data from Knox City Council’s 2010 workplace survey suggests that the organisation maintains a strong values-based culture that is accompanied by a strong demonstration of leadership attributes. Moreover, this data suggests an organisational culture that gives importance to building and sustaining relationships as a preferred way of working.

5.4.3 Knox City Council 360-Degree Feedback

5.4.3.1 Context
Knox City Council engaged the services of commercial firm Evaluation Solutions Pty Ltd in 2010 and 2011 to manage the design and delivery of a 360-degree feedback survey for its organisational leaders. A total of 93 leaders including 5 Executives, 17 Managers, 50 Coordinators, 12 Team Leaders and 9 Specialists participated in the program over the two-year period. The survey was conducted over two periods, namely May/June 2010, and April/May 2011 (Knox City Council 2011c, p. 3).

The 360-degree feedback survey was based on the Knox City Council’s adopted Values, Leadership Attributes and Core Capabilities. Each of these categories had previously been established by the organisation and carry defined meanings within the organisation. As indicated, the Values category examines five subscales of teamwork, innovation, integrity, enjoying work and service excellence. The Leadership Attributes category examines five subscales of adaptable, collaborative, community minded, emotionally aware, and multi-dimensional.
Chapter Five: Results and Findings

The Core Capabilities category examines seven subscales of communication, people leadership, operational management, project management, strategic analysis, political astuteness, and strategic leadership. Each subscale is supported by between four and seven items that are averaged to provide an overall rating for each subscale. Each item was rated by raters assessing the extent to which the person being rated demonstrates the nominated Values, Leadership Attributes or Core Capabilities.

The scales used to collect data in this survey were as follows (Knox City Council 2011c, p. 3):

<table>
<thead>
<tr>
<th>Values and Attributes:</th>
<th>Core Capabilities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Never</td>
<td>1 - Not skilled</td>
</tr>
<tr>
<td>2 - Rarely</td>
<td>2 - Basic skill</td>
</tr>
<tr>
<td>3 - About half the time</td>
<td>3 - Moderately skilled</td>
</tr>
<tr>
<td>4 - Often</td>
<td>4 - Skilled</td>
</tr>
<tr>
<td>5 - Always</td>
<td>5 - Highly skilled</td>
</tr>
<tr>
<td>6 - Unable to rate</td>
<td>6 - Unable to rate</td>
</tr>
</tbody>
</table>

The survey was administered online. Participants undertook a self-assessment. Raters included each subject leader’s up-line manager, peers, direct reports, and a sample of other employees across the organisation nominated by the subject and endorsed by the subject’s supervisor (Knox City Council 2011c, p. 3). The survey took between 20 – 25 minutes to complete. The following sections provide an overview of the results of this survey as relevant to this research study.

5.5.3.2 360-Degree Feedback Findings

An analysis of data for the categories of Values and Leadership Attributes indicates that areas of strength for organisational leaders at Knox City Council include service excellence, integrity, and community mindedness. Areas of strength in the category of Core Capabilities include communication, operational management, and political astuteness.

The service excellence dimension received the highest rating when ratings were averaged across all participants. Ninety-five per cent of recipients received scores of more than 4.2/5, and this dimension was also the highest rated dimension for each group of leaders (i.e. Executives, Managers, Coordinators, Team Leaders and Specialists).
Of interest, for all five items in the service excellence dimension, 95 per cent of feedback recipients were rated at 4.08/5 or above (Knox City Council 2001c, p. 7).

The integrity dimension had the second highest average rating in the Values category across all recipients, and 75 per cent of recipients received a score of more than 4.30/5. Of particular interest to this study, the integrity dimension included the item ‘Communicates in an honest, open manner without breaching confidentiality’. Significantly, this item had the equal second highest average rating across all participants. In addition, 75 per cent of all feedback recipients were rated 4.4/5 or above for this item, and significantly, a quarter were rated 4.78/5 or above. This item also appeared in the top 3 rating scores for the Executive, Manager, Coordinator and Team Leader groups (Knox City Council 2011c, p. 7).

The community minded dimension received the highest average rating in the Attributes category across all recipients. Three of the four items in this dimension were rated at 4.00/5 or above, for 95 per cent of feedback recipients (Knox City Council 2001c, p. 7).

The Core Capabilities category of communication was the highest rated dimension (4.19/5), with almost 75 per cent of recipients receiving a dimension score of 4.00/5 or higher, whilst half of all participants received a score above 4.20/5 (Knox City Council 2011c, p. 7). Of interest, the executive group of leaders averaged a score of 4.43/5 for the Core Capability of communication, and the managers group averaged a score of 4.30/5 (Knox City Council 2011c, p. 33). This data suggests very high capability in the area of communication among the senior leaders of the organisation.

Operational management and political astuteness dimensions scored equal second highest in the Core Capabilities category with a score of 4.15/5. All five items comprising the operational management dimension scored higher than 4.00/5, with the item ‘provides professional and specialist advice and guidance to the organisation and Council in area of expertise’, scoring 4.41/5 across all recipients (Knox City Council 2011c, p. 34). This data suggests very strong operational management capability among the organisation’s leaders.

Similarly, all five items comprising the political astuteness dimension scored higher than 4.00/5, with the Executive group of leaders averaging a score of 4.52/5 and the Manager group of leaders averaging a scoring of 4.35/5 (Knox City Council 2011c, p. 34). This data suggests a very high level of political astuteness within the Knox City Council senior most leadership group.
Table 18 below provides a summary of data extracted from the *Knox City Council 360-degree Feedback 2010-2011, Organisational Summary Report*.

### Table 18: Knox City Council 360-degree Feedback 2010-2011 - Executives, Managers, Coordinators, Team Leaders and Specialists Average Ratings

<table>
<thead>
<tr>
<th>Survey Items</th>
<th>Overall (n=93)</th>
<th>Executives (n=5)</th>
<th>Managers (n=17)</th>
<th>Coordinators (n=50)</th>
<th>Team Leaders (n=12)</th>
<th>Specialists (n=9)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VALUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teamwork</td>
<td>4.41</td>
<td>4.51</td>
<td>4.41</td>
<td>4.40</td>
<td>4.46</td>
<td>4.39</td>
</tr>
<tr>
<td>Innovation</td>
<td>4.33</td>
<td>4.32</td>
<td>4.38</td>
<td>4.31</td>
<td>4.41</td>
<td>4.26</td>
</tr>
<tr>
<td>Integrity</td>
<td>4.46</td>
<td>4.57</td>
<td>4.42</td>
<td>4.45</td>
<td>4.48</td>
<td>4.44</td>
</tr>
<tr>
<td>Enjoying Work</td>
<td>4.45</td>
<td>4.39</td>
<td>4.43</td>
<td>4.45</td>
<td>4.51</td>
<td>4.48</td>
</tr>
<tr>
<td>Service Excellence</td>
<td>4.55</td>
<td>4.64</td>
<td>4.54</td>
<td>4.54</td>
<td>4.58</td>
<td>4.49</td>
</tr>
<tr>
<td><strong>ATTRIBUTES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adaptable</td>
<td>4.31</td>
<td>4.46</td>
<td>4.40</td>
<td>4.28</td>
<td>4.34</td>
<td>4.18</td>
</tr>
<tr>
<td>Collaborative</td>
<td>4.42</td>
<td>4.60</td>
<td>4.44</td>
<td>4.37</td>
<td>4.49</td>
<td>4.41</td>
</tr>
<tr>
<td>Community Minded</td>
<td>4.47</td>
<td>4.59</td>
<td>4.43</td>
<td>4.46</td>
<td>4.53</td>
<td>4.43</td>
</tr>
<tr>
<td>Emotionally Aware</td>
<td>4.29</td>
<td>4.41</td>
<td>4.29</td>
<td>4.28</td>
<td>4.34</td>
<td>4.21</td>
</tr>
<tr>
<td>Multi Dimensional</td>
<td>4.25</td>
<td>4.35</td>
<td>4.29</td>
<td>4.26</td>
<td>4.21</td>
<td>4.13</td>
</tr>
<tr>
<td><strong>CORE CAPABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>4.19</td>
<td>4.43</td>
<td>4.30</td>
<td>4.13</td>
<td>4.23</td>
<td>4.09</td>
</tr>
<tr>
<td>People Leadership</td>
<td>4.06</td>
<td>4.29</td>
<td>4.16</td>
<td>4.02</td>
<td>3.97</td>
<td></td>
</tr>
<tr>
<td>Operational Management</td>
<td>4.15</td>
<td>4.26</td>
<td>4.24</td>
<td>4.16</td>
<td>4.01</td>
<td>4.01</td>
</tr>
<tr>
<td>Project Management</td>
<td>4.11</td>
<td>4.32</td>
<td>4.26</td>
<td>4.08</td>
<td>4.07</td>
<td>3.98</td>
</tr>
<tr>
<td>Strategic Analysis</td>
<td>4.10</td>
<td>4.45</td>
<td>4.34</td>
<td>4.06</td>
<td>N/A</td>
<td>3.72</td>
</tr>
<tr>
<td>Political Astuteness</td>
<td>4.15</td>
<td>4.52</td>
<td>4.35</td>
<td>4.12</td>
<td>N/A</td>
<td>3.75</td>
</tr>
<tr>
<td>Strategic Leadership</td>
<td>4.01</td>
<td>4.23</td>
<td>4.17</td>
<td>3.98</td>
<td>N/A</td>
<td>3.71</td>
</tr>
</tbody>
</table>


Note: For Values and Attributes categories, each item was rated on a 5-point scale from 1 (Never), 2 (Rarely), 3 (About Half of the Time), 4 (Often), and 5 (Always). For Core Capabilities, each item was rated on a 5-point scale from 1 (Not Skilled), 2 (Basic Skill), 3 (Moderately Skilled), 4 (skilled), and 5 (Highly Skilled).
5.5 Chapter Summary

This Chapter has presented the results and findings from the primary and secondary research data.

Findings from the semi-structured interviews were presented by referencing Kotter’s (1995) key steps in managing change. Results indicate that members of the unit of analysis (the leadership team responsible for implementing change) placed high importance on the leadership behaviours of relational transparency, a strong moral perspective, and individualised consideration. An appreciation for the power of effective, disciplined communications influenced by authentic leadership behaviours was also reported by participants. Several leadership challenges inherent in leading change in a highly sensitive and politicised environment including the complexities of maintaining confidentiality and the scope for professional discipline tensions were also identified.

Data from the MLQ survey indicates that transformational leadership behaviours were clearly evident among all members of the change leadership team. Strong evidence of contingent reward behaviours was also reported by leaders at all three organisational hierarchy levels, while very low levels of passive/avoidant leadership behaviours were recorded.

Results from the secondary data suggest very high levels of employee engagement, and a strong cultural commitment to the organisation’s values. High performance was reported in the areas of service excellence and integrity. The data also suggest that leaders across the case study organisation are strong exponents of the organisation’s preferred Leadership Attributes and Core Capabilities, with particular strengths in communication, operational management and political astuteness.

Discussion and conclusions arising from triangulation of the data is presented in Chapter Six and Chapter Seven.
Chapter Six: Discussion

6.1 Introduction

As highlighted in Chapter Three, one of the most significant challenges for leaders is implementing planned organisational change. Yet, escalating local, national and global pressures are driving an ever-increasing need for change within organisations.

Extensive research in the past two decades has provided evidence that leadership characteristics and behaviours have a significant influence on the success or failure of organisational change initiatives (Battilana et al. 2010; Berson and Avolio 2004; Bommer, Rich and Rubin 2005; Eisenbach, Watson and Pillai 1999; Higgs and Rowland 2000, 2005; Struckman and Yammarino 2003; Graetz 2000).

The research question posed in this study has enabled an examination of the leadership behaviours, functions and processes demonstrated by a case study change leadership team representing multiple organisational levels. More specifically, the research question is: What leadership behaviours, functions and processes are required and exhibited at multiple hierarchy levels of a local government organisation in undertaking a major change management project? The findings of this thesis suggest that an authentic transformational leadership approach presents as a solution to optimise change through positively influencing communication effectiveness.

This Chapter provides a discussion of the findings and conclusions arising from an examination of the research question, with a particular focus on an examination of the leadership behaviours, functions and processes demonstrated by case study participants. It concludes with a summary of key learnings that present as opportunities to advance leadership and change management theory.

6.2 Leadership at Organisational Levels

This research study examined leadership demonstrated at multiple organisational hierarchy levels in a local government organisation undertaking a major change management project. The case study change leadership team comprised representatives of three hierarchy levels of leadership within the subject organisation (Levels 1, 2 and 3).
This section provides discussion and findings derived from a triangulation of primary and secondary data of leadership behaviours, functions and processes exhibited by participants of the change leadership team.

6.2.1 Leadership at Level 1

Data derived from both primary and secondary sources suggests clear demonstrations of authentic transformational leadership behaviours exhibited by Level 1 participants of the change leadership team. Coupled with advanced levels of political skill and active displays of contingent reward behaviour, Level 1 participants were reported to have been highly effective in leading change.

Level 1 participants in this case study expressed a broader, more strategic business approach in leading the change management process compared to Level 2 and 3 respondents. This was evident in Level 1 respondents expressing a focus on the relative priorities of the organisation as a whole; a strong emphasis on the financial and risk challenges for the local authority in remaining in residential aged care services; and the political sensitivities inherent in divesting the local authority’s residential aged care service.

The greater strategic orientation of Level 1 respondents compared to those at Level 2 and Level 3 is not surprising given the senior executive status of Level 1 respondents within the case study organisation. In their day-to-day roles, Level 1 participants are charged with the responsibility to think and act in the best interests of the broader entity. Level 1 respondents also manage the direct interface with politically elected members. A more strategic and politically focused emphasis in leading change is considered to be a reflection of the Level 1 respondents’ day-to-day professional responsibilities.

Reflective of the politically sensitive nature of the environment in which this change was undertaken, it is unsurprising that many case study respondents referred to the importance of the political skill of the CEO and Level 1 participants in preparing the elected members prior to making a highly politically sensitive decision.
Chapter Six: Discussion

One respondent described this in the following way:

‘[T]he creation of the need to change actually sat around the Chief Executive Officer and the Director-Community Services [Level 1 participant] ... there were a series of reports and briefings provided to Council [the elected members], lead by the CEO ... Councillors were provided with all the information, and also about future costing scenarios ... I think we met with Councillors about 3 or 4 times, before the decision to divest was made...’ (Interviewee 5, p. 3, para. 11).

This highlights that senior executive staff in a local government setting carry an important responsibility to professionally support and give confidence to elected members. In turn, this aids decision-making in change processes. This is most important when elected members are faced with the type of politically sensitive decisions inherent in most reform or business reorientation processes in the public sector. Building trusting and professional relationships with elected members through the provision of unbiased, comprehensive evidence and professional advice without fear or favour is an important aspect of local government executive responsibilities in change management processes. Specifically, advanced levels of political skill are required in sensitive environments.

Understandings of political skill have been explored in Chapter Three, focusing on the understanding that politically skilled leaders are socially astute, adaptable, can inspire, build trust and effectively influence others. Level 1 participants in this case study demonstrated advanced levels of political skill. Level 2 and Level 3 respondents reported demonstrations of effectiveness by Level 1 participants in astutely managing relationships with elected members to assist in the latter’s decision-making processes. This is reported to have included assembling a strong evidence base on which elected members could base their decision-making; tailoring communications to meet the needs of elected members; and demonstrating empathy, respect and integrity in all dealings with elected members. Respondents reported Level 1 participants as demonstrating advanced levels of authentic transformational leadership behaviours including self awareness, balanced processing and individualised consideration in exercising political skill. This demonstration of political skill effectiveness is reported to have built trust and confidence in the change process with elected members, and also served as a positive and motivating influence on other members of the change leadership team.
Whilst not actively described by Level 1 respondents themselves, respondents at Levels 2 and 3 described the idealised influence (Hinkin and Tracey 1999) leadership behaviours of Level 1 participants. This was associated with the CEO, and most particularly, the Director - Community Services (being the leader of the change leadership group). Level 2 and 3 respondents reported Level 1 leadership behaviours as creating a psychological focal point for the energies and activities of others involved in the change process.

Respondents described Level 1 participants as positive role models whose behaviours, actions and personal energy demonstrated the desired behaviours expected from others in the change process. Consistent with transformational leadership behaviours of inspirational motivation, idealised influence and intellectual stimulation, these behaviours were reported as setting a standard by which others on the change leadership team were inspired and motivated. These behaviours and processes were also described as setting high behavioural standards that others could identify with and emulate. One Level 2 respondent described this in the following way:

‘... the leadership shown by the Chief Executive Officer and the Director – Community Services [Level 1 participant] in particular ... enabled the change to occur successfully because everyone was on board, their skills were at the table, the right approach was taken – it was all done with authenticity and integrity, so it was all very transparent in approach’(Interviewee 3, p.1, para. 9).

This study also suggests that charismatic behaviours of Level 1 respondents contributed positively to the envisioning, energising and enabling phases (Nadler and Tushman 1990) of the change management process. Contributing a strategic, empathetic and authentic approach to leading the change provided inspirational motivation to others. This involved creating a compelling picture of the need for change and the consequences of not changing, of a desired state with which others in the change leadership team and other stakeholders could identify. As a result, Level 2 and 3 respondents reported a heightened sense of empowerment and confidence to fulfill their respective roles in the change process despite the evident complexities, sensitivities and additional workload demands. This suggests that Level 1 participants demonstrated idealised influence and intellectual stimulation behaviours.
Similarly, this study found strong demonstrations of individualised consideration by the change management team. Respondents reported considerable energy and attention being given to understanding how the change would impact on the interests of various stakeholders, including residents of Amaroo Gardens and their families, staff employed at the facility, elected members (as the politically-elected decision-makers), and the broader organisation. Some respondents referred to a key yardstick in all the activities of the team being an assessment of the impact on the people affected. This heightened level of individualised consideration is evident in the extensive communications planning undertaken by the team. One Level 1 respondent referred to a personal need to deeply understand the anxieties of individuals likely to be affected by the change process. As a result, this Level 1 respondent commented that communications with those affected ‘had to be clear, simple and repeated with empathy and sensitivity… constant information updates so they weren’t left in the dark’ (Interviewee 1, p. 4, para. 3). This person-centered orientation is directly correlated with the values and relationships-based leadership culture of the case study organisation. This emphasis on individualised consideration is also supported by data from the MLQ survey that reported Level 1 respondents as rating highest in the individualised consideration subscale of transformational leadership. This finding is also consistent with that of Battilana et al. (2010) who found that leaders who are more effective at person-oriented behaviours are more likely to focus on the communicating activities of planned organisational change (p. 433).

Several respondents contemplated the human dimension of the change process. Reflecting a strong moral perspective and a highly engaged workplace culture that values relationships and relational transparency, many respondents articulated that care for those most affected by the change process was paramount throughout the change process. This focus on the human dimension of change was exemplified by the change leadership team expressing a reluctance to publicly celebrate successes during the change process for fear of such actions being seen as triumphant or insensitive to those persons affected.

Martin (2011) argues that transformational leadership does not occur without some level of transactional leadership behaviours. This study found support for this proposition, finding active demonstrations of contingent reward behaviours by Level 1 participants. Whilst reporting lower levels of contingent reward behaviours than Level 2 and 3 participants, Level 1 participants nonetheless demonstrated active contingent reward behaviours.
It is argued that the nature of this case study change process, with considerable operational aspects, necessitated an active transactional approach in leading the implementation of change. This is also consistent with the proposition of Judge and Piccolo (2004) who argue that contingent reward behaviours are important when leading change as they are a necessary ingredient for building trust with stakeholders, and that upon this level of trust is built individualised consideration, intellectual stimulation, inspired motivation and finally, idealised influence.

6.2.2 Leadership at Level 2

Level 2 respondents described being positively influenced and inspired by the CEO and Director – Community Services [Level 1] in demonstrating the need for change, and in implementing all aspects of the case study change. Consistent with transformational leadership theory, Level 2 respondents described being positively influenced in two ways. Firstly, they described being motivated and inspired by the leadership of the CEO and Director – Community Services in leading change through their active involvement and commitment; and secondly, they described being inspired by the way in which these two leaders demonstrated leadership behaviours of authenticity and integrity. This finding is consistent with theories proposed by several authors (e.g. Kotter 1995; Brown and Eisenhardt 1997; Eisenbach et al. 1999) who purport that successful change leaders role model the behaviours required to institutionalise the change and ‘set standards for the rest of the organisation to emulate’ (Eisenbach et al. 1999, p. 85).

Level 2 respondents appeared to be comfortable with the primary leadership role resting with the CEO and Level 1 participants (in terms of demonstrating the need for change), rather than viewing this role as their primary responsibility. This represents a key difference observed in the leadership approaches between Level 1 and Level 2 participants. This difference in leadership approach is attributed to the perceived significance of the change (i.e. divestment decision) for the organisation. Level 2 participants expressed a level of comfort that demonstrating the need for change, and communicating the same, was championed by the senior most leaders of the organisation. It is noteworthy that whilst Level 2 leaders appeared content to have others higher in the organisational hierarchy champion the need for change, they still demonstrated a very strong belief in the merits of the change. This strong belief was described as being inspired by the motivation and intellectual stimulation behaviours demonstrated by Level 1 participants.
A further identified difference between Level 1 and Level 2 respondents is in the weight given by Level 2 respondents to the technical and operational aspects of implementing change. This is contrasted with a dominant strategic and political emphasis articulated by Level 1 respondents. The leadership emphasis described by Level 2 participants reflected their respective professional disciplines. An example of this was a Level 2 respondent describing their role in the change process in the following way ‘..I saw my role as providing change communications to the project’ (Interviewee 5, p. 1, para. 6). This Level 2 respondent appeared to view their role in the case study change project as one of a supportive, specialist professional discipline role rather than strategic or political.

This difference in leadership emphasis between Level 1 and Level 2 participants can be attributed to the original reason for Level 2 participants being selected for appointment to the change leadership team. Those at Level 2 were appointed to the team based on their leadership roles in specialist professional disciplines, such as human resource management or strategic communications. It is therefore not surprising that Level 2 respondents would give greater emphasis to technical and specialist professional discipline orientations in their respective leadership roles within the change leadership team.

Despite demonstrating these orientations, however, Level 2 participants also demonstrated strong transformational leadership behaviours in executing their respective roles on the change leadership team. Several respondents reflected upon the inspirational motivation and idealised influence behaviours of Level 2 participants. Individualised consideration behaviours were also clearly evident in the operationalising of key tasks, most particularly in the planning and execution of communications associated with these tasks.

Data from the MLQ survey and secondary data sources support the finding that Level 2 participants demonstrated high levels of transformational leadership behaviours. Of interest, MLQ data reports higher average ratings of transformational leadership behaviours for Level 2 participants compared to Level 1 participants, and further, that Level 2 participants rated higher in all five subscales of transformational leadership compared to the equivalent averaged results for Level 1 participants.
This finding is significant for this study. It suggests that whilst the influence of transformational leadership behaviours by those higher in the organisational hierarchy is important for leading successful change, also important to change success is the transformational leadership contribution of other leaders with technical or specialist professional discipline responsibilities. Given that the success of change depends heavily on its operationalisation, this study suggests that demonstration of transformational leadership behaviours by those charged with operational responsibilities in executing change processes is also a very important contributor to change success.

The strong demonstration of transformational leadership behaviours by Level 2 participants is also supported with a high rating for contingent reward behaviours (transactional leadership subscale). As described above, transformational leadership behaviours do not occur without some level of transactional leadership behaviours (Martin 2011), and the high rating for contingent reward behaviours for Level 2 leaders is therefore consistent with this proposition. A key responsibility of Level 2 leaders was to lead the operationalisation of various tasks of the change process. It follows that a strong demonstration of contingent reward behaviours is advantageous in leading teams to implement the various operational responsibilities. Contingent reward behaviours are required to build trust and relationships between leaders and followers (Judge and Piccolo 2004), and an active demonstration of contingent reward behaviours by Level 2 participants is consistent with their demonstration of strong relational transparency behaviours. This study suggests that the contribution of Level 2 leaders in successfully operationalising the various aspects of the change process through demonstrations of transformational leadership and contingent reward behaviours, was a significant contributor to the success of the change project.

Of interest to this study, one Level 2 respondent reflected on their recently appointed manager status as providing a unique opportunity to demonstrate the need for change. This uniqueness was described in terms of the manager's ‘newness’ creating an opportunity for closer scrutiny and challenging of the status quo. It was argued that the uninhibited exploration that often comes with ‘newness’ in leadership responsibility ‘..brought to the fore, some of the areas that needed to change’ (Interviewee 6, p. 1, para. 6). This respondent reflected that the process of demonstrating the need for change ‘might have been more difficult’ (Interviewee 6, p. 1, para. 6) had they been in the management position for an extended period of time. This finding is important for the assembly of teams to lead change.
It would suggest that whilst hierarchical and operational leadership is important to the success of change, there is also benefit to providing a ‘fresh eyes’ perspective within the change leadership team. This fresh perspective may provide an approach to change leadership that is less encumbered by pre-existing relationships, less indoctrinated in the existing organisational culture, and less committed to existing ways of doing things. Such attributes can provide opportunities for greater lateral thinking and increased freedom to act.

6.2.3 Leadership at Level 3

Level 3 respondents expressed their roles and contributions to the change leadership group as being predominantly of operational support to others on the leadership group, or to specific aspects of the divestment process. This was expressed in terms such as ‘... I provided the communications strategic support to the Manager’ (Interviewee 2, p. 2, para. 2), and ‘... there was obviously going to be issues with the [land] subdivision, with the transfer of land, with the Titles... I then had to go ‘into gear’ to get things resolved ….’ (Interviewee 7, p. 2, para. 1). Such reflections suggest a strong operational and transactional orientation of the Level 3 participants on the change leadership team. This is consistent with the respective roles which the Level 3 participants hold within the case study organisation.

In addition to this operational orientation, Level 3 respondents demonstrated high levels of empathy, compassion and individualised consideration in their approach. This orientation was expressed through strong demonstrations of individualised consideration and relational transparency behaviours. This manifested in a very strong interest expressed by Level 3 participants in the human dimension of the change process. One Level 3 respondent reflected that they viewed their role on the leadership group as being to regularly ask the question ‘how does this affect people’ (Interviewee 2, p. 2, para. 2). This respondent recognised that their leadership role was beyond their recognised area of technical expertise. However, they considered it necessary to play this role to protect the interests of the people affected, and in turn, the local authority’s reputation. An inherent orientation to be actively and empathetically concerned for those impacted by the change process suggests a high level of idealised influence, individualised consideration and an internal moral perspective on the part of Level 3 respondents.
This is best summarised in the following two quotes:

‘I needed to be sure in myself [that] someone was saying how would a family member feel about this … both of staff … both of clients and also our own staff who were delivering this change … how would people feel?’ (Interviewee 2, p. 2, para. 3)

and

‘There was a lot of compassion towards the people involved because it was obviously an aged care facility, we’re talking about people’s feelings, people’s families, so it was not just a piece of land that we’re selling with nothing on it, it was a piece of land and building with people in it – and people who are fragile, people who are elderly and people with families. There was a lot of compassion shown in the leadership group’ (Interviewee 7, p. 2, para. 10).

Also reflecting a bias towards individualised consideration and idealised influence, one Level 3 respondent described the process of demonstrating the need for change as a process of authentically communicating to staff, residents of Amaroo Gardens and the community that the local authority had a problem, a ‘situation’ that would be best resolved by the local authority exiting from its residential aged care service. This was reported to be communicated with honesty and empathy to those most-directly impacted. This approach suggests an active demonstration of relational transparency behaviours. By honestly and empathetically sharing the ‘situation’ faced by the local authority, the communicators attempted to engage stakeholders to share in the ‘situation’ through relationships built on trust. As referred to earlier, this concept is consistent with the findings of Battilana et al. (2010) that leaders who are more focused on the human dimension of change, or person-oriented behaviours, are more likely compared to others to focus on the communicating activities of planned organisation change implementation.

Level 3 participants also reflected on the influence of inspirational motivation, intellectual stimulation, internalised moral perspective and relational transparency behaviours of Level 1 and 2 participants. Expressing this influence as positive motivation and providing a clear moral compass for the change project, Level 3 participants expressed being positively influenced by the transformational leadership behaviours of both Level 1 and 2 leaders.
Of interest to this study is the finding that whilst Level 3 participants demonstrated a stronger operational and technical orientation than Level 1 and 2 participants, they also demonstrated strong transformational leadership behaviours. To advance this further, data from the MLQ survey found that Level 3 participants rated higher on average across all five transformational leadership behaviour subscales compared to both Level 1 and Level 2 participants. More particularly, data suggests particular strengths in the intellectual stimulation and individualised consideration behaviours of Level 3 participants. This finding is significant in that it suggests an inverse relationship between organisational hierarchical leadership position, and the demonstration of transformational leadership behaviours. That is, the higher participants are represented in the organisational hierarchy, the lower the demonstration of transformational leadership behaviours. Put another way, this study suggests that participant leaders on the change leadership team with greater operational responsibilities for enacting the change, demonstrated higher levels of transformational leadership behaviours compared to team participants with less operational and broader leadership responsibilities.

Level 3 participants also rated highly in the MLQ survey in the demonstration of contingent reward behaviours, rating higher than both Level 1 and Level 2 participants. The operational and technical responsibilities of Level 3 participants are even more extensive than that of Level 2 participants, and the higher ratings for contingent reward behaviours for Level 3 participants is consistent with these responsibilities.

One Level 3 respondent articulated a sense of disappointment at not being invited to join the change leadership group from the outset. This respondent was requested to join the leadership group mid-term to provide specific technical expertise. The respondent reflected on the perception of not being privy to all information before the leadership group, which was exacerbated by demands for confidentiality. Being unable to share selected information with those outside the change group resulted in this Level 3 respondent expressing feelings of resentment and frustration. This was heightened by the obvious tension between the constraints of confidentiality and the case study organisation’s culture of relational transparency and openness.
This Level 3 participant’s expression of disappointment at a perceived absence of trust and transparency by the change leadership team prior to the Level 3 participant joining the team, is considered to be a reflection of a perceived cultural misalignment. The stresses caused by demands for confidentiality within an organisational culture that places high value on relational transparency is a significant learning from this study, and is explored further later in this Chapter.

### 6.2.4 Summary of Case Study Leadership Behaviours

This section has provided an analysis of the leadership behaviours and processes exhibited by participant leaders at organisational hierarchy levels within the case study change leadership team. This analysis has found strong evidence of transformational leadership behaviours, coupled with strong contingent reward behaviours, demonstrated by participants at Levels 1, 2 and 3 within the change leadership team. Management by exception leadership behaviours do not feature prominently, and there is little evidence of laissez-faire type behaviours. The leadership behaviours demonstrated by the change leadership team participants also correlate closely with the values and broader culture of the case study organisation.

A more detailed analysis of these findings provides both support for existing change management and leadership theory, and new findings. Bass (1995) purported that those organisations that are faced with the need for change require leaders who can bring charisma (inspirational motivation and idealised influence), attention to individualised consideration of followers, and intellectual stimulation if change is to be successful. Eisenbach et al. (1999) extended this proposition, arguing that transformational leaders can be successful in enacting change within organisations by displaying ‘the appropriate behaviours at the appropriate stage in the transformation process’ (p. 84). This includes developing and articulating a vision that is attractive to followers (Ford and Ford 1994, Graetz 2000), and acting as a champion of change by being capable of assembling and motivating a group with sufficient power to lead the change effort (Kotter 1995; Graetz 2000).
This case study suggests strong support for leadership theories that posit transformational leadership behaviours of inspirational motivation, idealised influence (attributed and behaviour), intellectual stimulation and individualised consideration as being important for successfully leading change. The findings of this study also suggest support for the theory of Eisenbach et al. (1999) that displays of transformational leadership behaviours at the appropriate stages in the transformation process lead to successful change outcomes, including the development and articulation of a vision for change that is attractive and compelling to others.

This study also finds support for the proposition that to be successful in change, transformational leaders should create a vision that takes into consideration the underlying needs and values of the various stakeholders (Eisenbach et al. 1999, p.85). The study found that participants at the three organisational hierarchical levels represented on the change leadership team consistently gave attention to the need for individualised consideration when analysing the needs of stakeholders affected by the change. Related to this, the study suggests that attention to the human dimension permeated all steps of the case study change process and was a significant driver in all change activities, particularly in the way communications were crafted and delivered throughout the change project.

Through a process of triangulation of primary and secondary data, it is suggested that the emphasis on individualised consideration in this case study is closely linked to the culture of the broader organisation in which the change leadership team sits. The organisation’s adopted values and leadership attributes place a significant emphasis on relational behaviours. With adopted organisational values including integrity and teamwork, and preferred leadership attributes including emotional awareness, being collaborative and community minded, the case study organisation clearly places a strong emphasis on maintaining and nurturing relationships as a preferred way of operating. These organisational values and leadership attributes have individualised consideration as their foundation.

This study found evidence of strong team-based behaviours, strong team cohesion (despite some professional discipline tensions) and behaviour moderation throughout the change project. Such evidence resonates with the theory proposed by Manz and Sims (1991) that transformational leadership behaviours are advantageous in change management.
Team behaviour moderation was most evident in the discipline exercised by the change leadership team in enacting a strategic and disciplined approach to all communications, and in resolving tensions arising from differences in professional disciplines.

The assembly of a team comprising people from multiple disciplines and multiple hierarchy levels enables the gathering of a range of skills, experience and decision-making authority necessary to effectively implement change processes. Risk is increased if inadequate consideration is given to the assembly of those with requisite leadership behaviours for planning and implementing change, and success may therefore not be optimised. This study found that whilst the leadership functions and processes required and exhibited at different hierarchy levels within the change management team varied (i.e. from corporate-wide, strategic leadership responsibilities to technical/operational responsibilities), the dominant type of leadership behaviours exhibited by team members at different hierarchy levels, were strikingly similar.

This study found that higher levels of transformational leadership behaviours compared to transactional and laissez-faire leadership behaviours were demonstrated irrespective of hierarchical level. Further, this study found that higher demonstrations of transformational leadership behaviours were recorded inversely to organisational hierarchy level. This means that Level 3 participants recorded higher levels of transformational leadership behaviour compared to Level 2 participants, and Level 2 participants recorded higher levels of transformational leadership compared to Level 1 participants. This finding was unexpected and is considered important in advancing academic theory in leadership and change management fields. For example, further empirical studies could examine and compare the relative impact on change outcomes arising from varying levels of transformational leadership behaviours at different hierarchical organisational levels. Is change more successful, less successful, or is there no effect, when higher levels of transformational leadership behaviours are demonstrated at higher hierarchical levels compared to lower levels, or vice versa?
Whilst demonstrations of transformational behaviours in this case study have been reported inversely to hierarchical level, the results of this study also found support for the proposition that transactional leadership behaviours are more prominently associated with participants who are more operationally focused (Level 3) than participants who are less operationally focused in their day-to-day responsibilities (i.e. Levels 1 and 2). That is, this study found that transactional leadership behaviours, like transformational leadership behaviours, were recorded inversely to leadership hierarchical level.

These case study findings are important as they seek to advance theory based on empirical research. Such empirical examination may provide important learnings for the assembly of change leadership teams by those seeking to optimise change success.

6.3 Authentic Leadership

The term ‘authentic leadership’ has been fully explored in Chapter Three. Data from this research study suggests that active demonstrations of authentic leadership behaviours across the four elements of authentic leadership theory (balanced processing; internalised moral perspective; relational transparency; and self-awareness) have been prominent among the case study change leadership team.

The first element of authentic leadership theory is that of balanced processing. Balanced processing refers to the capacity to balance and analyse all relevant information before making a decision. A balanced approach to analysing a range of information prior to making decisions was evident at both the elected member and change leadership team levels of this case study. The elected council members analysed data and information from a range of sources internal and external to the organisation and considered a broad range of perspectives over a period extending more than two years prior to settling on an agreed course of action for change. Similarly, the change leadership team demonstrated a highly collaborative approach to its decision-making, seeking professional input when appropriate. Such collaboration at times resulted in tensions between the different professional disciplines represented on the change team. Working within a culture that encouraged being receptive to, and considerate of, different views and professional opinions obviously had its positive aspects, but it also led to some debate over conflicting views.
It is noted that these tensions were largely resolved by the change leadership team through a process of respectful collaboration and compromise, again reflective of the case study organisation’s relational orientation. This finding is consistent with that of Hannah, Walumbwa and Fry (2011) who found a strong correlation between high team authenticity strength and strong teamwork (p. 795).

The second dimension of authentic leadership demonstrated in this case study is that of a strong internalised moral perspective. Data from this case study suggests that strong moral perspectives significantly influenced leaders’ behaviours. Reflecting the broader organisation’s commitment to values-based leadership, the change leadership team’s activities reflected a genuine commitment to values including honesty, respect and trust. A deep sense of empathy and genuine care for those impacted by the change was demonstrated throughout the change project. This commitment to act from an empathetic base was particularly evident in the way the change leadership team communicated to internal and external stakeholders throughout the change project.

A commitment to relational transparency also permeated all activities of the case study change leadership group. This keen focus is closely linked to the broader organisational culture in which the change leadership team sits. Both primary and secondary data highlight an organisational culture that is highly engaged, values-driven, and is supported by relationships-orientated leadership. This influence correlates with the activities of the change leadership team. Frequent references were made by respondents to respect for the interests of individuals and stakeholder groups, including the desire to be open and transparent in all communications with stakeholders for the purposes of building trust and confidence. Such motives and actions highlight a keen focus on the importance of relational transparency.

The final element of authentic leadership is advanced levels of self-awareness. Self-awareness refers to ‘the extent leaders understand their own strengths, weaknesses, and motives, as well as recognising how others view their leadership’ (Walumbwa et al. 2010, p. 902). Whilst not actively expressed in either qualitative or quantitative data, participants of the change leadership team appeared to exhibit advanced levels of self-awareness through their various activities. This was most prominently exhibited in the formulation and execution of the communications strategy for the change project.
Exhibiting a deep sense of awareness of various individual and stakeholder group interests and their likely reactions to the change, the team was able to proactively devise and then execute a highly effective communications strategy in a way that acknowledged various interests and demonstrated respect, trust and confidence to stakeholders. This approach included an advanced understanding of the strengths and weaknesses of the various participants on the change leadership group. This awareness shaped the division of responsibilities in executing various activities to ensure that people’s strengths were utilised to maximise outcome effectiveness.

Related to this, it is noted that the case study organisation has devoted considerable resources to the development of its leaders’ self-awareness through a leadership development program extending more than five years. The objective of this leadership development program has been to build leadership self-awareness as a means of building strong relationships. Demonstrated self-awareness behaviours of the change leadership team participants suggests that the organisation’s leadership development program has been positively influential in this regard.

This research project has identified active demonstrations of transformational leadership behaviours across the case study change leadership team. This section has highlighted that in addition to transformational leadership behaviours, active demonstrations of authentic leadership behaviour have also positively influenced the activities of the change leadership team. A prominent area of activity where transformational and authentic leadership behaviours have been evident is in the strategising and delivery of communications throughout the change project. The following section provides an examination of the influence of transformational and authentic leadership behaviours on communication activities, and in turn, success of the case study change project.

6.4 Transformational Leadership, Authentic Leadership and Communication

This case study has identified the importance of planning and enacting a strategic, disciplined approach to communications in leading a successful change project. As outlined in Chapter Three, Kotter (1995) identified the importance of communicating a vision for change in achieving successful change outcomes and in attempting to address the needs of stakeholders in change.
To date, however, the literature has only given a cursory attempt to understand how different leadership behaviours impact the way communications are strategised and enacted in successful change management. This study seeks to contribute to this theory.

The study found that the importance of effective communications was prominent in all phases of the change project. Respondents at Levels 1, 2 and 3 all displayed a highly developed understanding of the importance of strategic, well-executed communications as the key to change success. This awareness was demonstrated in multiple ways, and impacted a number of approaches throughout the change project. The importance placed on effective communications was underpinned by an authentic transformational leadership approach to the change project. The following provides an exploration of the influence of transformational and authentic leadership behaviours on communication processes, and importantly, the related impact on change success.

The findings of this study suggest that the human dimension of change permeated all aspects of developing and enacting communications. This focus on the human dimension had, as its foundation, a genuinely empathetic focus on care for the people involved. In the light of high political sensitivity to the local authority divesting its residential aged care facility to a for-profit provider, and potentially recouping a large financial profit, participants of the change leadership team articulated a high degree of sensitivity to being accused of placing profit before people. Reflecting these sensitivities, and demonstrating high levels of empathy for the interests of the multiple stakeholders, communications were successfully crafted and delivered in ways to demonstrate sensitivity to the human dimension of change, to demonstrate integrity, and to reflect the multiple interests of stakeholders. Driven by a strong desire for relational transparency built on trust, integrity, respect, a strong moral perspective and an orientation towards individualised consideration, this strong focus on the human dimension in all communications is posited to be a major contributor to the success of this change project. This finding is consistent with that of Vogelgesang, Leroy and Avolio (2013) who found that leader integrity has a significant and measureable relationship with engagement, and that an integral antecedent to this relationship is that of transparent communication (p. 411).
Findings from this study also indicate that a key contributor to success was a strong commitment to a disciplined approach to communications. This discipline was evident in the delivery of a consistent set of core messages throughout the change project. Whilst readily adapted to different audiences, the key messages for change remained consistent throughout the change project. This discipline required a unified and controlled approach to describing the reasons for change and restricted communications to simple messages that highlighted the human dimension, demonstrated individualised consideration and provided certainty to stakeholders – all elements important to building a trusting relationship and confidence in the change process.

A further element of discipline in the team’s approach to communications that contributed to success was the concerted and disciplined effort to limit the number of spokespersons. This was a deliberate strategy designed to avoid the potential for inconsistent messaging and the resultant feelings of distrust that can emanate from conflicting communications. Cynicism and distrust can be exacerbated in a climate of complexity and heightened sensitivity.

Achieving a controlled communications environment by limiting the number of spokespersons required a disciplined commitment to higher order outcomes (compared to short-term, opportunistic political outcomes). This included a commitment to reduce the anxiety of stakeholders affected by the change; reducing the opportunities for conflict, tension and challenge that arise from perceptions of division; and protecting the corporate reputation of the local authority. A commitment to such higher order outcomes is posited to be even more important for successful change outcomes in a highly sensitised and politicised change environment. Such environments are often found in the public sector where an absence of unanimity in decision-making is common. Limiting the number of spokespersons for the purposes of controlling key messages can be challenging in such a political environment. Decision-makers are democratically elected and therefore entitled to publicly express personal opinion, sometimes for political advantage. Despite these challenges, this study suggests that when discipline is exercised to control messages, and when the designation of spokespersons is well managed, change success can be optimised.
A further element describing effective communications arising from this change project was a commitment to communicate with simple and comprehensible messages, and to tailor key messages to suit multiple stakeholder audiences in a way that respected the interests of various stakeholders. This required a heightened sense of awareness around the need to deeply understand the interests and emotional sensitivities of various stakeholders in conveying key messages. This, in turn, enabled the change leaders to demonstrate empathy with various stakeholders and allowed for information to be conveyed in a way that was regarded by stakeholders as being genuine, timely and meaningful, and delivered in a way that demonstrated personalised consideration. This study suggests that this, in turn, built trust and confidence in the change process and served to reduce anxiety for those directly impacted by the change process. This study posits that such outcomes were significant contributors to success in this change project.

The leadership approach to communications in this study also included the concept of over-communicating, or communication flooding. The technique deployed required leaders to be open, transparent and timely about the dissemination of information. More important, it required a commitment that stakeholders would receive more information than they could possibly ever need. This approach is akin to that often employed in the management of a crisis during which stakeholders have a heightened need for information to assuage the anxiety that comes from uncertainty and disruption.

This case study suggests that a saturation approach to communications was a very positive way to build trust in the change process, to reduce anxiety for stakeholders, and to strengthen relational transparency - all outcomes closely aligned to the case study organisation’s culture.

Equally important, the concept of communication flooding was designed to eliminate opportunities for a void of information that could be readily filled by others, particularly those with an interest in seeking to hinder the change process. This extends to both internal and external stakeholders and includes media, staff, unions and members of the general public. Any significant change poses the possibility of upsetting or modifying the balance of power among various interest groups, both formal and informal. The uncertainty created by change can create ambiguity, which in turn tends to increase the probability of political activity and tension as people attempt to create some structure and certainty by taking control of their environment (Tushman and Anderson 2004, p. 554).
Information saturation in this case study proved to be a highly effective means of reducing opportunity for unaligned political activity, and in doing so, building trust and confidence in the change process.

The research also suggests that the political skill of participants on the change leadership group, in implementing a strategic communications approach, was a significant contributor to the success of the case study change project. As outlined in Chapter 3, research suggests that political skill and leader authenticity interact to directly influence follower perceptions of trust, credibility and reputation.

The change leadership team in this case study exhibited advanced levels of political skill in the implementation of strategic communications associated with the change project. Considerable energies were given to analysing the interests and perceptions of stakeholders in planning for, and implementing communications. Aided by authentic leadership behaviours including advanced levels of self-awareness, leaders were able to interpret and adjust to changing situational demands and audiences when conveying key messages, whilst maintaining discipline to a consistent set of core messages. This study suggests that advanced levels of political skill influenced by authentic leadership behaviours enabled the development of greater trust and confidence, and consequent success in the change process.

A key learning from this study is that whilst an extensively planned, adaptable and disciplined approach is important to optimise communication effectiveness in change, such an approach can also lead to unanticipated negative consequences. The most notable negative consequence highlighted from this study was the tension experienced by change leadership team members in adhering to confidentiality requirements. The stringent desire for confidentiality is purported to have arisen from a fear that any breach of sensitive information at critical times in the change process may have seen the overall change project abandoned. This criticality was driven by the highly politically sensitive nature of the change. The tension experienced by members of the change leadership team in complying with confidentiality requirements emanated from a perceived conflict with their inherent leadership behaviour preferences for open, transparent, and honest communications with stakeholders, and most particularly, with those for which they have management responsibility.
The requirement to withhold information from stakeholders at critical times for the purposes of protecting confidentiality caused a source of anxiety for leaders who felt they were withholding information from those most likely to be impacted by the change. Operating in a perceived clandestine way caused conflict with the dominant transformational and authentic leadership approach of the change leadership team members who place high value on relational transparency and integrity.

This conflict caused inner feelings of betrayal for some members of the change leadership team, leading to heightened levels of stress and anxiety. These feelings appeared to have been extenuated by the absence of formal processes, such as debriefings, to actively manage the stress experienced by change leadership team members during the change process.

It could be argued that many of the attributes of authentic leadership have an indirect causal relationship with change management, with communication being an intervening variable. Whilst this study has not sought to specifically test this causal relationship, it could be inferred that the attributes of authentic leadership (balanced processing, an internalised moral perspective, relational transparency and advance self-awareness) positively influence communication approaches as an intervening variable through heightened levels of empathy, trust, respect and confidence, which in turn positively effects change management success. This inference suggests that the effect in this causal relationship is change management success, whilst the cause is authentic leadership style attributes. The intervening variable in this indirect causal relationship is communication approach. Further exploration of this inferred causal relationship through empirical testing and replication presents as an opportunity for further knowledge extension.

6.5 Chapter Summary

This Chapter has provided a discussion of the research findings derived from a triangulation of primary and secondary data of leadership behaviours, functions and processes exhibited by participants of the case study change leadership team. Chapter Seven, which follows, provides the conclusions derived from the research study including a discourse on where academic knowledge has been advanced by this study. The following Chapter also provides a description of data collection learnings, limitations of the study, and opportunities to extend the findings of this study through further empirical testing.
Chapter Seven: Conclusion

7.1 Study Conclusion

This study found that participants of the case study change leadership team at hierarchical Levels 1, 2 and 3 exhibited dominant transformational leadership behaviours compared to transactional and laissez-faire leadership behaviours. Further, the change leadership team displayed active demonstrations of authentic leadership behaviours. The findings from this study suggest that the existence of dominant transformational and authentic leadership behaviours had a direct and positive influence on the approaches taken by the change leadership team in strategising, formulating, controlling and delivering communications throughout the change project. Under the dominant influences of transformational and authentic leadership behaviours, the change leadership team placed considerable emphasis on communications that displayed high levels of individualised consideration, promoted relational transparency and provided a strong moral perspective. This study suggests that these significant influences resulted in communications demonstrating high levels of empathy; applying a human dimension to content and delivery of key messages; being disciplined and controlled; and being adaptable to different stakeholder interests. From these findings it may be posited that these communication attributes contributed positively to overall change success.

To date the literature has provided little evidence of empirical research into the influence of leadership behaviours at multiple hierarchy levels on communication effectiveness in a change management environment set within a politicised public sector setting. Current theories give little attention to, and therefore provide little theoretical understanding of, the relationship between the influence of leadership behaviours on communication effectiveness, and the resultant impact of communication effectiveness on change success. A fuller theoretical understanding of the inter-relationship between leadership behaviour influence and strategic communications in the context of a congruence model of change would therefore be an important theoretical advancement.
This study provides important empirical, qualitative evidence describing the effects of leadership behaviour at multiple hierarchy levels on communication effectiveness and consequent change effectiveness. It suggests that the approach taken to communications style, content and delivery in change management processes is influenced by leadership behaviour, and that the approach applied to communications impacts all aspects of change management. More specifically, this research suggests that the positive impact of a communications approach influenced by authentic and transformational leadership behaviours permeated all aspects of the change process, and contributed positively to the success of the case study change project.

Arising from this study, an opportunity exists to adapt and improve upon Tushman and O'Reilly's (2002) congruence model (as described in Chapter Three) to enable consideration of leadership and change management in the context of organisational architecture. More specifically, an adaptation of Tushman and O'Reilly's (2002) congruence model presents an opportunity to bring to the forefront the inter-dependent relationship of the four change management components of culture; formal organisational arrangements; people; and critical tasks, with the central, pivotal factor of a communications approach influenced by leadership behaviours. A theoretical construct representing this inter-dependent relationship is shown in Figure 14 below.
This enhanced theoretical construct firstly proposes that the approach to communications in change management impacts all four organisational components of culture; formal organisational arrangements; people; and the design and execution of critical tasks. Secondly, this construct proposes that leadership behaviours directly influence approaches to the design and implementation of communications in all aspects of change management.
Drawing this relationship together, this study posits a theoretical construct that authentic and transformational leadership behaviours positively influence communication effectiveness in change management processes, and further, that communications influenced by authentic and transformational leadership behaviours positively contribute to change success.

It is proposed that the practical implementation of this theoretical model carries some risks and challenges. These largely relate to the model requiring leaders to bring an advanced level of empathetic, individualised consideration to the leader/follower relationship. Expressing feelings of empathy is quite different to expressing feelings of sympathy. Empathy requires leaders to genuinely feel the fears and concerns of others, rather than simply showing an understanding of such feelings. Demonstrating genuine feelings at such depth requires leaders to be fully, psychologically and emotionally committed in the leader/follower relationship, and this depth of emotional connection involves risks. Firstly, it is contended that many people do not inherently possess this ability. People may not always be able to authentically experience the fears, anxieties and concerns of others, whilst many others may be reluctant to do so for fear of expressing a sense of vulnerability or of exposing a perception of weakness in the leader/follower relationship. Secondly, experiencing the fears, concerns and anxieties of others can conjure negative, sometimes painful, feelings for leaders themselves based on their own past experiences. Thirdly, asking leaders/managers to empathise with their employees whilst undertaking a restructuring or change management program carries the additional risk of removing objectivity and drawing the leader/manager into the micro details and emotional needs of subordinates. These psychological barriers may present potential risks and challenges for leaders and are heightened in a change management environment when often difficult, sensitive and unpopular leadership decisions are required.

The risks and challenges associated with demonstrating advanced levels of empathy heighten the need for those assembling coalitions for change to be acutely aware of the leadership behaviours of those being selected to lead change. For example, a change leadership team that comprises dominant transactional leadership behaviours is likely to view relationships as a process of exchange of resources (Burns 1978) and therefore is unlikely to engage in relationships with the level of empathy required to optimise communication, and in turn, change effectiveness (where such qualities are deemed to be important to the change process). Even less likely to evoke relationships based on empathic, individualised consideration is a coalition of leaders who demonstrate laissez-faire leadership type behaviours.
Such leaders are characterised by responsibility avoidance and often resist expressing their views (Hinkin and Schriesheim 2008a, p. 1235), and are therefore highly unlikely to evoke or demonstrate genuine empathetic feelings in leader/follower relationships.

Leaders demonstrating transformational leadership behaviours are also not immune from risk when it comes to engaging empathetically. Idealised influence behaviour and attributes, or charisma, is purported by theorists to be a key component of transformational leadership (Yukl 1999; Bass 1985; Conger and Kanungo 1994). To this, theorists suggest a strong theoretical connection between charismatic leadership and narcissism. Whilst there are positive aspects to narcissistic leadership behaviours such as high levels of self-esteem, the literature also provides a significant focus on the ‘dark side’ of narcissistic leadership. Reactive narcissistic leaders very often lack empathy, are unable to experience how others feel (Higgs 2009) and as a result are more likely than others to approach relationships with an ‘idiosyncratic, self-centered view of the world’ (Rosenthal and Pittinsky 2006, p. 621).

It is with this in mind that theorists, such as Bass (1990), developed the term ‘authentic leadership’ to make a distinction between the potential negative aspects of charisma and the potential for narcissistic leaders to masquerade as transformational leaders (Ford and Harding 2011). As opposed to reactive narcissistic leaders, this study has found support for the proposition that authentic transformational leaders exhibit a higher moral capacity to judge situations and dilemmas from multiple perspectives, and are better able to take into consideration different stakeholder needs (May et al. 2003, p. 248) in a way that allows them to be more fully, psychologically and emotionally committed in any given relationship. The findings from this study suggest that it is not sufficient to simply select transformational leaders to lead change in organisations. More than this, this study posits that change success can be optimised if transformational leaders who also demonstrate authentic leadership behaviours are charged with responsibility to lead organisational change. This study suggests further, that such leadership attributes enable leaders to be more fully, psychologically and emotionally committed in relationships, and this, in turn, promotes communication effectiveness which, at least within the parameters of this study, appears to enhance change success.
7.2 Data Collection Learnings

The data collection processes employed for this research study provide a number of important learnings for future similar research. The challenges for insider research are not insignificant and were observed in this research study, particularly in the collection of data from semi-structured interviews. The interviewer for the semi-structured interviews was the CEO of the subject case study organisation. As outlined in Chapter Five, because of this a number of challenges were faced in the interviewing process, including the tendency of respondents to not criticise leadership or the change process, and the assumption that the interviewer would know much of the process information. These issues were partially mitigated by the interviewer through reassurance and open communications. However, in hindsight, this research may have benefited from the semi-structured interviews being conducted by an ‘independent’ interviewer. This is proposed with the proviso that the interviewer would have considerable understanding of the research project in order to be able to ask pertinent questions of interviewees in the process of deep exploration.

The expiration of time between the conclusion of the case study change project and the semi-structured interviews resulted in some interviewees expressing difficulties in recalling some elements of the change project. The learning from this for future research studies is that wherever possible, reducing the time lag between the case study phenomenon and the collection of primary data should be encouraged. This objective would allow for a richer source of data to be collected as the opportunity for inevitable loss of memory recall due to expiration of time is reduced. It is also considered important for future studies that interview questions be provided to interviewees in advance. This would assist in alleviating any misunderstanding around terminology and may aid memory recall.

7.3 Limitations and Opportunities for Extension

7.3.1 Limitations

This study provides findings based on a single case study. As such, this study has adopted an idiographic approach by providing a full and contextualised understanding of the case under study. It is asserted that the idiographic description derived from this research may also provide opportunities for the establishment of nomothetic explanations.
As a single case study, however, this study cannot claim to produce findings that are generally or universally representative. Rather, it has sought to provide a rich explanation of the leadership behaviours, functions and processes of a single leadership team in a specific Victorian local government setting, and concludes by tentatively proposing an advancement to theory based on these findings. Opportunities to test this proposed theoretical advancement by replicating this study in other local government authorities, other non-local government sectors, and in other organisational cultures, would provide valuable learnings to test the external validity of the theoretical construct proposed.

The unit of analysis for this case study involved seven leaders comprising a single change leadership team. Given the relatively small sample size comprising the unit of analysis, limitations exist on the capacity to generalise the findings from this research to the broader organisation from which the unit of analysis has been drawn. This limitation has sought to be ameliorated by accessing, analysing and interpreting broader secondary data from the case study organisation. This secondary data was drawn from surveys independently conducted for the case study organisation and provided an assessment of leadership attributes and behaviours of all leaders employed by the organisation (including the seven leaders comprising the unit of analysis), and an assessment of the organisation’s culture based on a survey of all eligible staff.

This study has also highlighted the challenges for insider research and resultant limitations. The first of these challenges relates to the balance between involvement and greater understanding that comes from being an insider researcher, balanced with sufficient detachment and objectivity. This study involved the researcher being part of the ‘reality’ under investigation. The researcher has sought to describe and interpret the experiences observed as well as describe the researcher’s own responses to the events to determine the meaning of these (Hewitt-Taylor 2002). It is noted that holding multiple roles can both complicate and enhance the focus of research (Coghlan and Holian 2007). As previously outlined, the challenge in this lies in the researcher attaining a sense of objectivity, and to move beyond a personal perspective by testing assumptions and interpretations as a means of overcoming bias. Other limitations of insider research include the potential for the researcher to bring their own values, experiences and beliefs to the study situation; and for the researcher to be influenced by other events and relationships within the organisation that are irrelevant to the phenomenon under study. This study acknowledges that such influences provide the opportunity for bias in the research findings.
As a final note of caution for those attempting to study a dynamic topic such as that studied in this research project, as well as an acknowledgement of our human limitations, it may be useful to be reminded of the words of Habermas (1974). ‘No theory and no enlightenment can relieve us of the risks of taking a partisan position and of the unintended consequences involved in this’ (p. 38). Given this, as much as can be hoped for is that any reader of this research study is aware of such limitations through declarations such as this, and then the reader is in a position to accept, qualify or ignore the findings of this research at their choosing (Yin 2011).

### 7.3.2 Opportunities for Extension

Opportunities exist to extend the findings of this study through the testing of the theoretical construct shown at Figure 14 in other local government organisations that demonstrate similar dominant authentic transformational leadership behaviours. This process of replication would allow for either strengthening of the external validity of the theoretical construct proposed by this study, or otherwise. Similarly, testing the theoretical construct proposed in this study in those local government organisations whose dominant leadership behaviours are not authentic transformational leadership behaviours, would provide valuable learnings. For example, what is the effect on communications effectiveness in change management where transactional leadership behaviours dominate? Further, testing for other variables such as changes in work context, staff abilities and tasks (consistent with Path-Goal theory) would also prove valuable in testing the theoretical construct proposed in this study. Learnings from such research would serve to either strengthen or weaken the external validity of the theoretical construct proposed, and could therefore be an important advancement in leadership and change management theory.

Similarly, opportunities exist for further research by replicating and testing the findings and conclusions of this research study in the public sector beyond local government, and in other non-public sectors. For example, are there discernible differences in the effects of authentic transformational leadership behaviours on communication effectiveness in local government settings compared to other public sector settings, the not-for-profit sector, or non-public sectors?
Testing the theoretical construct shown at Figure 14 in non-local government sectors would enable the construct’s external validity to be further refined. Research results from replicating this case study’s findings in other sectors would advance the opportunity for broader theoretical generalisation.

Research into other variables that may also affect communication effectiveness in change management (in addition to leadership influence), would also provide an opportunity to extend this study. For example, to what extent do other variable factors such as an organisation’s strategic objectives, organisational culture, or organisational structural arrangements, and combinations thereof, produce findings and conclusions similar to or different to this study? What are the causal relationships between these factors? Such research is likely to be valuable in advancing a more generalised understanding of the theoretical construct advanced in this study.

Finally, a further opportunity for extension to this study rests with the opportunity to replicate this research, and more particularly the influence of leadership behaviour on communication effectiveness, in organisational activities and approaches other than change management. Replicating and testing the theoretical construct proposed at Figure 14 in other organisational activities and approaches such as strategic planning, customer relations, or staff induction processes, would provide important learnings to further test the validity of the subject construct. Again, results of such additional research would provide opportunities to move towards generalising the findings of this case study, and in turn, to advancing theory.
Appendix A

Local Government in Australia

1. Introduction

The role of Australian local government authorities has changed and expanded rapidly in recent decades as a result of both external pressures and internally-initiated policy making. Significant challenges and vulnerabilities continue to exist for the future of Australia’s system of local government. These challenges and vulnerabilities, together with higher levels of government requiring local authorities to play a more significant role in addressing many of the national, state and regional challenges confronting Australia, have encouraged all Australian states and territories to pursue reform of their local government systems in the past two decades. Despite such significant reforms, many challenges continue to exist for the Australian local government sector, particularly in the area of financial sustainability. Such vulnerabilities are almost certain to require a sharper focus on transformational change, evolution and ongoing reform of Australia’s local government systems.

2. Overview

Local government bodies have existed in Australia for in excess of 170 years, commencing with the establishment of the Adelaide Corporation (now known as the City of Adelaide) in 1840 to provide roads, bridges and public buildings that could not be provided by centralised administrations (Australian Local Government Association 2012). With the exception of the Northern Territory, where most local governments are relatively recently established, Australia’s system of local government is generally regarded as being functionally and politically mature (Aulich et al. 2011, p. 13).

In 2013 there are 565 local government bodies promoting local interests and delivering important services and infrastructure to their communities. The number of local government units fell significantly during the twentieth century due to consolidation of local government areas. This reduction is shown in Table 19 below.
Appendix A – Local Government in Australia

Table 19: Number of Local Councils in Australia 1910 - 2008

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<tr>
<td>NSW</td>
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<td>211</td>
<td>210</td>
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<td>131</td>
<td>134</td>
<td>134</td>
<td>157</td>
<td>73</td>
</tr>
<tr>
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<td>142</td>
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<td>144</td>
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<tr>
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<td>49</td>
<td>49</td>
<td>46</td>
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<td>6</td>
<td>22</td>
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<tr>
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<td>1,067</td>
<td>901</td>
<td>840</td>
<td>848</td>
<td>717</td>
<td>559</td>
</tr>
</tbody>
</table>

Note:  
μ There has been one de-amalgamation since 2000.  
* Queensland numbers before 2000 exclude Indigenous community Councils established under separate legislation; by 2008 these had been included in the ‘mainstream’ system.  
# Since reduced to 139 through voluntary amalgamations  
∧ Figures to 1995 include Indigenous community Councils; in 2008 most of these were abolished and replaced with large ‘shires’, each incorporating several small communities.

Sources:  

The average population of an Australian local government authority at 1 July 2008 was 29,110. Of note, however, is that 50% of local governing units at that time had less than 7433 residents (LGNR 2010, p. 4). As a result of significant local government consolidation in Queensland and the Northern Territory in 2008 the average population per local government unit in 2011 increased to approximately 40,000, which is still small compared to local governments in the United Kingdom or South Africa, but is larger than across much of Europe (Aulich et al. 2011, p. 13). Of note, populations of local government units in Australia range from a few hundred to more than 1 million (Brisbane City Council: 30 June 2010). Similarly, the geographical areas of local government bodies in Australia are also very diverse with their geographical areas ranging from less than 1 square kilometre to almost 380,000 square kilometres.
In addition to size and population, considerable diversity exists within Australia’s system of local government (Australian Local Government Association 2012). Such diversity comes in forms including:

- differing attitudes and aspirations of local communities
- variability in fiscal position, resources and skills
- differing legislative frameworks within which authorities operate, including electoral systems
- differing physical, economic, social and cultural environments of local government areas
- the range and scale of activities, services and functions provided by local government (LGNR 2010, p. 7).

Revenue for Australia’s local governments totalled more than $32.4 billion in 2009/10, with expenditure totalling more than $27.8 billion. Local government’s assets in 2009/10 were valued at more than $326 billion (ABS 2011, website). Australian local government derives approximately 80-85% of its revenue from self-funding activity such as property taxes and charges, and fees and charges from services and activities. Whilst the revenue base of local government is quite narrow and generally confined to property rates and fees and charges, in a limited number of cases substantial commercial and investment income is also derived. The relatively narrow funding base from which Australian local government derives its revenue matches its relatively limited range of functions. Unlike many of their international counterparts, Australian councils do not carry responsibility for functions such as education, health or policing (Aulich et al. 2011, p. 16; Marshall 2010, pp. 81-82). Local government in Australia is, however, a significant employer (Australian Local Government Association 2012), employing approximately 192,000 people nationally (Australian Centre of Excellence for Local Government 2013, p.1).

3. Evolution of Local Government’s Role and Service Provision

While local government systems differ from state/territory to state/territory, broadly the roles of local government across Australia include governance, service delivery, advocacy, asset management, planning, community development, and regulation.
As the lowest sphere of government in the Australian federation, local councils have traditionally offered a comparatively narrow range of local services to property (Dollery, Wallis and Allan 2006, p. 556) compared to municipalities in other Anglo-based countries (Aulich 1999b, p. 12).

Local government services are financed through a complex mix of property taxes and charges (generally referred to as ‘rates’), grants from other governments, and fees.

From the country’s early settlement in the nineteenth century until the Second World War, Australian municipalities were predominantly preoccupied with providing basic physical infrastructure such as roads, bridges and sewerage systems. The 1970s however, witnessed local government service offerings being broadened with the allocation of greater resources to developing and providing services for people. This was particularly accelerated in the last decade of the twentieth century (Marshall 2010, p. 82). Contemporary Australian councils provide around 150 services to respond to the needs of their communities – to build resilience and stability in their communities and to meet the needs and expectations of their residents (Australian Local Government Association 2012).

Dollery, Wallis and Allan (2006) note that amendments to the various Local Government Acts across all state and territory local government systems in the past two decades created the legislative scope for a much greater role for municipalities. ‘The powers of general competence embodied in these statutes have facilitated a substantial change in the service provision away from traditional services to property towards human services’ (Dollery, Wallis and Allan 2006, p. 556).

In 2001 the Commonwealth Grants Commission (CGC) highlighted that the services offered by local government had changed considerably, with the most notable being:

a. A move away from property-based services to human services
b. A relative declining expenditure on roads
c. An increase in the relative importance of recreation and culture, housing, and community amenities
To highlight this shift in service offering by local government, the Commonwealth Grants Commission (2001b) calculated trends in the composition of municipal outlays across Australian local government by function over the period 1961-62 to 1997-98. This trend analysis illustrates that local authorities have rapidly expanded human services functions compared to their long-standing services to property over the 35 year period. By way of example, ‘general public services’ (largely services to property) fell from slightly in excess of 20% of expenditure in 1961-62 to around 13% in 1997-98 (Dollery, Wallis and Allan 2006, p. 557).

Councils determine their service provision activities according to local needs (Australian Local Government Association 2012) and the various requirements of state/territory local government Acts and related legislation (LGNR 2010, p. 2). Marshall (2010) notes that the vast majority of councils have greatly enlarged their range of services provided to communities in recent decades, and concurrently, many councils have ‘evolved into complex, sophisticated, multifunctional organisations’ (p. 83). Marshall (2010) asserts that this growth and expansion of local government services has been driven by firstly, higher levels of government devolving activities to the third sphere of government; secondly, a growing expectation by the community of the services councils should provide; and thirdly, individual choice by councils to expand their roles (Marshall 2010, p. 83-84).

The Australian Local Government Association (2012) notes that Australian councils provide much more support to the local community than most residents realise. The Association also notes that in many communities, local government is one of the largest employers and purchasers of goods and services, contributing significantly to the local and regional economy (Australian Local Government Association 2012).
Appendix A – Local Government in Australia

Examples of contemporary functions and activities undertaken by Australian local governments are summarised as follows:

- Administration (of aerodromes, quarries, cemeteries, parking stations and street parking)
- Building (inspection, licensing, certification and enforcement)
- Community services (child care, aged care and accommodation, refuge facilities, meals on wheels, counselling and welfare)
- Cultural/educational (libraries, art galleries and museums)
- Engineering (public works design, construction and maintenance of roads, bridges, footpaths, drainage, cleaning, waste collection and management)
- Health (water sampling, food sampling, immunisation, toilets, noise control, meat inspection and animal control)
- Planning and development approval
- Recreation (golf courses, swimming pools, sports courts, recreation centres, halls, kiosks, camping grounds and caravan parks)
- Water and sewerage services (in some states)
- Other (abattoirs, sale-yards, markets and group purchasing schemes) (LGNR 2010, p. 3).

Pressures for further change and evolution in role remain current for Australian local government. These pressures emanate from growing expectations being placed on local government by communities and higher levels of government. An exploration of the legislative and constitutional arrangements of local government in Australia is necessary to establish the jurisdictional context for such change pressures. The following section provides this discourse.

4. Constitutional Arrangements

Local government is a legislative responsibility of all Australian states and territories (Aulich and Pietsch 2002, p. 14; Sansom 2010, p. 183) and is recognised in the constitution of each state/territory. Given this, state/territory parliamentarians assume responsibility for determining the roles and responsibilities of local government, and those roles and responsibilities vary from state/territory to state/territory.
The roles undertaken by local government have widened significantly over recent decades (Marshall 2010, p. 83; Australian Local Government Association 2012) as state local government Acts were changed during this period to be ‘enabling legislation’ (Kloot and Martin 2010, p. 130). In addition to this, local government is increasingly being asked to contribute to national policy areas such as economic development, emergency management and action on climate change, and to support public policy outcomes and service delivery improvements at the regional level.

All Australian state constitutions were amended between 1979 and 1989 to acknowledge the role of local government. The provisions in all the state constitutions except Victoria’s are very similar. They each describe local government as:

- A body that is elected or “is duly elected or duly appointed” *(Constitution Act 1902 (NSW s51(1)))*;
- Having powers provided by the state Parliament or legislature; and
- Being responsible for the good governance/better government of a particular area of the state.

Whilst local government is recognised in all state constitutions, such recognition is not provided in the Australian Constitution. Local government is not mentioned in the Australian Constitution (Aulich and Pietsch 2002, p. 14), nor has the Constitution been changed to reflect the greater role and responsibility undertaken by contemporary local government (Australian Local Government Association 2012). Proposals to recognise local government in the Australian Constitution have twice been unsuccessfully put to referendum, firstly by the Whitlam Government in 1974, and then by the Hawke Government in 1988 (Department of Regional Australia, Regional Development and Local Government 2011, pp. 12-14).

Recognising the absence of formal acknowledgement in the Australian Constitution, and as a means of providing a gesture of recognition, the Commonwealth Parliament formally acknowledged (by way of resolution) the role of local government in Australia in 2006. As a part of this, all federal political parties supported a resolution that the Commonwealth Parliament:
Appendix A – Local Government in Australia

a. Recognises that local government is part of the governance of Australia, serving communities through locally elected councils;

b. Values the rich diversity of councils around Australia, reflecting the varied communities they serve;

c. Acknowledges the role of local government in governance, advocacy, the provision of infrastructure, service delivery, planning, community development and regulation;

d. Acknowledges the importance of co-operating with and consulting with local government on the priorities of their local communities;

e. Acknowledges the significant Australian Government funding that is provided to local government to spend on locally determined priorities such as roads and other local government services; and

f. Commends local government elected officials who give their time to serve their communities (Department of Regional Australia, Regional Development and Local Government 2011, p. 3).

While the resolution of the Commonwealth Parliament in 2006 did not advocate recognising local government in the Australian Constitution, it did, however, affirm the integral part played by local government as the third sphere of government in the Australian federation.

Over the past two decades, Australian local government has been subjected to policy-induced changes that have substantially altered its nature and form (Worthington and Dollery 2002, p. 496) and which have added additional weight to the claim for local government’s recognition in the national Constitution. In light of this, in 2007, then Prime Minister Kevin Rudd made an election commitment to progress the issue of constitutional recognition of local government. A political agreement made in 2010, as part of the Labor Party forming government with the support of the Greens Party and independents, included a commitment to hold a referendum on the recognition of local government by the end of 2013 (Australian Local Government Association 2012). In response to this, the Labor Government established an Independent Expert Panel in 2011 to consult with stakeholder groups and the community on the level of support for constitutional recognition of local government and to identify possible forms that recognition could take (Department of Regional Australia, Regional Development and Local Government 2011, p. 1).
Two recent Australian High Court decisions (*Pape v The Commissioner of Taxation of the Commonwealth of Australia & Anor. (2009)* and *Williams v The Commonwealth of Australia and Ors. (2012)*) handed down judgements that challenge the Commonwealth Government’s ability to fund activities that it believes are in the national interest (Australian Local Government Association 2012). This includes doubt on the validity of the Commonwealth Government to provide funds directly to local government. This is recognised as a source of potential financial vulnerability for Australian local governments, and has created a renewed sense of urgency for constitutional recognition. An example of this vulnerability is the potential loss of the $3.5 billion Roads to Recovery Program which provides a major source of funds to assist councils with the repair and replacement of road and bridge assets.

With this vulnerability in mind, and given the past difficulty of achieving a successful referendum outcome that would recognise local government in the Australian Constitution, the Independent Expert Panel took a somewhat narrow and pragmatic view in presenting its findings. Rather than recommending a referendum to insert recognition of local government in the Constitution as a third sphere of government in the Australian federation, it found it appropriate for the Commonwealth to have a direct funding relationship with local government when acting in the national interest, and for that right to be acknowledged in the Constitution (Australian Local Government Association 2012). Again being pragmatic, the Panel recommended a number of pre-conditions prior to proceeding to a referendum. The Panel recommended that the Commonwealth Government consult with state and territory governments to get their support for the proposal, and for a major public awareness campaign to be undertaken ‘so that the Australian public had a better understanding about the Constitution and the referendum process’ (Australian Local Government Association 2012).

A Bill to alter the Constitution was passed by both Houses of the Australian Parliament on 24 June 2013 to make way for a referendum scheduled to be held on 14 September 2013 in conjunction with the federal election to be held on this date. However, a change to the election date meant that plans for the proposed 2013 referendum were abandoned.

The Victorian Constitution has stronger recognition in the form of guarantees that local councils must be democratically elected, and must have both a governing body and an administration (Department of Regional Australia, Regional Development and Local Government 2011, p. 15).
This additional ‘strength’ in the Victorian Constitution is a direct response to the state’s significant reform of local government in the 1990s, which saw the conservative Liberal Government dismiss elected councillors and replace same with government appointed commissioners to oversee the reform and consolidation processes. Upon a change of government in 1999 and in response to the perceived lack of democracy afforded to the previous dismissal of elected councillors by the state, the new Labor Government moved quickly to amend the state’s *Local Government Act 1989* to enshrine the concept that councils must be democratically elected.

5. Financial Challenges

There is widespread recognition that Australian local government is under fiscal stress (Worthington 2007, p. 390) largely emanating from inadequate sources of funding (Dollery, Wallis and Allan 2006, p. 565). This challenge has caused Australian local government policy-makers to become increasingly concerned with the question of the financial sustainability of individual authorities. This has manifested itself in several public inquiries into local government since 2000 (Dollery, Byrnes and Crase 2007) with a notable inquiry being commissioned in 2006 by the Australian Local Government Association and conducted by commercial company PricewaterhouseCoopers (PWC) (Worthington 2007, p. 390). This study (titled *National Financial Sustainability Study of Local Government Report (2006)*) considered the challenge of financial sustainability across Australian local government. The PWC (2006) Report defined ‘financial sustainability’ of a council as:

>‘determined by its ability to manage expected financial requirements and financial risks and shocks over the long term without the use of disruptive revenue or expenditure measures’ (PWC 2006, p. 95).

A growing gap between the expansion of local government functions and relatively slow growth in revenues has caused a substantial under-investment in asset maintenance and renewal over many years. The PWC (2006) Report estimated a potential national infrastructure backlog of between $12.0 billion and $15.3 billion across all seven Australian local government jurisdictions (PWC 2006, p. 11). Additionally, the PWC (2006) Report indicated an annual shortfall in expenditure on existing local infrastructure renewal in the range of $0.9 billion to $1.2 billion (PWC 2006, p. 11).

Building on the PWC (2006) Report, the Productivity Commission in 2008 reported that local government revenues were lagging growth in Gross Domestic Product (GDP) and that nationally, councils were ‘losing’ about $1 billion per annum (Aulich et al. 2011, p. 16). Financial vulnerability is clearly a major challenge for the future of Australia’s system of local government.

The Commonwealth Grants Commission (2001a) identified five main reasons for the current financial challenges/vulnerability confronting Australian local government. They are:

a. Devolution – where the state or Commonwealth government provides local government with new functions;
b. Raising the bar – where the state or Commonwealth government, through legislation or other perfunctory changes, raises the complexity or standard at which local government services and activities must be performed;
c. Cost shifting – where a council agrees to provide a service on behalf of a higher level of government and the funding is subsequently reduced or stopped, or where a higher tier of government ceases to provide a service, forcing a council to take over;
d. Increased community expectations – where communities demand improvements in existing services or the provision of new services;
e. Policy choice – where councils voluntarily expand or enhance their services (Commonwealth Grants Commission 2001a, pp. 52-53).
Appendix A – Local Government in Australia

Johnson (2003) observes that in addition to these challenges, councils themselves are also to blame for their own financial vulnerabilities. He asserts that many councils have been traditionally reluctant to set their own rates and charges, being the largest source of revenue, at levels that realistically achieve a level of financial sustainability.

Despite local government’s long history and significant scope and scale, it is argued that contemporary Australian local government finds itself in a financially vulnerable position. The Australian Centre of Excellence for Local Government, in analysing nine inquiries into local government in the period 2000-2010, identified the following key factors as features of this vulnerability:

a. Over several decades there has been an expansion in the range of local government’s functions that have surpassed growth in revenue. There is now a considerable imbalance between expenditure demands on local government and current levels of revenue, especially own-source revenue. It is noted that local government revenues have grown more slowly than those of both state and federal governments;

b. Growing financial pressures on local government means that the status quo in terms of levels of income and patterns of expenditure cannot be sustained indefinitely. Various studies have shown that in many cases service provision has only been maintained at the cost of steadily deteriorating physical infrastructure; and

c. There is particular concern over the operation and financial viability of small (in population) municipalities, particularly those in rural and remote locations, but also some smaller urban councils (Australian Centre of Excellence for Local Government 2011, p. 2).

With these vulnerabilities in mind, both Commonwealth and state/territory governments in Australia have commissioned a range of inquiries into the current status and future prospects of local government. The following outlines the major inquiries undertaken in the period 2000-2010.


• South Australian Financial Sustainability Review Board (2005)

• Independent Inquiry into the Financial Sustainability of NSW Local Government (‘Allan’ report 2006)

• Western Australian Local Government Association *Systemic Sustainability Study* (2006)


• Queensland Local Government Reform Commission (2007)


Of particular note, in May 2002 the Commonwealth Government requested the House of Representatives Standing Committee on Economics, Finance and Public Administration, Chaired by David Hawker MP, to inquire into local government’s financial capacity and cost shifting to local government by the states/territories. The ‘Hawker’ Committee identified that local government’s financial capacity is being severely challenged as a result of local government’s responsibilities increasing dramatically over recent decades, whilst revenues have lagged.

The shifting of responsibilities by states/territories to local government without corresponding financial support from those states/territories is generally referred to as ‘cost shifting’. Cost shifting to local government is widespread and is often exacerbated by council’s themselves taking on even more functions to satisfy community expectations (Sansom 2004, pp. 28-30; Dollery 2009, pp. 7-8; Marshall 2010, pp. 83-84) without due regard to the longer-term financial implications of sustaining such activities.
Marshall (2010) asserts that there is an overwhelming perception among Australian states that the consolidation of local government units will deliver significant efficiencies in operation. It is generally perceived that larger councils will provide economies of scale and scope, enhanced management capacity, and reduced administrative costs (Marshall 2010, p. 85), and thereby reduce the extent of financial vulnerability being experienced by local government.

6. Pressures and Response to Change

Australian state/territory governments have imposed programs of structural reform on local government of differing degrees of intensity for more than a century (Dollery 2009, p. 1; Marshall 2010, p. 84), however this reform was at its most impactful in the 1990s. Kloot and Martin (2010) assert that reform of Australia’s local governments since the early 1990s was driven by an ideological agenda from higher levels of government that placed a greater emphasis on local governance, outcomes-oriented performance, and accountability to stakeholders. This ideological agenda is typically referred to as New Public Management (Aulich 1999b, p.13; Kloot and Martin 2010, p. 130). Much of this agenda was underlined by a broad range of micro-economic reform, including National Competition Policy (Aulich 1999b, p. 16; Aulich 1999a, p.38).

Dollery (2009) asserts that common features have been evident in structural reform of Australian local government throughout its history:

a. Amalgamation/consolidation of council units is almost always the favoured policy instrument;

b. Council amalgamations are seldom voluntary and almost always occur under various degrees of state government coercion, ranging from outright coercion to financial incentives i.e. a ‘top-down’ phenomenon (May 2003, pp. 79-98);

c. State government policy-makers invariably prescribe additional measures designed to ameliorate the effects of compulsory consolidation (e.g. rate capping) (Dollery 2009, pp. 3-4).
As stated previously, restructuring of Australian local government has, in the main, been initiated by state and territory governments in the belief that larger units will create greater efficiencies (Aulich 1999b, p. 17; Dollery 2009, p. 5; Marshall 2010, p. 85), provide more effective government, be better suited to the needs of a modern economy, and be better equipped to deliver better services and governance arrangements (Aulich 1999b, p. 17; Aulich et al. 2011, p. 13). Local government reform has continued more or less unabated in Australia regardless of the political complexions of state and Commonwealth governments (Worthington and Dollery 2002, p. 496). The National Office of Local Government (NOLG) notes that, in the context of the Commonwealth’s quest for New Public Management reforms (Marshall 2010, p. 87), the Commonwealth strongly supported programs of amalgamation in the 1990s by providing some $1.3 million as an incentive to facilitate structural reform of local government across the states (NOLG 2001, pp. 51-61).

Dollery (2009) notes that although some reforms have been preceded with periods of community consultation, council amalgamations have very often been implemented regardless of local opinion on the matter. It is noted that dominant local opinion generally does not support amalgamation/consolidation (Dollery 2009, p. 4). Much of this opposition has been based on a perceived loss of identity and local democracy. Marshall (2010), however, notes that whilst there may have been pockets of local community resistance, generally there has been a lack of public interest in the whole question of local government reform. This disinterest has allowed the states considerable latitude in how they approach reform, particularly as there has been little threat of electoral backlash (Marshall 2010, pp. 88-89).

The following provides a brief overview of reforms undertaken in Australian local government in the past two decades:

a. All state governments have completed substantial reviews of their local government Acts (Marshall 2010, p. 81). Whereas the states’ legislative reforms have varied enormously in their content, they have all contained some common features. Key amongst these is attempts to reform the operations of councils, to set out accountability mechanisms, and to eliminate and reduce the detailed prescription contained within applicable legislation (Wensing 1997, p. 91).
All state governments enacted legislation that introduced new governance and management practices for local authorities (Aulich 1999b, pp. 16-17; Aulich 1999a, p. 38), including redefining the roles of elected members and appointed officials to ensure a clear separation between policy and administration. Marshall asserts that the influence of New Public Management has been highly influential in these reforms (Marshall 2010, p. 81). Many of the legislative changes during this period complemented the program of micro-economic reform found in the wider Australian public sector (Worthington and Dollery 2002, p. 497);

b. Revised legislation in many state local government Acts established a framework for local government to apply the competition principles contained in the Competition Principles Agreement (CPA) of 1994. In general, the CPA cover both the prohibition of commercial practices such as price fixing, market sharing, resale price maintenance and third line forcing in the public sector. The CPA also endorses the notion of competitive neutrality to ensure there is no net advantage by government business enterprise over private sector competitors (Worthington and Dollery 2002, p. 499).

The Victorian State Government mandated adoption of the principles entailed in the CPA for local government in Victoria. This involved the setting of targets for the introduction of compulsory competitive tendering (CCT) which required local government to apply competitive tendering to specified services or a specified level of expenditure (Aulich 1999b, p. 17; Aulich 1999a, p. 38). Compulsory targets for expenditures required to be subjected to competitive tender were set at 20% in 1994/95, 30% in 1995/96 and 50% in 1996/97;

c. Arguably the most contentious feature of Australian local government reform has been the restructuring and consolidation of local government authorities. Whilst a range of arguments have been advanced for the purported efficiency and effectiveness to be achieved by larger local government units, an overriding justification advanced in support of local government consolidation has been predictions of cost savings and hence reduced property taxes (Aulich et al. 2011, p. 13; Dollery 2009, p. 8; Marshall 2010, p. 85).
In the case of the sweeping changes made in Victoria in the 1990s, rates were capped and local government budgets were reduced by 20% at the direction of the state government (Aulich 1999b, p. 17; Aulich 2005, p. 205).

A secondary yet closely related issue that has been advanced as an argument for restructuring and consolidation of local government in Australia, is the growing expectation that local government will contribute to the achievement of national and state-level policy agendas (Aulich 1999b, pp. 15-16; Aulich at al. 2011, p. 15). Since the late 1970s, the Australian government has been the largest external funding provider for local government, and this has implied a need for more capable local governments that are able to make a substantial and effective contribution to addressing complex national agendas (Aulich et al. 2011, p. 15) if they are to be recipients of increasing federal funding. Brunet-Jailly and Martin (2010) highlight that federal states around the globe, in both developed and developing countries, are now looking to their local governments to play a central role in the economic and social development of metropolitan, regional and rural communities.

May (2003) proposes that there has been a range of drivers for structural reform of Australia’s local governments in recent decades, and that these can be identified as primary and secondary motivational factors. These factors are shown at Table 20.
Appendix A – Local Government in Australia

Table 20: Primary and Secondary Motivational Factors for Australian Local Government Reform

<table>
<thead>
<tr>
<th>Primary Motivational Factors</th>
<th>Secondary Motivational Factors</th>
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<tbody>
<tr>
<td>• Economies of scale</td>
<td>• Increased specialist professional expertise</td>
</tr>
<tr>
<td>• Greater financial strength and stability</td>
<td>• Reduced administrative costs</td>
</tr>
<tr>
<td>• Increased capacity to offer a wider range and higher quality of services</td>
<td>• Lower costs of representation</td>
</tr>
<tr>
<td>• Efficiency gains</td>
<td>• Greater purchasing power</td>
</tr>
<tr>
<td>• Reduce the cost of local government and stimulate growth in the private sector</td>
<td>• More efficient use of plant and equipment</td>
</tr>
<tr>
<td>• Equitable distribution of public goods</td>
<td>• Logical jurisdictional boundaries</td>
</tr>
</tbody>
</table>


As referred to previously, amalgamation/consolidation of local government units has been the preferred method of structural reform for Australian local government in recent decades (see Table 19 above). For example, in Victoria the number of local government areas fell from 210 in 1990 to 79 in 2013. In March 2008, the Queensland State Government undertook a major structural reform of its system of local government. This witnessed the number of local government units reduced from 157 to 73, and the number of elected councillors reduced from 1,286 to 553 under the new consolidated system of local government. Similarly, the Northern Territory Government implemented local government reform in 2008 which saw the number of local governing bodies decreased from 61 to 16 (LGNR 2010, p. 8). The Western Australian State Government announced in July 2013 that it plans to reduce the number of metropolitan councils in that state from 30 to 14, effective 1 July 2015. Similarly, the New South Wales State Government has established an Independent Local Government Review Panel to consider, amongst other things, the size and structure of councils in that state. At the time of writing, this review was still underway. Worthington and Dollery (2002) argue that whilst the objectives of state-based structural reform for local government have varied enormously, a common core of social, political and economic conditions have underlined the push for local government restructuring and amalgamation across Australia (p. 502);
d. Whilst it can be argued that workplace reform in Australia’s local governments is difficult to be isolated from the overall program of micro-economic reform in the wider Australian public sector in the 1990s, the primary impetus for workplace reform in local government was the 1989 National Review of Local Government Labour Markets (Sproats 1998). The major aims of this Review were:

- To recommend steps to improve the supply of skilled labour to meet the needs of local government; and
- To identify ways in which local government can improve its employment practices, so that there are better career opportunities, more meaningful and rewarding jobs and higher productivity (Worthington and Dollery 2002, p. 509).

The de-regulation of local government labour markets has been evidenced in a number of ways. First, many previously restrictive employment strategies traditionally evident in local government have been removed. This has primarily been achieved through the introduction of CEO and senior manager appointments being based on fixed-term performance based contracts, with no guarantee of renewal. This legislative requirement deliberately targeted replacing the ‘job for life’ status and culture long associated with the traditional Town Clerk and City Engineer regime (Pullin and Hайдar 2003, p. 286). This has meant that managerial positions in councils have become available to professionals outside the local government sector, and has created a managerialist type employment relationship (Van Gramberg and Teicher 2000, p. 478). Secondly, the tenure of senior local government employees has changed with some states applying a maximum contract of employment length of five years (Worthington and Dollery 2002, p. 510; Marshall 2010, p. 101). This has had the effect of stimulating turnover of senior positions in local government on a more frequent basis. Barnes (2002) argues that fixed-term contracts of employment for senior staff in local government has resulted in less independent bureaucracy with less certainty for the future. It is purported that this uncertainty negatively affects the long term strategy, planning and vision of local government organisations (Barnes 2002, p. 12).
The final major reform in Australian local government in recent decades has been in the area of financial reform. These reforms have primarily focused on the implementation of external reporting requirements of the Australian Accounting Standard AAS27 Financial Reporting by Local Government (1990). The requirement for application of AAS27 saw local governments move towards a more business oriented approach based on accrual accounting, rather than the previous, heavily regulated reporting system based on traditional fund accounting which emphasised cash flows. It has been argued that the implementation of AAS27 in local government:

- Met the requirements of an expanded concept of accountability (as specified in the general program of micro-economic reform);
- Resulted in more effective asset management; and
- Provided more meaningful information on the full cost of a council’s individual activities and programs (Worthington and Dollery 2002, p. 511).

The previous discussion identifies that much of the reform of Australia’s local governments in recent decades has been achieved by top-down direction, primarily driven by state/territory governments but also supported by strong Commonwealth Government encouragement (Aulich 1999b, pp. 15-16; Worthington and Dollery 2002, p. 511). It is highlighted, however, that reform of local government has not been uniform across Australia, with some elements of the reform being applied unevenly from state/territory to state/territory. Whilst the reform of local government has generally been driven by the need to create structures for greater economic efficiencies, governance performance improvements and service delivery capacity enhancement, the recent reform undertaken in Queensland in 2007-08 may have signaled a shift in emphasis. From the outset, the Queensland State Government emphasised a priority to create a more robust and capable system of local government, one with greater strategic capacity. There was an absence of discussion around economies of scale or reducing rates (Aulich et al. 2011, p. 21), which has been the hallmark of many of the state/territory reforms of local government in the 1990s. This potentially represents a shift in the way the role of local government is viewed in the Australian system of government.
7. Summary

This discourse has provided an overview of the history and contemporary context of Australia’s system of local government. Local government’s role has changed and expanded rapidly in recent decades, creating significant challenges and vulnerabilities for the future. These vulnerabilities, together with higher levels of government requiring local government to play a larger and more significant role in addressing many of the national, state and regional challenges confronting Australia, have encouraged all states and territories to pursue reform of their local government systems in the past two decades. Despite this, many challenges continue to exist for Australia’s local government, particularly in the area of financial sustainability. These challenges are almost certain to require a focus on ongoing change, evolution and reform of Australia’s local government system.
Appendix B

Victorian Local Government

1. Introduction

This Appendix provides an overview of Victoria’s system of local government including its history and contemporary challenges. Since the 1970s Victorian local government authorities have generally taken an expansionist approach to service offerings to communities, particularly in the range of services to people. Local government in Victoria underwent radical change in the 1990s as a part of reform of the Australian public sector (Dollery 2009, p. 2; Marshall 2010, p. 85). Influenced by New Public Management (Aulich 2005, p. 199) the reforms included a preference for legislation, regulation, codes of tendering and state directives. The then 210 councils were amalgamated into 78 units (Marshall 2010, p. 83), compulsory competitive tendering was mandated, rates were capped, elected councillors were replaced by state-appointed commissioners to implement the reforms (Aulich 2005, p. 205), and a new managerialist approach was encouraged. Despite the significant economic reforms of the 1990s aimed at improvements in efficiency and effectiveness, Victorian councils continue to face significant challenges.

2. History

Local government in Victoria developed in an ad hoc, organic way in response to the needs of the early settlers and the growth of the Port Phillip district. When people looking for new opportunities in the mid-1830s settled Victoria, the entire east coast of Australia (including Victoria) was governed from New South Wales. During the early 1840s, the colonial government found it increasingly difficult to provide services to local areas, and the encouragement of municipal institutions commenced (LGNR 2010, p. 2).

In November 1841, one year after the formation of Australia’s first local government known as the Adelaide Corporation, 13 candidates put themselves up for election to the Melbourne Market Commission. This event has been described as the first municipal election in Victoria (MAV 2011, p. 1). In late 1842 Melbourne was incorporated as a town, divided into four Wards based on those already devised by the Market Commission.
By the early 1850s, a network of road districts was created in rural areas across Victoria. These districts assumed responsibility for maintaining roads and bridges and had powers to levy rates on property (MAV 2011, p. 1).

The ‘gold rush’ of the 1850s represented a new range of challenges for Victoria’s colonial civic leaders. The population of Victoria more than tripled from around 97,000 in 1851 to over 300,000 in 1854, creating a sense of urgency for the development of local governance arrangements and provision of localised public infrastructure (MAV 2011, p. 1).

The number of local government units in Victoria remained relatively stable throughout much of the twentieth century, evidenced by 206 local government units being in place in 1910, and 210 in 1990 (Dollery 2009, p. 3). Significant structural change in the 1990s, similar to those which occurred in the 1980s in the United Kingdom and New Zealand which involved compulsory amalgamation of authorities, reduced the number of local government units in Victoria from 210 to 78 (Kloot 1999, p. 566). Dollery (2009) regards these amalgamations as the most drastic structural reform undertaken in Australian local government’s history (p. 2). One of newly created Victorian local government units (Delatite Shire Council) has since been separated into two local government units, leaving the current number of units in Victoria at 79.

3. Legislative Power

Local government in Victoria is established by state legislation, primarily under the Local Government Act 1989. The purpose of the Act is to establish a legislative scheme that supports a system of local government in accordance with Part (II)A of the Victorian Constitution Act 1975.

‘Section 74A(1) of the Constitution Act 1975 provides that local government is a distinct and essential tier of government in Victoria consisting of democratically elected Councils having the functions and powers that the Parliament considers are necessary to ensure the peace, order and good government of each municipal district’ (Local Government Act 1989, s 1(1)).
The Victorian *Local Government Act 1989* also provides that:

> ‘the purpose of local government is to provide a system under which Councils perform the functions and exercise the powers conferred by or under this Act, and any other Act for the peace, order and good government of their municipal districts’ (Local Government Act 1989, s 3A).

A council in Victoria consists of its councillors who are democratically elected in accordance with the *Local Government Act 1989*.

The objectives of Victorian councils are prescribed by statute as follows:

a. ‘to promote the social, economic and environmental viability and sustainability of the municipal district;

b. to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;

c. to improve the overall quality of life of people in the local community;

d. to promote appropriate business employment opportunities;

e. to ensure that services and facilities provided by the Council are accessible and equitable;

f. to ensure the equitable imposition of rates and charges;

g. to ensure transparency and accountability in Council decision-making’ (Local Government Act 1989, s 3C(2)).

### 4. Profile

The total recurrent expenditure of Victoria’s 79 councils in 2010-11 was $6.160 billion (Victoria Grants Commission 2012, p. 14). The municipal functions attracting the largest share of Victorian local government’s expenditure in 2010-11 are recreation and culture, local roads and bridges, and family and community services. Table 21 provides an analysis of Victorian local government 2010-11 gross recurrent expenditure, shown by expenditure functions.
Table 21: Victorian Local Government Aggregate Gross Expenditure 2010-11 shown by Expenditure Functions

<table>
<thead>
<tr>
<th>Function</th>
<th>Actual Expenditure %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>5</td>
</tr>
<tr>
<td>Family and Community Services</td>
<td>12</td>
</tr>
<tr>
<td>Aged Services</td>
<td>10</td>
</tr>
<tr>
<td>Recreation and Culture</td>
<td>22</td>
</tr>
<tr>
<td>Waste</td>
<td>10</td>
</tr>
<tr>
<td>Local Roads and Bridges</td>
<td>14</td>
</tr>
<tr>
<td>Traffic and Street Management</td>
<td>10</td>
</tr>
<tr>
<td>Environment Protection and Services</td>
<td>6</td>
</tr>
<tr>
<td>Business and Economic Services</td>
<td>11</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>


Victorian local government has four main sources of revenue: rate revenue; fees and charges for services; general grants from federal and state governments; and, specific purpose grants such as those for road construction (Kloot and Martin 2007, p. 486). Rate revenue remains the major source of revenue for Victorian local governments, raising more than $2.9 billion in 2009-10 (Victoria Grants Commission 2010, p. 18).

The 79 local government authorities in Victoria range from capital and regional cities to remote rural communities. In 2011, the local authority with the smallest population was the Borough of Queenscliff with a population of approximately 3,300 (DPCD 2011 website), while the most populous authority was the Casey City Council with a population of approximately 247,000 (DPCD 2011, website). Some local governments have an absence of political party involvement, while others reflect a microcosm of party politics. The latter is largely evident in metropolitan councils (Kloot 1999, p. 565). The diverse range of characteristics in Victorian local governments is reflected by some being located purely in older suburban areas, some located in newer outer suburban areas, those spanning rapidly expanding suburban and semi-rural areas, rural and remote areas, and regional cities and towns (Kloot and Martin 2007, p. 486).
Like other Australian jurisdictions, until the Second World War Victorian municipalities were largely preoccupied with providing basic physical infrastructure such as roads, bridges and water/wastewater systems. The 1970s, however, witnessed growth in Victorian local government’s service offering including the allocation of greater resources to providing services for people (Marshall 2010, p. 82). Programs such as personal care services (e.g. home and community care), aged care services, child care services and pre-school education became common offerings of most Victorian councils. It is argued that Victorian local government embraced the expansion of service offerings in the human services area often in excess of that offered by many other Australian state local government systems. This was particularly the case for larger metropolitan councils with greater capacity to provide such programs.

Dollery, Wallis and Allan (2006) note that amendments to the various local government Acts across all state and territory local government systems in the past two decades created the legislative scope for an expansionist role for municipalities (p. 556). This was evident in Victoria with the revision of the Local Government Act in 1989 to create a statute of enabling powers. Dollery, Wallis and Allan (2006) comment that ‘[t]he powers of general competence embodied in these statutes have facilitated a substantial change in the service provision away from traditional services to property towards human services’ (p. 556).

Victorian councils determine their service provision activities according to local needs and the various requirements of the Victorian Local Government Act and other associated legislation (LGNR 2010, p. 2). Marshall (2010) asserts that this growth and expansion of local government services has been driven firstly by higher levels of government devolving activities to the third tier of government; secondly, a growing expectation by the community of the services councils should provide; and thirdly, individual choice by councils to expand their roles (Marshall 2010, pp. 83-84). It is argued that Victorian local authorities have taken advantage of the enabling legislative framework in Victoria in recent decades to expand their service offering based on perceived local community needs, at times based on local choice, whilst at other times, to accommodate the withdrawal of services from local communities by other levels of government.
5. Recent Changes in Victorian Local Government

Fundamental changes have been introduced in the public sector in Australia at the Commonwealth, state and local government levels over the past two decades (Aulich 1999b, p. 12; Aulich 1999a, p. 38; Pullin and Haidar 2003, p. 286; Aulich 2005, p. 193). It is argued that the Victorian local government sector has been subjected to more change than any other segment of the Australian public sector during this period (Dollery 2009, p. 2; Marshall 2010, p. 85). The most impactful of these reforms (which were largely implemented in the 1990s) was that of amalgamating local government units. Whilst other reforms such as state-local partnerships, regional cooperation, changes in management and organisational arrangements and strategic alliances of councils have also occurred in the past 20 years (Dollery and Grant 2009), undoubtedly the amalgamation of Victorian councils in the 1990s has been the most drastic and impactful of these reforms. The following provides a brief overview of the history of municipal structural reform in Victoria since the 1960s.

Investigations into structural reform commenced in 1962 with the establishment of a Commission of Inquiry into Victorian local government when the number of councils at that time numbered 210. The Inquiry recommended a reduction in the number of councils to 42, but the Inquiry’s findings were not acted upon. In 1979, a report to the state government recommended the establishment of a Municipal Commission to restructure local government. Again, this report was not acted upon.

In 1985, the Victoria Grants Commission undertook a statistical analysis of economies of scale in local government and predicted a financial crisis in smaller units unless they were amalgamated (Jones 1993, p. 238). Heeding this warning, the Cain Labor Government established the Local Government Commission of Victoria. The Local Government Commission relied heavily on the Grants Commission’s 1985 findings (Jones 1993, p. 238), and found that there was a relationship between inefficiencies of council units and council size. There was pressure for amalgamation in some of the more economically-depressed, manufacturing reliant Victorian provincial cities with a relatively large number of local government units in their urban areas, such as Geelong (four), Bendigo (five) and Ballarat (six) councils (Jones 1993, p. 229).
In September 1985, the Victorian State Government announced a state-wide amalgamation of councils. This proposal was abandoned one year later amidst community opposition, and failure to establish majority parliamentary support (Morris 1998, pp. 50-51). The government’s response was to announce a program of voluntary amalgamation, which also proved to be ineffective in achieving any amalgamation of councils.

After the Labor Government’s unsuccessful attempts at local government reform in the 1980s, a recognition emerged in the early 1990s of the desirability for future local government restructure (Morris 1998, p. 50; Proust 1994, pp. 16-17). In 1994-95 following the election of the Kennett Liberal Government, a very significant structural reform program for local government was introduced. Of note, the incoming Liberal Government’s policy platform prior to the 1992 election stipulated that amalgamation of councils other than Melbourne and the larger provincial cities, would be voluntary (Munro 1996, pp. 78-79). The measures implemented after the election bore little resemblance to the pre-election policy platform (Kiss 1999, p. 112).

Williamson (2000) asserts that the Kennett Liberal Government policy sought to secure economic reforms, reduce state debt and restore Victoria’s credit rating. The policy platform was based on ‘core values’ associated with public choice theory, agency theory and entrepreneurial government. The reforms were focussed on achieving economic growth by improving the effectiveness and efficiency of government, whilst reducing the role and function of government (Williamson 2000, p. 32).

6. Reforms of the 1990s

The state of the Victorian economy was one of the justifications advanced by the Victorian State Government for radical local government reform in the 1990s. Forming part of Australia’s ‘rust belt’ (Aulich 1999b, p. 20; Marshall 2010, p. 87), Victoria’s economy was straining under the transition from primary and secondary based economies towards one dominated by service based industries. The then Minister for Local Government, the Hon Roger Hallam, MLC justified the reforms on the basis that they would generate total savings of approximately $500 million per annum in lower rates for households and business, retire debt, generate economic development and provide greater capacity for strategic decision-making (Aulich 2005, pp. 206-207).
The compulsory amalgamation of Victorian councils in 1994-95 resulted in a substantially fewer number, but larger sized councils. The number of councils in Victoria in this period reduced from 210 (in 1993) to 78 (in 1996) (Kloot and Martin 2002, p. 5). Concurrently, the Victorian State Government imposed a rate cut of approximately 20 per cent and capped rate increases in the immediate period following (Digby 2002, pg. 3). Associated features with this period of reform were the dismissal of elected councillors and replacement with government-appointed commissioners who assumed administrative responsibility of local government units under the strict oversight of the government-appointed Local Government Board. Appointed commissioners presided over a 60 per cent reduction in staff numbers between 1993 and 1997 (Kloot and Martin 2002, p. 5), together with the disposal of buildings, plant and equipment, and the reduction of services and capital reserves (Munro 1996, p. 78; Williamson 2000, p. 35) as part of the concerted effort to reduce the size of government.

These structural changes were followed by the introduction of compulsory competitive tendering (CCT). The stated objective of CCT was to make councils more efficient in their operations by having them compete with the private sector for the right to provide services to communities, thereby ensuring accountability of providers to funding agencies and the community (Haig 1998, pp. 163-165; Kloot and Martin 2010, p. 131). State legislation required that (ultimately) a minimum 50 per cent of a council's expenditure was to be put to competitive tender (Kloot and Martin 2007, p. 486). Mowbray (1996) asserts that CCT was introduced despite a lack of evidence that competition necessarily generates greater efficiencies or savings (p. 31).

CCT legislation required council expenditures to be exposed to the private sector through a tendering process. In 1994-95, 20 per cent of total council expenditure was required to be exposed to market testing, 30 per cent in 1995-96 and 50 per cent in 1996-97 (Blacher 1996, p. 47). Savery (1997) notes that very few councils achieved these market testing targets (p. 163).

Aulich (1999a) asserts that CCT created a ‘democratic deficit’ (p. 43) because of the imperative for, and focus on, service efficiency and the consequent change in local government focus away from traditional democratic values such as representativeness, advocacy of local interests, probity, responsiveness and access, transparency and accountability.
CCT forced councils to be more outwardly focused on service standards, cost efficiencies and value for money in the quest for improved service performance and clearer service standards (Aulich 1999a, p. 43).

Other less prominent reforms enacted as part of the Kennett Liberal Government reforms in the 1990s were the introduction of accounting regulations (AAS27) and auditing requirements, more liberal freedom of information laws, statutory requirements to prepare and produce strategic plans, the abolition of traditional statutory appointed positions of Town Clerk and Municipal Engineer, and the appointment of all senior staff on fixed-term, performance based contracts (Blacher 1996, p. 48). These initiatives were also underpinned by a blunt instrument to drive down cost in the form of a once-off rate reduction, followed by rate capping (Digby 2002, p. 3). This latter measure was a catalyst for asset sales and the use of pre-existing capital reserves to underwrite the funding deficit caused by rate capping in the short term (Munro 1996, p. 79).

The Kennett era reforms were not without criticism, although Hill (2003) notes that the amalgamation of councils was achieved with little community backlash. Hill (2003) highlights that the rural shires that had so strongly opposed the Labor Government’s proposals of the 1980s surrendered quite meekly under the Kennett Government’s reforms of local government, and general community reaction was relatively ‘muted’ (Hill 2003, p. 3).

Most criticism of the reforms centred on the notion that the rights of local communities to self-determination were suspended and the speed and drastic nature of the changes precluded proper public participation, and was largely driven by business interests (Kiss 1999, pp. 113-114). Williamson (2000) asserts that the nature of Victorian local government and its relationship with citizens was changed as a result of these reforms (Williamson 2000, p. 36). Citizens were increasingly defined as customers of contracted services rather than citizens with rights and obligations. It is argued that the legislative and constitutional changes that accompanied the local government reform of the 1990s contributed to the erosion of civil and political rights of Victorians (Williamson 2000, p. 60).
Whilst the amalgamating of councils may have been the most visible form of local government reform during this period, Kennedy and Digby (1999) argue that the most challenging aspect of the reform was the creation of a different organisational culture focussed on policy development and delivery of outcomes, whilst being responsive to community needs and being prepared to manage risk (Kennedy and Digby 1999, pp. 4-5). Martin (1999) proposes that management practices were improved as larger councils had a better capacity to attract skilled professional staff and management; to provide a greater range of services; to act more strategically; and, to exercise a stronger community leadership role (Martin 1999, p. 34).

An objective of the Kennett Government reform was to instill managerialism in Victorian local government based on New Public Management theory. Van Gramberg and Teicher (2000) argue that this was not fully achieved under the reforms as centrally imposed requirements such as rate capping and other legislative dominated requirements, were too onerous for effective development of the managerialist model (Van Gramberg and Teicher 2000, p. 9). There were others who argued that local government had been weakened by the transfer of authority from elected councillors to senior management and the state government (Kiss 1999, p. 120). Still others argued that local government had lost its governance role through overly excessive state control, and the community had lost some of its intrinsic democratic rights (Digby 2002, p. 3).

7. A Change in State Government

A change in the Victorian State Government in 1999 witnessed a change of approach towards local government as the newly-elected Bracks Labor Government sought to work with councils, largely influenced by a capacity building ideology (Digby 2002, pp. 5-6). The new government moved to establish a constitutional relationship between the state and local government; to recognise democratically elected local government governing bodies; and to reduce interference by the state government in the affairs of local government (Victorian Local Governance Association 2000, p. 1).
The incoming Labor Government immediately initiated a variant of the United Kingdom’s ‘Best Value’ program to replace CCT (Local Government Best Value Principles Act 1999). Best Value principles were added to the Local Government Act 1989 to require councils to choose suppliers for goods and services not only on the basis of cost (being the resource efficiency premise underlying CCT) (Kloot and Martin 2007, p. 487), but also on the basis of achieving community outcomes tailored to local community needs. Under Best Value, considerations of public interest were required to be taken into account in decisions relating to outsourcing and service provision (Guthrie, Olsen and Humphrey 1999, p. 487).

Best Value legislation was also explicitly aimed at involving greater engagement of communities by local government authorities (Aulich 2005, p. 206). The Department for Victorian Communities (2005) described Best Value in the following way:

‘Best value was introduced into Victoria in 1999, with the aim of retaining the accountability of Councils for their expenditure and value for money while removing the rigidity and inflexibility to allow a focus on local community needs and building effective partnerships with their local communities. Best value principles were derived from the British model and the objectives for their introduction were to foster: local accountability; a whole of organisation response; consultation on performance; best value outcomes (enhanced service and organisational performance); benefits, not costs; and to encourage innovation...’ (Department for Victorian Communities 2005, p. 1)

All councils were required to apply the Best Value principles ‘to all services it provides on or before 31 December 2005’ (Local Government Act 1989, s. 208E). The Best Value Principles (Local Government Act 1989, s. 208B) are:

a. ‘all services provided by a Council must meet the quality and cost standards required by section 208D [of the Local Government Act 1989];

b. subject to sections 3C(2)(b) and 3C(2)(e) [of the Local Government Act 1989], all services provided by a Council must be responsive to the needs of its community;

c. each service provided by a Council must be accessible to those members of the community for whom the service is intended;
Appendix B – Victorian Local Government

8. New Public Management

Many of the statutory changes impacting on Victorian local government in recent decades conform to New Public Management ideology (Hood 1991, pp. 3-19; Aulich 2005, p. 199). This focus on structural efficiency dominated the Victorian local government reform in the 1990s. During this period, local government was perceived more narrowly as predominantly a supplier of goods and services, focussing on resource management and competitive service delivery (Aulich 1997, p. 208). In New Public Management, changes and reforms are aimed at achieving greater efficiency and forcing the adoption of new processes and technologies often fashioned on those found in the private sector. The underlying premise of New Public Management is that the private sector utilises superior management practices and by focussing on profit, is better able to drive down the cost of service provision (Kloot and Martin 2007, p. 485). In this respect, fiscal and economic issues dominated other social and political concerns (Tucker 1997, p. 3). During this period a greater emphasis was also placed on state intervention to exert control over local government to ensure that efficiency and economic outcomes prevailed (Aulich 2005, p. 199).

Much of the change to local government in Victoria through the mid-1990s required councils to shift from a more bureaucratic style to an organisational focus that was less process focussed and more outcome-oriented. Principles of managerialism, competitiveness, strategy development and leadership underpinned this reform process.
Whilst there was some tempering of the influence of New Public Management practices with the election of the Bracks Labor Government in 1999, much of the framework established in the mid 1990s under the Kennett Liberal Government is still evident in the legislative framework in which Victorian local government operates today. This influence is also still evident in the relationships between local government and higher levels of government in the federation, most particularly that of the state government.

9. **Summary**

Building on Appendix A that outlined the broader context for local government in Australia, this Appendix has provided a contextual overview of Victorian local government. This section has provided a brief history of local government in Victoria, an overview of the diversity of Victorian councils, and outlines the significant changes experienced by Victorian local government in the 1990s as a part of what have been regarded by many, as the most impactful of public sector reforms in Australia (Dollery 2009, p. 2; Marshall 2010, p. 85). These reforms were largely influenced by New Public Management (Aulich 2005, p. 199; Marshall 2010, p. 94) that focussed on economic efficiency and managerialism, and contracted other social and political concerns (Tucker 1997, p. 3). Victorian councils have played an expansionist role in human service delivery since the 1970s that, when coupled with an ongoing fiscal imbalance in the growth of expenditure compared to revenue, has created significant challenges for future sustainability.
Appendix C

Knox City Council

1. Introduction

This Appendix provides a contextual overview of the Knox City Council including a brief history of the municipality's governance arrangements and land use development pattern. It also outlines the rapidly changing population profile of the municipality as the existing population matures, together with the financial challenges faced by Knox City Council in maintaining a financially sustainable future.

2. History

The origins of Knox City Council date back to 1864 when the population of Ferntree Gully, Victoria was first annexed to the Shire of Berwick Roads Board. Local identity Thomas Dobson Snr became an elected member for the Scoresby Riding in 1865, polling 14 votes to his opponent's 11 (Jones 1983, p. 93). At that time, it was relatively easy for a growing area to break away from a larger council to form its own municipality as evidenced by the number of Shires in Victoria increasing from 45 in 1865 to 108 in 1875 and 130 in 1889 (Jones 1983, p. 93).

In 1889 the Scoresby Riding broke away from the Shire of Berwick Roads Board and became the Shire of Ferntree Gully. The first ten years of the new Shire were mainly occupied in coping with the severe financial problems created by the economic depression of the 1880s, reduced property valuations, and that many residents were reluctant to pay their property rates.

It is reported that the Victorian State Government drastically reduced the financial subsidy to the Shire during this period, and the Shire itself aggravated the situation by building a lavish Town Hall in the midst of the depression. There are also claims that the Shire humiliated and mistreated its Shire Secretary, who then stole the Shire's funds and departed to South Africa (Jones 1983, pp. 97-98).
Despite this challenging establishment period, the post-Second World War period saw the rapid expansion of housing and settlement in the Dandenong Ranges, with the Shire’s population growing rapidly during this time. Subdivisions were occurring at a fast rate largely driven by the cheaper land prices in the foothills of the Dandenong Ranges (Winzenried 1988, p. 209). In 1963, with a population of approximately 24,000, a poll of residents voted to sever a portion of the Shire of Ferntree Gully to create the Shire of Knox. The rapid urbanisation of the new Knox Shire, at that time, was considered to be at odds with the predominantly rural and tourist townships of the Dandenong Ranges to the east (Winzenried 1988, p. 209).

The City of Knox was named after the Hon Sir George Knox, KBE, CMG, ED, MLA. Sir George Knox was a distinguished soldier and Shire of Ferntree Gully resident and councillor who entered the Victorian State Parliament in 1927 and served until 1960, including holding the position of Speaker of the Lower House. His military campaigns included Gallipoli, Egypt and Marseilles (Jones 1983, pp. 222-234).

By 1969, the population of the Shire of Knox had grown to approximately 50,000 and the Municipality was proclaimed a City. In 1994, and as part of the state government reforms of local government in Victoria, the current Knox City Council (being distinctive from the City of Knox, which existed pre-1994) was proclaimed and its current boundaries determined. The redrawing of these boundaries included all the area of the former City of Knox, together with the nearby suburb of Upper Ferntree Gully and part of Lysterfield, previously forming part of the Shire of Sherbrooke.

Housing development was initially focussed around the railway station hubs to the north of the Municipality, particularly in Bayswater and Ferntree Gully, and the gaps in between were filled in during the post-Second World War period (id.consulting Pty Ltd 2011, p. 3).

Knox’s development accelerated from the 1970s as young families were attracted to Knox by relatively cheaper housing options made available through the release of major residential subdivisions on the fringe of Melbourne’s urban area. ‘Greenfields’ development occurred in the southern areas of the municipality until very recent years. Knox is now emerging from this period of high growth to a time of maturation and consolidation. The variety of periods of settlement in the City means that various suburbs are at quite different periods in the suburb lifecycle (id.consulting Pty Ltd 2011, p. 4).
3. Municipal Profile

Knox City Council is located in Melbourne’s middle to outer eastern suburbs, between 22 and 32 kilometres east of the Melbourne GPO. The area is predominantly residential but includes a major retail and commercial centre in Wantima South. The City also includes significant employment areas in Bayswater, Scoresby and Knoxfield. Localities within the Knox City Council include the suburbs of Bayswater, Boronia, Ferntree Gully, Knoxfield, Lysterfield, Rowville, Sassafras, Scoresby, Studfield, The Basin, Upper Ferntree Gully, Wantima and Wantima South.

Knox City Council is now home to approximately 156,000 residents (DPCD 2011). The Knox population is expected to grow to 160,000 by 2016, followed by slowing annual population increases to around 178,000 by 2031 (id.consulting Pty Ltd 2011, p. 7). Knox is a multicultural community with residents from 130 different countries and speaking 54 languages.

Reflective of Knox’s settlement pattern, Knox currently has a relatively younger age profile with the majority of residents currently aged 0-49 years. However, the population is shifting to a maturing profile. An ageing of the population will see the number of residents aged 60+ years grow from 14.9 per cent of the Knox population in 2006 (ABS 2006) to a projected 25.9 per cent by 2031 (id.consulting Pty Ltd 2011, p. 15). A maturing population will be a dominant demographic feature of the Municipality over coming years and will significantly impact upon local provision of human services, and economic and social activity.

The average individual taxable income in Knox in 2008-09 was $51,308, lower than the Victorian average of $55,980 (Australian Taxation Office 2009). This reflects a high proportion of wage earners in manufacturing, retail and health care industries, and a lower than average proportion of management and professional occupations (Knox City Council 2008, p. 48).

Knox residents are proud of their City’s leafy, green image. They are protective of the natural qualities of the nearby Dandenong Ranges foothills and other special places of biological significance.
4. **Response to an Ageing Population**

In recognition of the likely significant impacts on the Knox community arising from a maturing population, Knox City Council first developed its strategic response to ageing in 2002 through the development of the *Knox City Council Healthy Ageing Plan 2002-2006*. The most recent revision of this strategic approach occurred in 2009 with the development of the *Knox City Council Healthy Ageing Strategy 2009-2013*.

The *Knox City Council Healthy Ageing Strategy 2009-2013* recognises that an ageing population is a global phenomenon and is not unique to Australia. It presents unprecedented challenges and opportunities to our society in relation to the economy and living standards, health and welfare, and the well-being and quality of life of all Australians. The *Knox City Council Healthy Ageing Strategy 2009-2013* identifies that the maturing of the Knox population will have a significant impact on local economic development opportunities, the way community services will be delivered and the range of social activities that will need to be provided by the council in the future (Knox City Council 2009, pp. 1-9).

The *Knox City Council Healthy Ageing Strategy 2009-13* has been based on a strategic approach developed in the US known as the AdvantAge Initiative (The AdvantAge Initiative 2011). This Initiative is acknowledged as a dynamic community-building effort focused on creating vibrant communities for an increasing number of older people. ‘This includes building older people’s capacity to support and manage their health, wellbeing, independence, risk of disease, disability and frailty’ (Knox City Council 2009, p. 20).

The *Knox City Council Healthy Ageing Strategy 2009-2013* is based on four foundations: addressing basic needs; optimising health and well-being; promoting social and civic engagement; and supporting independence. Collectively, these are supported by a range of objectives and actions for the council to implement over the *Strategy’s* four year period.

5. **Organisational Profile**

At 30 June 2011, Knox City Council employed 1,152 staff (Knox City Council 2011a). Table 22 below provides an historical staff profile for the period 2006-07 to 2010-11.
Table 22: Knox City Council Employee Profile

<table>
<thead>
<tr>
<th></th>
<th>2006-07</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Female staff numbers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>810</td>
<td>829</td>
<td>818</td>
<td>836</td>
<td>838</td>
</tr>
<tr>
<td></td>
<td>(420)²</td>
<td>(439)²</td>
<td>(427.39)²</td>
<td>(434.23)²</td>
<td>(450.87)²</td>
</tr>
<tr>
<td><strong>Male staff numbers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>274</td>
<td>276</td>
<td>292</td>
<td>292</td>
<td>314</td>
</tr>
<tr>
<td></td>
<td>(204)²</td>
<td>(201)²</td>
<td>(212.04)²</td>
<td>(212.04)²</td>
<td>(224.87)²</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,084</td>
<td>1,105</td>
<td>1,110</td>
<td>1,138</td>
<td>1,152</td>
</tr>
<tr>
<td></td>
<td>(624)²</td>
<td>(640)²</td>
<td>(639.43)²</td>
<td>(648.69)²</td>
<td>(675.69)²</td>
</tr>
<tr>
<td><strong>Annual staff turnover rate (%)</strong></td>
<td>11.42</td>
<td>10.66</td>
<td>6.77</td>
<td>7.32</td>
<td>8.85</td>
</tr>
</tbody>
</table>

Note: ¹ Excludes casual employees  
² Full time equivalent employees

Source: Knox City Council (2011a), Knox City Council 2010-11 Annual Report.

The large proportion of female staff members compared to male staff members is a result of Knox City Council’s current service offering. Having undertaken a rapid expansion of service offering in the 1970s, Knox City Council continues to be a significant provider of human services (e.g. home and community care, childcare, and early years education), all which continue to attract higher proportions of female employees. The other predominant feature associated with human services is that many of these employment positions are part-time.

Knox City Council has historically been relatively financially secure, but like many local government units in Australia, is facing financial sustainability challenges. The council’s total expenditure in 2010/2011 was $128 million with total revenue equalling $131 million (Knox City Council 2011a).

Knox City Council is the custodian of community assets totalling more than $1.4 billion (Knox City Council 2011a). The predominant classes of assets are land, roads, drainage systems, buildings, kerb and channel and footpaths. Council’s 2011/12 Budget indicates that whilst the council estimates its annual asset renewal funding requirement at $23.0 million, the council is falling short of this required investment in 2011/12 by approximately $3.0 million (Knox City Council 2011b). A shortfall in asset renewal is projected through to 2013/14.
The effect of this under-investment is that, on an annual basis, the community’s assets within the council’s control are deteriorating by $3.0 million, clearly an unsustainable financial position. The cumulative effect of this under-investment over past years is the accumulation of an asset renewal investment backlog of more than $46.0 million (Knox City Council 2011b). In order for the council to achieve a financially sustainable position, an annual underlying operating surplus should be achieved, particularly if the council’s infrastructure renewal backlog is to be addressed.

Council completed the 2010/11 financial year with an operating surplus of $3.196m (Knox City Council 2011a). Council’s accounting result is, however, influenced by several large, non-cash based transactions such as assets transferred to council by developers, the de-recognition of the Amaroo Gardens Residential Aged Care Facility bed licenses and increases in the council’s landfill rehabilitation provision. A truer measure of council’s financial performance is that of its underlying outcome from a purely operational basis, with the operating result adjusted to exclude non-cash based transactions referred to above. Applying this treatment, the council recorded an underlying deficit of $0.113 million in 2010/11, following an underlying deficit of $0.525 million in 2009/10 (Knox City Council 2011a). Table 23 provides an outline of Knox City Council’s key financial performance information for the financial periods 2007-08 to 2010-11.

Table 23: Knox City Council Key Financial Performance Information, 2007-08 to 2010-11

<table>
<thead>
<tr>
<th></th>
<th>2007-08 $000’s</th>
<th>2008-09 $000’s</th>
<th>2009-10 $000’s</th>
<th>2010-11 $000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Revenue</td>
<td>60,608</td>
<td>65,197</td>
<td>69,390</td>
<td>74,831</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>112,630</td>
<td>120,176</td>
<td>125,503</td>
<td>131,656</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>102,505</td>
<td>120,176</td>
<td>114,685</td>
<td>128,460</td>
</tr>
<tr>
<td>Profit</td>
<td>10,125</td>
<td>10,894</td>
<td>10,818</td>
<td>3,196</td>
</tr>
<tr>
<td>Comprehensive Result</td>
<td>139,608</td>
<td>40,634</td>
<td>239,161</td>
<td>26,025</td>
</tr>
<tr>
<td>Net Underlying Result</td>
<td>939</td>
<td>197</td>
<td>(525)</td>
<td>(113)</td>
</tr>
</tbody>
</table>

Source: Knox City Council (2011a), Knox City Council 2010-11 Annual Report
Knox City Council’s budgeted expenditure profile for 2011-12 is represented in Figure 15. This data highlights that in a total budget expenditure of $123.7 million, employee costs represent 47.3 per cent of the council’s total budget (Knox City Council 2011b, p. 50). This is reflective of the council’s service offering which is weighted towards human services, which are labour-intensive by nature. The large proportion of labour costs relative to total budgeted expenditure is also reflective of the council’s service delivery policy that has traditionally favoured in-house delivery over outsourcing or privatisation.

Figure 15: Knox City Council 2011-12 Budget Expenditure Profile

Source: Knox City Council (2011b), Knox City Council Adopted Budget 2011-12.

Knox City Council has three main sources of revenue, namely rates (property charges), fees and charges, and grants from other levels of government. Knox City Council’s largest source of income is from property rating. In 2011-12, council expected to raise $80.4 million from this source. Rates revenue was budgeted to represent 64.3 per cent of council’s total revenue ($124.9 million) in 2011-12 (Knox City Council 2011b, p. 50). Knox City Council’s budgeted sources of income are shown in Figure 16.
Knox City Council’s five year financial forecast (2011-12 to 2015-16) projects a challenging financial future. Similarly to other Australian Councils, Knox is facing a growing gap between projected increases in expenditure compared to revenue over the five year outlook period, and a growing asset renewal backlog (Knox City Council 2011b, pp. 50-53). With an already heavy reliance on property rates for revenue, it is projected that total rate income will need to increase from $80.4 million in 2011-12 to $99.7 million by 2015-16 for the council to remain sustainable, representing an increase of 24.0 per cent in property rates over this period. By 2015-16 it is projected that property rates will comprise 66.3 per cent of total revenue, up from 64.4 per cent in 2011-12 (Knox City Council 2011b, p. 50). This increasing reliance on property rate increases represents a significant financial challenge for the Knox City Council.

Knox City Council’s electoral arrangements involve nine elected councillors, representing nine geographical areas called Wards. Each councillor represents a single Ward, which comprises approximately 12,500 voters. In accordance with the Local Government Act 1989, councillors are elected for a four-year term. The next General Election for the Knox City Council will be conducted in October 2016.
The *Local Government Act 1989* (s.71) prescribes the process for the election of Mayor. Knox City Council’s Mayor is elected annually from, and by, the elected councillors. Knox Mayors are appointed for a one year term, but can be appointed for successive or multiple years.

Knox City Council’s management structure is centred on functional groupings known as Directorates, with the organisation headed by a CEO in accordance with the *Local Government Act 1989*. In accordance with Section 94A of the Act, the CEO is responsible for the day-to-day operations of the council and for all matters related to staffing. Knox City Council’s CEO, Mr Graeme Emonson, has held this position since 2002.

The functional Directorates of the council, and the Directors heading the respective Directorates, are as follows:

- Corporate Development – Mr Mark Dupe
- Community Services – Ms Kerry Stubbings
- Engineering and Infrastructure – Mr Ian Bell
- City Development – Mr Angelo Kourambas
- Knox Central Project – Mr Jason Matthews

Of note, with a total organisational staffing of 1,152 (30 June 2011), more than 600 staff are employed within the Community Services Directorate. This is also reflective of Knox City Council’s extensive and historical offering of services to people which are largely labour-intensive. The operations of Amaroo Gardens Aged Care Facility (being the subject of this case study research study) were managed from within the Community Services Directorate, as part of the Healthy Ageing Department. Day-to-day management of the Amaroo Gardens Aged Care Facility was carried out by an on-site, facility manager.
6. Summary

This Appendix has provided a contextual overview of the Knox City Council. Having enjoyed rapid housing and economic growth in the post-Second World War period, and most notably since the 1970s, the Municipality is now entering a period of maturation as the population ages. The council’s response to the rapidly ageing population is articulated in its *Knox City Council Healthy Ageing Strategic Plan 2009-13*. This Plan foreshadows a growing demand for in-home and personal care services as residents aim to stay in their own homes for longer.

This Appendix has also demonstrated the challenges facing the Knox City Council to remain financially sustainable in the future. As a response to these mounting pressures, the council embarked upon a strategic review in 2008 to critically consider its future role in residential aged care services. This strategic review ultimately resulted in the council’s decision to divest the business, land and buildings associated with the Amaroo Gardens Aged Care Facility.
Appendix D

Ethics Committee Approval

Memorandum

To Graeme Emson, School of Business, Department of Management
From Professor Russell Hoye, Chair, Faculty Human Ethics Committee
CC Dr Richard Pech, School of Business, Department of Management
Subject Modification Approval for Ethics Application 39/12PG
“An examination of leadership at multiple organisational levels in a local government setting.”
Date 18/07/2012

Dear Mr Emson,

The Faculty Human Ethics Committee (FHEC) has assessed your application as complying with the National Health and Medical Research Council’s National Statement on Ethical Conduct in Research Involving Humans and with University guidelines on Ethics Approval for Research with Human Subjects.

The FHEC Committee has granted approval for the period 18/07/2012 to 30/09/2013.

Please note that the FHEC is a sub-committee of the University’s Human Ethics Committee (UHEC). The decision to approve your project will need to be ratified by the UHEC at its next meeting. Consequently, approval for your project may be withdrawn or conditions of approval altered. However, your project may commence prior to ratification. You will be notified if the approval status is altered.

The following special conditions apply to your project: Nil

The following standard conditions apply to your project:

Complaints: If any complaints are received or ethical issues arise during the course of the project, researchers should advise the Secretary of the FHEC by mail or email: FBEL.ERGS@latrobe.edu.au

Limit of Approval: Approval is limited strictly to the research proposal as submitted in your application, while taking into account the conditions and approval dates advised by the FHEC.

Variation to Project: As a consequence of the previous condition, any subsequent variations or modifications you may wish to make to your project must be notified formally to the FHEC. Please submit to the FHEC secretary an Application for Approval of Modification to Research Project form (download from the UHEC website http://www.latrobe.edu.au/research-services/ethics/HEC-application.htm). If FHEC considers the proposed changes to be significant, you may be required to submit a new Application Form.

Progress Reports: You are required to submit a Progress Report annually (if your project continues for more than 12 months) and a final report at the conclusion of your project. The completed form (can be downloaded from UHEC website http://www.latrobe.edu.au/research-services/ethics/HEC-application.htm) is to be returned to the Secretary of the FHEC. Failure to submit a Progress Report will mean that approval for this project will lapse. An audit may be conducted by the FHEC at any time.

Your Progress report is due on 12/02/2013 and your Final Report is now due on 30/10/2013.

If you have any queries, or require any further clarification, please contact me at the Faculty of Business, Economics and Law on 9479 5164, or by e-mail: FBEL.ERGS@latrobe.edu.au

Yours sincerely,

Professor Russell Hoye
Chair, Faculty Human Ethics Committee
Appendix E

Multifactor Leadership Questionnaire - Survey Sample

Multifactor Leadership Questionnaire

Form 5X - Short (Leader)

The following sample questions are taken from the Multifactor Leadership Questionnaire Form 5X - Short (Leader):

Use the following rating scale:

<table>
<thead>
<tr>
<th>Not at all</th>
<th>Once in a while</th>
<th>Sometimes</th>
<th>Fairly often</th>
<th>Frequently, if not always</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

1. I provide others with assistance in exchange for their efforts ......................... 0 1 2 3 4
2. I re-examine critical assumptions to question whether they are appropriate... 0 1 2 3 4
3. I fail to interfere until problems become serious........................................ 0 1 2 3 4
4. ........
5. ........
6. I talk about my most importance values and beliefs ........................................ 0 1 2 3 4
7. ........
8. I seek differing perspectives when solving problems..................................... 0 1 2 3 4

The Multifactor Leadership Questionnaire is the property of Bruce Avolio and Bernard Bass (copyright 1995). Due to copyright restrictions, not more than five sample items from this instrument may be reproduced in this thesis.
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