
Does a diarchical structure help or hinder defence performance?

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In the 21st century milieu, the social, economic, political, military, environmental and technological factors influencing a defence organisation are increasingly volatile and unpredictable. With these external challenges, many defence organisations find themselves in drastic organisational change processes, such as restructuring, downsizing, commercialisation, and 'corporatisation'. The goal is to increase the defence performance in order to justify the organisation's existence and make it relevant against the external as well as the internal challenges. With demanding and complex, external and internal challenges, strategic leadership and management in defence have become increasingly important. This paper will discuss two important topics of defence strategic leadership and management: the diarchy and defence performance. Throughout this paper, the topics will be examined under a framework of strategic management process. Examples from defence organisations of Australia, Canada and the United Kingdom will be drawn on to highlight the discussion of the topics.

In any organisation, large or small, successful performance requires well-executed strategic management processes. Strategic management identifies, chooses and implements activities that will enhance and sustain long-term high performance of an organisation. A strategic manager sets direction creating ongoing compatibility between the internal skills and resources of the organisation, and the changing external environment. The strategic management process includes strategic analysis, strategic direction, strategic choice, strategic implementation, and strategic evaluation and control (see Figure 1 page 21).¹ These five stages are supported by the strategic information system and shaped by the organisation's vision, mission and values. The vision, mission and values are the overarching principles that permeate all stages of the process.

In the context of strategic management process, the mission and values of a defence organisation are unique. The implied mission of a defence organisation is to 'prepare for war and to win a war', although a documented mission statement usually refers to the 'protection and support of the national interests'. In a defence organisation, there are requirements for strategic command as well as continuous administration and management in the time of war and peace. This creates a management environment that is greatly different from other public organisations. The strategic management process in a defence organisation must allow for an effective chain of command as well as a high-performing strategic management. Command and management are entirely different, but they both exist simultaneously in a defence organisation.

In a democratic society, checks and balances are essential in administering and employing the armed forces. This also requires a defence organisation to be different from other public agencies due to the presence of civil–military relations. The civil control of the military is a very important aspect in a liberal democracy where the people allow the politicians to organise and use deadly force in their name to accomplish community goals. As a result, states maintain 'a class of men set apart from the general mass of the community, trained to particular uses, formed of peculiar notions, governed by peculiar laws, marked by peculiar distinction'.² The armed forces can pose threats to society, and consequently the political leaders are required to protect the society from an arbitrary or independent use of force by the military. The politicians must set and control conditions and situations where the

armed forces may be used according to the will of the people. On the other hand, the society needs to have a bulwark against the unconditional obedience of a military commander to the ruling government. So, the legislators must enact laws to prevent partisan political activities in the armed forces. Generally in the traditions of Westminster, the issues of the civil–military relations are controlled by giving the direction, command and administration of the armed forces to politicians, military officers and public servants, respectively.³ Consequently, the bureaucracy in a defence organisation is unique, more complicated, and requires more political awareness than other public agencies, because there are three major groups of players, namely politicians, military officers and public servants.

The unique mission and values of a country's defence organisation are in most cases embedded in the Constitution and/or the Defence Act the legislation through which the defence mission and values are legitimised and set as requirements to be pursued. In the context of strategic management process, these mission and values are the overarching principles that defence leaders and managers must adhere to during the course of strategic analysis, setting strategic direction, choosing a strategy choice, implementing the strategy, and finally evaluating and controlling the strategy (see Figure 1). In the strategic implementation stage, the system, the structure, and the culture of a defence organisation are affected by the mission and values set by the legislation. However, the performance of the organisation is mainly a result of the competency of the leaders and managers who must properly and successfully 'row' and 'steer' the whole organisation in order to accomplish the mission in line with the vision and within the boundary of the set values. This aspect of performance will be discussed further.

A diarchy in a defence organisation is by and large a result of the mission and values discussed above. In the context of strategic management, the diarchy should be described as a system or process, rather than a structure, in which the senior military and civilian/public service leaders share administrative responsibilities at the higher defence arrangements. However, the command responsibilities of the armed forces are not shared but clearly defined by a chain of command with the Commander in Chief at the apex. In order to maintain the civil control of the armed force, the Defence Act or other related legislation usually requires that both the command and administrative responsibilities be under the direction of the Defence Minister. Consequently, checks, balances and the civil control must prevail, and the diarchy in a defence organisation can ultimately be affected by the Minister.

In the 1970s the diarchy was introduced in Australia and Canada. In Australia, the diarchy was established during 1973–76 Defence Reorganisation.⁴ The arrangements were described as the 'joint process' whereby civilian and military staffs were made responsive, as appropriate, to each other; and military officers were integrated into various parts of the Department (headed by the Secretary), some being 'two hatted', with responsibilities to both the Secretary and a Service Chief'.⁵ In Canada, the diarchy was first introduced in 1972 when the Department of National Defence's corporate headquarters and the Canadian Forces' strategic headquarters were amalgamated with the Chief of Defence Staff and the Deputy Minister collegially presiding over the integrated staff of the new National Defence Headquarters.⁶

Contemplating the diarchy as a structural configuration of an organisation is inappropriate and incomplete. The structure of an organisation is very important, because it can affect the formulation and implementation of strategy. However, according to Henry Mintzberg,⁷ there are six basic parts of the organisation in forming the organisational structure; they are operating core, strategic apex, middle line, technostructure, support staff, and ideology. Consequently, the diarchy identified at the

strategic apex of the defence organisation by itself does not determine the organisational structure. In addition, there are six basic coordinating mechanisms, several parameters and situational factors involved in structural configuration.

The diarchy being described as a system or process rather than a structure is underpinned by operations of the higher defence headquarters through a series of committees. In most cases, the committees are diarchical in nature and thus consist of both senior military and civilian leaders as members. The committees have central roles in the strategic management process of the defence organisation. Examples of such committees are defence council, defence management committee, defence capability committee, defence personnel committee, defence information management board, and defence budget committee. In this way, the diarchy does not only reflect the mission and values of a defence organisation but also systematically brings together diversity and a balance of skills in the leadership and management of such a complex organisation as Defence. The military have specific warfighting and related skills, while the civilians can bring specialised and bureaucratic skills and can work effectively in a complex intra-governmental environment.⁸

The second important aspect is defence performance. Assessment of strategic performance is difficult but one of the most important parts of strategic management process. In the public sector, the assessment is even more complicated due to rules and regulations embedded in the bureaucracy. Nonetheless, with a broader perspective, it can be argued that the basic concepts of a performance framework in the public sector are very similar to, if not the same as, those in commercial/private enterprises. In the context of strategic management assessment of strategic performance requires evaluation and control at both the macro and operational levels. The process of strategic control must be closely linked to the strategic objectives established at the strategic direction stage where performance measures are also identified.⁹ It is relevant to discuss the method of performance measurement. A popular and useful tool in performance measurement and management is the Balanced Scorecard.

The Balanced Scorecard is a management tool that assists not only strategy development but also strategy implementation by translating an organisation's vision into a rational set of strategic initiative and performance measures.¹⁰ The scorecard identifies key issues relevant and significant to the success of an organisation. The word 'balanced' implies all major elements of performance are engaged without favouring one over another. The key dimensions of the scorecard usually are the customer-related performance, performance of internal process, performance with learning and innovation, financial performance, people performance and performance according to stakeholders. In general there is no magic set of dimensions and they can be different for each organisation, depending on the type of organisation and its vision. As a caveat, the Balanced Scorecard can assist a good manager, but it does not help in a poor management environment. A manager still has to think through the process from strategic analysis, direction, choice and implementation at the corporate and business level.¹¹

The Balanced Scorecard has gained popularity in performance management among defence establishments. For the United Kingdom's Ministry of Defence (UK MoD), the Balanced Scorecard has four dimensions. They are outputs and deliverables, process improvement, learning and development, and resource management.¹² The scorecard provides the UK MoD a sharper focus on results and a better alignment of its objectives with those of the UK Government stipulated in the Public Service Agreement. In order to align their objectives with the UK MoD, the three Services also have separate individual scorecards. For the Canadian Army, five key measurement areas have

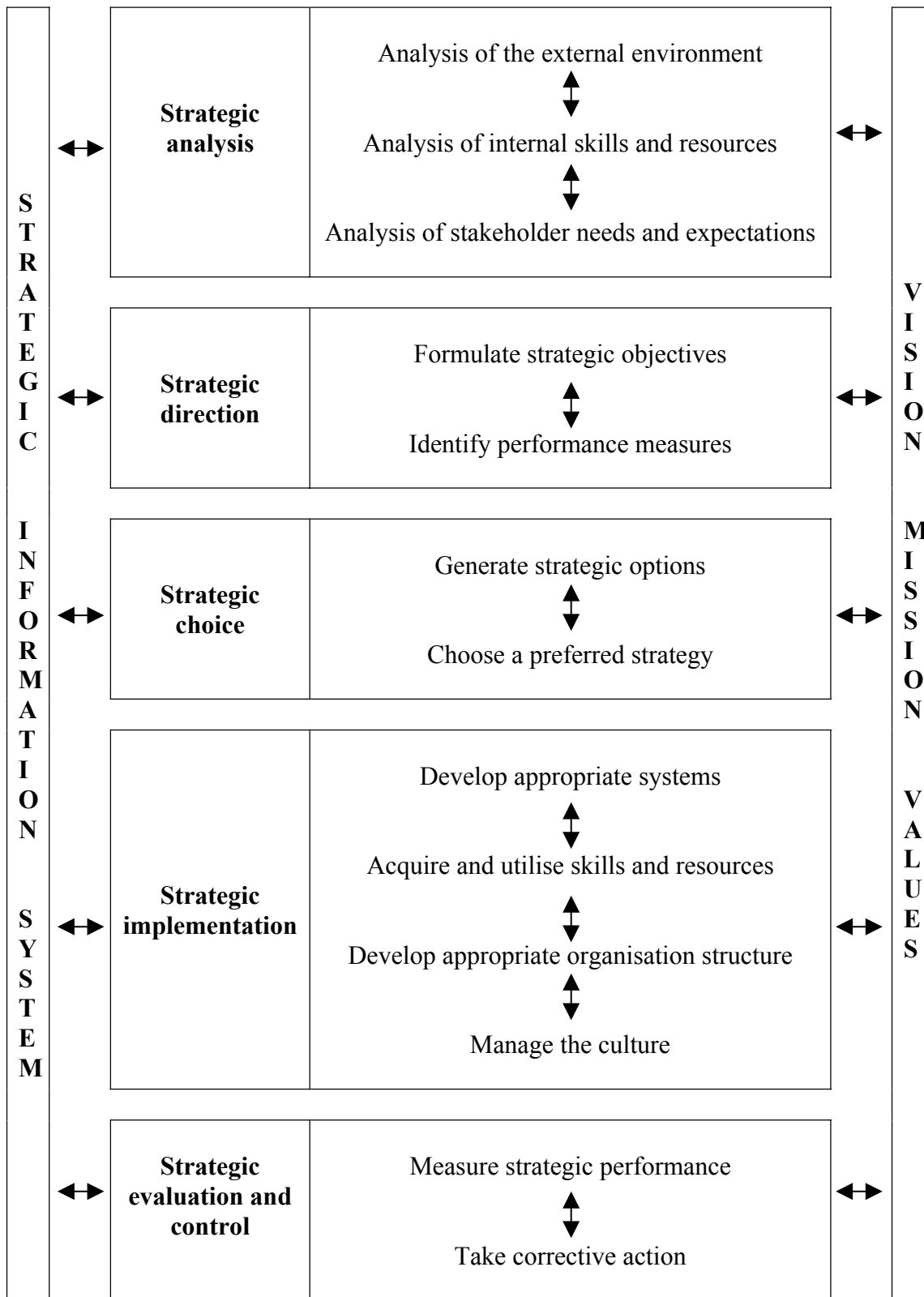
been identified. They are force generation, the Army Team (people issues), resource management, support to government, and image (public awareness).¹³ For the Australian Department of Defence, alignment, accountability and leadership are the key themes of the Defence Renewal Program and the progress is being tracked through the underpinning Balanced Scorecard.¹⁴

From the description of the performance framework and examples of the Balanced Scorecard given above, one may conclude that the success in a defence organisation (and also in other organisations) is generally based on the degree of alignment between the planned performance and the actual performance achieved in key result areas for each stakeholder. From a corporate performance perspective, the success of a defence organisation should not be viewed as dependent on the diarchy derived from the values, because the key to high performance is to lead the change process of the whole organisation in order to accomplish its objectives by using appropriate management tools, such as the Balanced Scorecard. This requires expert skills in change and risk management from both the military and civilian leaders who must not only be high-performers themselves but also be able to bring out high performance from others involved in the process.¹⁵ Allan Hawke, the former Australian Secretary of Defence, expressed his view on the subject that public service performance measurement is ‘in large part about “accountability of service delivery” while the other (that of private sector) is about “profitability of service delivery”’.¹⁶ Senior defence leaders and managers must be held accountable for their performance.

Conclusion

It has been argued that the diarchy should not be viewed as a variable factor affecting defence performance. The diarchy is invariable or fixed, because it is derived from the mission and values of a defence organisation in which the checks and balances are required in order to deal effectively with the existence of the civil–military relations. The diarchy, which is unique in a defence organisation, should be interpreted as a system or process, not a structure. This is underpinned by the operations at the higher defence arrangements where the diarchical process exists in different stages of the defence strategic management process. In addition, it has been argued that the defence performance should be related to the competency of the military and civilian leaders and managers who must ‘row’ and ‘steer’ the defence organisation in order to accomplish its mission in line with the vision and within the boundary of the values. Shrewd skills in strategic leadership and management are vital in the 21st century defence organisations where the increased scale and pace of change outside the organisation usually overwhelms the necessary change required within.

Figure 1: Strategic Management Process



Source: Viljoen, John and Dann, Susan, *Strategic Management: Planning and Implementing Successful Corporate Strategies*. Malaysia: Longman, 2000, p. 47.

Endnotes

1. John Viljoen and Susan Dann, *Strategic Management: Planning and Implementing Successful Corporate Strategies* (Malaysia: Longman, 2000), pp. 46–55.
2. Michael Howard, 'Introduction: The Armed Forces as a Political Problem', in Michael Howard, ed., *Soldiers and Governments: Nine Studies in Civil–military Relations* (London: Eyre & Spottis Woode, 1957), p. 11.
3. Douglas L Bland, *National Defence Headquarters: Centre for Decision* (Ottawa: Public Works and Government Services Canada–Publishing, 1997), p. 2.
4. See Gary Brown, 'Prospects and Problems for Australia Higher Defence Organisation after the Report of the Defence Review Committee', Discussion Paper No. 3 Legislative Research Service, the Parliament of the Commonwealth of Australia, Canberra, 1983, pp. 12–17; Australian Department of Defence, 'Future Directions for the Management of Australia's Defence: Addendum to the Report of the Defence Efficiency Review', Secretariat Paper, Commonwealth of Australia, 1997, pp. 43–45; and Chris Barrie, Admiral, 'Reflections on Leadership', *Australian Defence Force Journal*, No. 141 (March/April 2000), p. 53(53–56).
5. Allan Hawke, 'The Diarchy', An Address to the Royal United Services Institute, Adelaide, 1 May 2000, p. 4, <http://www.defence.gov.au/media/2000/sec010500.htm> [Accessed 26 March 2003].
6. See Minister of Public Works and Government Services Canada, 'Structure and Organisation of the Canadian Forces', Report of the Somalia Commission of Inquiry, Canada, 1997, pp. 1–3, <http://www.dnd.ca/somalia/vo11/v1c3e.htm> [Accessed 26 March 2003]; and Douglas L. Bland, *National Defence Headquarters: Centre for Decision*, op. cit., pp. 17–19.
7. Henry Mintzberg, 'The Structure of Organisations', in Geoffrey Lewis, et al., 2nd ed., *Australian and New Zealand Strategic Management: Concepts, Context and Cases*. (Sydney: Prentice Hall, 1999), pp. 177–178.
8. See RC Smith, 'Defence – One Organisation', *Australian Defence Force Journal*, No. 115 (November/December 1995), pp. 29–30(27–33); and Jacinta Carroll, 'Leadership Skills for APS Managers in Defence', *Australian Defence Force Journal*, No. 145 (November/December 2000), pp. 22–30(23–33).
9. John Viljoen and Susan Dann, op. cit., pp. 552–589.
10. Robert S Kaplan and David P Norton, *The Balance Scorecard: Translating Strategy into Action* (Massachusetts: Harvard Business School Press, 1996), pp. 272–274.
11. John Viljoen and Susan Dann, op. cit., p. 567.
12. John Bourn, 'Measuring the Performance of Government Departments', Report to the House of Commons by the Comptroller and Auditor General, The Stationary Office, London, HE 301 Session 2000–2001, 22 March 2001, pp. 41–42, <http://www.nao.gov.uk> [Accessed 26 March 2003].
13. Major Peter Bishop and Major Karl Leclerc, 'Performance Measurement in Canada's Army', *Perform: Performance Measurement in Action*, Special Government Edition, p. 12, <http://www.pbviews.com> [Accessed 26 March 2003].
14. Australian Department of Defence, 'A Guide to Renewal in Defence: Results Through People', Department of Defence, Canberra, 2002.
15. For the strategic change and risk management see Henry Mintzberg, Joseph Lampel, James B. Quinn and Sumantra Ghoshel, *The Strategy Process: Concepts, Contexts, Cases*, 4th ed. (New Jersey: Prentice Hall, 2003), pp. 166–198; Murray Hiebert and Bruce Klatt, *The Encyclopedia of Leadership: A Practical Guide to Popular Leadership Theories and Techniques* (New York: McGraw–Hill, 2001), pp. 390–398; and Vice–Admiral G.L. Garnett, 'Integrated Strategic Risk Management in Defence', Vice Chief of Defence Staff, Director Strategic Planning Coordination, Department of National Defence, Canada, 25 April 2001, http://www.vcds.dnd.ca/dgsp/cosstrat/isrm/vcdsLetr_e.asp [Accessed 26 March 2003].
16. Allan Hawke, 'Public Service – A Secretary's View', *Defence Speech*, Paper based on the Telstra address by Allan Hawke, Secretary of Defence, 19 June 2002, p. 7, www.defence.gov.au/media/speechtpl/cfm?CurrentId=1610 [Accessed 26 March 2003].

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