

CENTRE FOR DEFENCE AND STRATEGIC STUDIES

Strategic Management Series

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**Supporting Defence Reform:
A New Paradigm for the Defence Public Service**

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A leader is one who sees more than others see, who sees further than others see, and who sees before others do.

Leroy Eims

INTRODUCTION

1. Through its White Paper *Defending Australia in the Asia Pacific Century: Force 2030*, the Government has articulated a vision to strengthen the 'foundations of Australia's defence.'¹ To that end, the Australian Defence Organisation (ADO) has committed to a Strategic Reform Program (SRP) to deliver across-the-board efficiencies for reinvestment in current and future capital acquisitions.

2. The SRP is about change; it aims to reduce the cost of doing business through improved accountability, better planning and processes, and enhanced productivity. The success of this program will largely depend on how the agenda is received and embraced within the ADO and whether it leverages the lessons from previous attempts at Defence reform, particularly the nexus between strong leadership and change and the need to consider cultural dimensions when implementing organisational reform.

3. Defence Australian Public Service employees (DPS) represent some 22% of the total ADO workforce.² The importance of this group in implementing organisational reform should not be underestimated. The ADO's ability to successfully engage with the DPS may therefore prove a decisive factor in determining the eventual outcome of the SRP, particularly if the DPS leadership group lacks empowerment to drive change within the workforce along with a lack of capacity to help deliver the ADO's objective to 'improve efficiency and effectiveness through continuous improvement processes.'³

4. **Scope:** This essay will draw on the author's knowledge of, and experience in, areas within the ADO that employ a high proportion of civilian personnel.⁴ It also draws on perspectives gained from discussions with senior managers of selected Defence areas, and private and public company executives

¹ Department of Defence. *Defending Australia in the Asia-Pacific Century: Force 2030*, (Defence White Paper 2009), Australian Government, 2009, p. 11.

² Department of Defence. 'Defence Annual Report 2007-08', Vol. 1, Australian Government, p. 102. The Defence Public Service refers to those civilian employees within all Defence areas, in particular civilians employed in groups/organisations such as DSG, DMO and CIO and CDG.

³ Department of Defence, 'Defence Collective Agreement [DeCA] 2006-2009', Part C, Australian Government, 2006, p. 12.

⁴ Two key areas are the Australian Hydrographic Office and the former Defence Acquisition Organisation, both of which employ significant numbers of Defence civilians.

as part of the Centre for Defence and Strategic Studies' Australian Study Tour (AST).⁵

5. With a focus on middle management,⁶ the culture and leadership of the DPS will be examined to highlight where enhancements might be considered in conditioning the ADO's civilian workforce for the reform challenges ahead. The paper will also detail key recommendations (change levers) that might better prepare the DPS middle management in their roles as organisational change agents.

AIM

6. This paper examines different approaches that could be undertaken to position Defence public servants, and Defence leadership and management, for organisational reform.

BACKGROUND

7. **Organisational Culture.** The culture of any organisation is influenced by its leadership, societal norms and issues of external adaptation and internal integration. Organisational culture can be seen as a web which includes values, beliefs and assumptions which invariably influence an organisation's business strategy.

⁵ During the Centre for Defence and Strategic Studies' Australian Study Tour the author discussed a number of contemporary strategic management issues, in particular those relating to change management and leadership, with various executive presenters representing a range of well-known Australian businesses.

⁶ For the purpose of this paper, middle management levels are positions at the APS6, TO4, EL1 and EL2 levels. Throughout this paper the terms 'management' and 'leadership' are used interchangeably.

The Cultural Web⁷

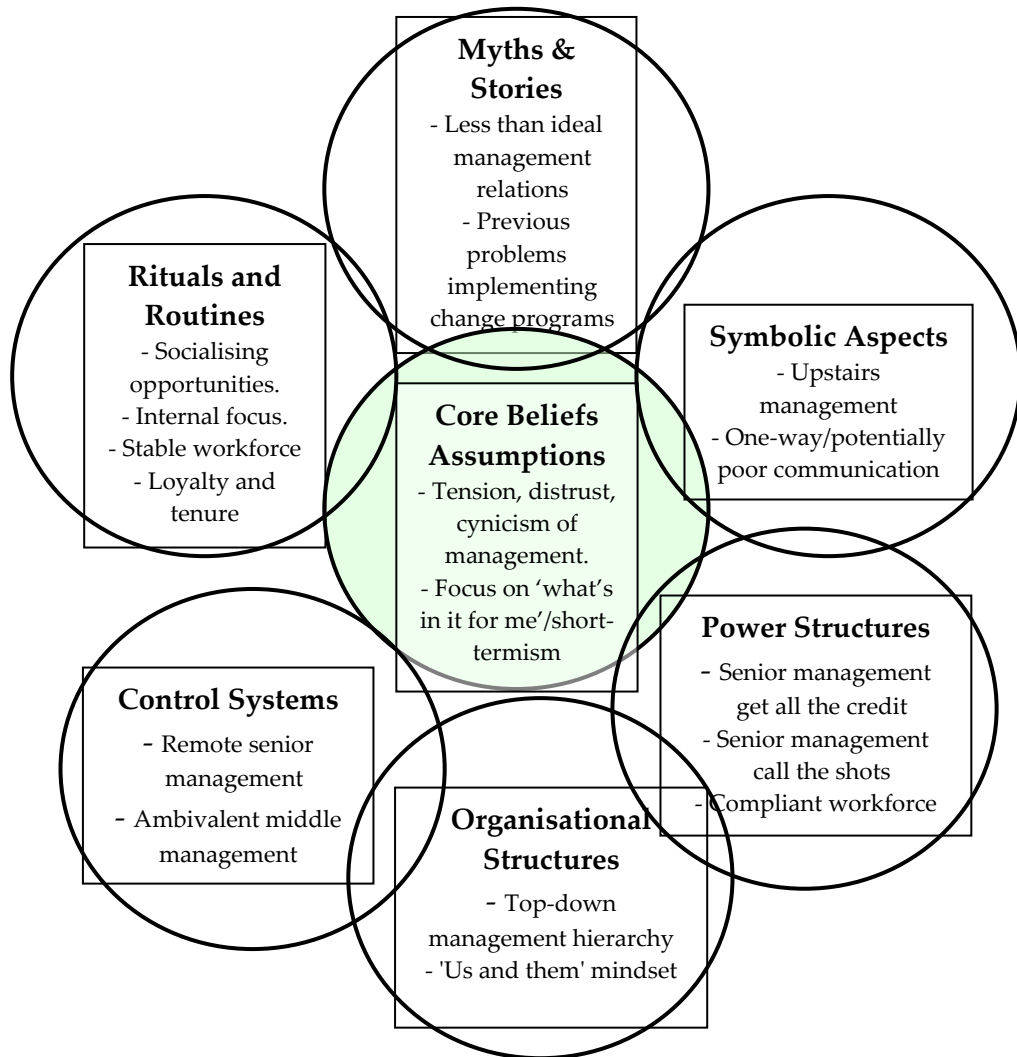


Figure 1: The Cultural Web – Defence Public Service

8. **Defence Reform.** The ADO has a track record of underperforming change management programs. The Defence Efficiency Review and Defence Reform Program typify past efforts. While realising some positive results, such attempts have arguably focused on cost-cutting outcomes rather than enduring systemic change. Most are remembered for their subjectivity and incremental results, lack of communication, unclear lines of responsibility, poor accountability and central ownership, and the absence of a detailed approach to planning and analysis. These change programs have had limited success in convincing many Defence personnel of the benefits of embracing reform. If any reform program fails to deliver promised outcomes, or appears to apportion

⁷ Gerry Johnson and Kevan Scholes, *Exploring Corporate Strategy*, 5th edition, Prentice Hall, 1999, cited in Fiona Graetz et al, *Managing Organisational Change*, 2nd edition, John Wiley and Sons, Milton, Queensland, 2006, p. 59. See also Gerry Johnson and Kevan Scholes, *Exploring Corporate Strategy*, 6th edition, Prentice Hall, London, 2002, p. 230.

blame with little accountability, or shows scant regard for the welfare of those expected to adapt, then resistance is inevitable. This situation is compounded when the management and leadership group seems focussed on achieving savings rather than reform.

AUSTRALIAN DEFENCE PUBLIC SERVICE CULTURE – CONDITIONED FOR CHANGE?

9. Certain elements of the DPS culture readily accommodate change and continuous improvement. However, this culture is very different to the military one,⁸ and in the public service more dominant sub-cultures and counter-cultures prevail which are less aligned with the strategic direction of the ADO. These sub-cultures appear grounded in bureaucracy; they can promote disengagement and scepticism to shape a more general culture ill-suited to the contemporary strategic environment confronting Defence.

10. **Defence Attitude Survey (DAS).** The 2008 DAS results highlight the extent of scepticism in relation to organisational reform. More than half of all civilian respondents stated they were not satisfied with the information communicated to them about changes within the ADO. A large proportion also believed they had not been adequately consulted about workplace changes that affected them while over 54% of public service employees in Defence did not agree or were uncertain about whether they were regularly asked about how things could be done better.⁹

I Am Satisfied With The Information That Is Communicated To Me About Changes To Defence ¹⁰					
(%)	Navy	Army	Air Force	Civilian	Total
Agree	47.2	47.9	45.3	45.3	46.2
Uncertain	24.0	26.0	27.6	19.7	23.7
Disagree	28.8	26.1	27.1	35.0	30.1

Table 1: Change - Information

⁸ It is also different to the ethos of those former military personnel who are now employed as public servants in Defence. However, it is beyond the scope of this paper to discuss the military culture or draw any further comparisons between this culture, the culture of ex-Defence personnel, and that of public servants in Defence.

⁹ Department of Defence, '2008 Defence Attitude Survey', Australian Government, June 2009, pp. 87-89, 130.

¹⁰ *Defence Attitude Survey*, p. 228.

I Have Been Adequately Consulted About Workplace Changes That Affect Me¹¹					
(%)	Navy	Army	Air Force	Civilian	Total
Agree	33.5	31.1	33.9	35.7	33.8
Uncertain	20.0	17.4	17.1	15.6	17.0
Disagree	27.0	29.9	33.5	44.9	36.0
N/A	19.5	21.6	15.6	3.8	13.2

Table 2: Change - Consultation

11. The culture among public servants in Defence is not so much resistant to change per se, rather it appears unaccustomed to business improvement and reform because it is not well supported by leaders and managers with the requisite management attributes and skills, most notably the ability to motivate, communicate and create environments conducive to change. Concerns therefore arise in the workplace about what will happen, when and how it will happen, what a person's role will be during the transition period and after the change. Absent information and support for change, many employees question the effectiveness of the ADO's senior management group.

Overall, I am Satisfied With Senior Defence Leadership¹²					
(%)	Navy	Army	Air Force	Civilian	Total
Agree	45.2	52.4	56.0	45.7	49.6
Uncertain	28.0	25.5	25.7	28.5	27.0
Disagree	26.8	22.1	18.2	25.9	23.3

Table 3: Senior Defence Leadership

12. **Leadership and Management.** Some public service managers and leaders in Defence seem unwilling or unable to drive change. They are not always empowered to effect change and the investment made by the ADO in their training and development, in change and financial management disciplines in particular, falls short of that made by external organisations such as KPMG, Pacific Brands and Serco Asia Pacific in developing their respective management teams. Without these requisite skills, public service leaders in Defence are less inclined to inspire and articulate the rationale for change. Consequently, subordinates become cynical because they lack meaningful opportunities to participate in decision-making and have a limited sense of ownership of workplace change. This has negative consequences for the

¹¹ *Defence Attitude Survey*, p. 228.

¹² *Defence Attitude Survey*, p. 214.

commitment, satisfaction, and motivation of an important work group which is subjected to periodic reform programs.

CULTURAL PARADIGM SHIFT

13. One former executive remarked during the AST that an organisation should avoid over-investing in the status quo; instead, investment should be made in levers that effectively facilitate change. Many organisations recognise the nexus between solid leadership and change and the need to invest in those that execute the change 'strategies and plans that give life to top management directives,'¹³ along with frontline supervisors and employees who bear the brunt of their implementation. There is similar recognition of the need to instil a cultural mindset aligned with the strategic fit of the organisation. Leadership development featured heavily in the change considerations and business processes of most companies visited during the AST but the ADO is yet to develop its programs for public servants to the same degree.

14. **Leadership Development.** The behaviours and abilities of leaders tend to be predictors of successful organisational change programs.

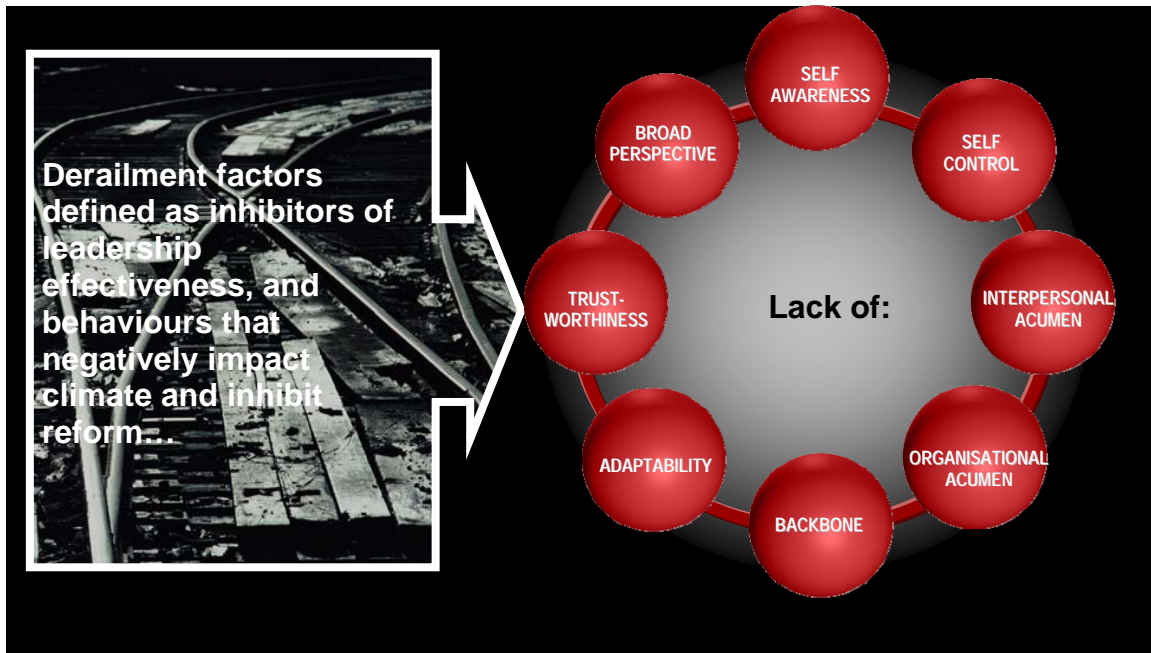
Leader Effectiveness in Implementing Change: Non- Defence Organisations ¹⁴					
	Never	Rarely	Sometimes	Usually	Always
Responses (N)	47	123	180	81	39
%	10.1	26.1	38.3	17.3	8.3

Table 4: Civilian Leader Effectiveness

Conversely, in terms of inhibiting or undermining change, ineffective managers and leaders usually identify with one or more of the 'derailment factors' espoused by IBM Australia (IBM).

¹³ Anne Gilley et al, 'Organizational Change and Characteristics of Leadership Effectiveness', *Journal of Leadership & Organizational Studies*, Vol. 16, No. 1, August 2009, p. 39.

¹⁴ Anne Gilley et al, 'Organizational Change and Characteristics of Leadership Effectiveness', p. 42.



*Figure 2: Derailment Factors – IBM
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In a 2004 survey of 140 human resource managers in regional companies comprising 500 employees or more, only 14.5% of respondents expressed confidence in the leadership skills of middle managers; almost 75% of Australasian respondents believed middle management needed further leadership training and development¹⁵ to mitigate these derailment factors.

15. The ADO provides training, education and career development opportunities to increase organisational capability and productivity, exemplified by Defence's Business Skilling Framework (BSF). The Executive Level Development (ELD) program also recognises Defence's commitment to building its 'frontline management capability',¹⁶ while the Australian Public Service Commission runs various development and residential training courses for public service middle managers. The ADO's involvement in the StudyBank program also supports the professional education of DPS employees.

16. However, despite rhetoric in the Defence Collective Agreement, it is submitted that the ADO is not as advanced as other organisations in developing the necessary skills of its leaders at a more holistic level. While opportunities exist and there are expectations of demonstrable proficiencies, the current leadership training continuum within the ADO is disjointed in understanding

¹⁵ Gabrielle Costa, 'Our Middle Managers Not Up To It: HR Experts', *The Age*, 14 April 2004, p. 5.

¹⁶ Department of Defence, 'Defence Collective Agreement [DeCA] 2006-2009', p. 31.

change. There appears to be a limited appreciation of the financial aspects of the ADO's core business that are central to realising SRP outcomes. Most training opportunities are voluntary and in many situations, unlike the private sector, minimal effort is invested in identifying and selecting the best candidates for development. For example, under the ELD program, Executive Level 1 officers are only required to complete one 'defined management learning activity'¹⁷ before being rewarded. Similarly, there is no consolidated 'provider' of leadership development within the ADO while across the public service the standard of programs on offer is frequently questioned. In 2007-08 fewer than 'one in three employees rated the effectiveness of their learning and development as 'high' or 'very high' in helping them improve performance.'¹⁸ If this finding can be applied to the ADO, it should be a concern for an organisation confronting ongoing reform.

17. For the ADO to develop the leaders required to drive reform, it must make leadership an important criteria for career advancement; leadership development must become integral to the career management process. This approach characterises private enterprise where significant investments are made to 'grow' and develop future leaders. IBM and KPMG offer comprehensive competency training at every level based on a 'coaching' style of leadership and management that not only rewards good performance and achievement but provides people with the necessary skills to continuously manage and drive reform. The underlying assumption here is that 'what gets rewarded gets repeated.' Similar programs exist in the public sector; the Public Health Leadership Institute in the United States and the Health Leaders Network in Australia were both established to develop future leaders and managers in the public health sector.¹⁹

18. If more comprehensive leadership development programs were implemented as a mandatory requirement across Defence Public Service management, a cohort of front line managers and supervisors would emerge with the requisite interpersonal skills to change behaviours. Such an initiative would place people in a new organisational context which 'imposes new roles, responsibilities, and relationships on them'²⁰ to motivate the workplace and create an environment that leads continuous improvement.

¹⁷ Department of Defence, *'Defence Collective Agreement [DeCA] 2006-2009'*, p. 31.

¹⁸ Ross Peake, 'Rudd to Revamp Public Service', *The Canberra Times*, 4 September 2009, p. 1.

¹⁹ National Public Health Partnership – Secretariat, *'Summary of Workshop to Scope an Australian Public Health Leadership Program for the National Public Health Partnership'*, Sydney, 25 February 2000, p. 4, available at <<http://www.nphp.gov.au/publications/wfpapers/leaderwkshop.pdf>>, accessed 3 September 2009.

²⁰ Michael Beer et al, 'Why Change Programs Don't Produce Change', *Harvard Business Review*, November-December 1990, p. 159.

19. **Culture Change Programs.** Irrespective of its nature, a focus on continuous business improvement invariably involves overcoming some form of cultural inertia. The SRP does not directly address cultural issues associated with cost-consciousness nor does it introduce discussion on culture change programs. The implementation framework of the SRP focuses on structural and mechanical change. Moreover, the ten year timeframe for the Strategic Reform Program appears ambitious especially given the likelihood of changes in the government cycle and the ADO's senior leadership group. Failing to consider the complexity of the entire reform program, while insisting on a protracted implementation period, increases the financial risk for the ADO along with possible deterioration in political will if financial targets are not met, particularly in the program's outer years. The perceived failure of another attempt at reform would further erode the workforce's confidence in the organisation's ability to implement change. Conversely, the reform currently being implemented within the New Zealand Defence Force has a more realistic timeframe of two to five years.²¹ A phased approach, where small changes can be measured effectively and early builds the momentum for more significant change in subsequent phases.

20. Unlike the Service groups, the Defence Public Service has never been the focus for a targeted cultural change program that provides people with a clear sense of purpose and meaning in understanding their role in any change process. Rolling out a Vision Say, Stay, Strive (Vision 3S) program similar to the New Generation Navy initiative would give public servants a voice in creating the desired environment in which cultural change can be driven through empowered leadership. Vision 3S would engender a mindset built around whole-of-enterprise cost-consciousness to better understand the cost of doing business and, importantly, the consequences of not effecting change. Like KPMG's 'Living the Blue' cultural program (based on the Human Synergistics Leadership/Impact® model of leadership) or Serco Asia Pacific's 'Heart, Head and Hands' leadership strategy (to change mindsets), Vision 3S would develop a culture of desired constructive behaviours to manage and lead, and devolve decision-making down to fix problems and act in a way that encourages innovation and productivity to enhance organisational effectiveness.

²¹ The New Zealand Defence Force's Defence Transformation Programme also looks for more innovative and cost effective ways of doing business. It articulates a shorter timeframe in which to save some NZ\$100 million by FY 2014-15 from an annual operating budget of NZ\$1.2 billion.

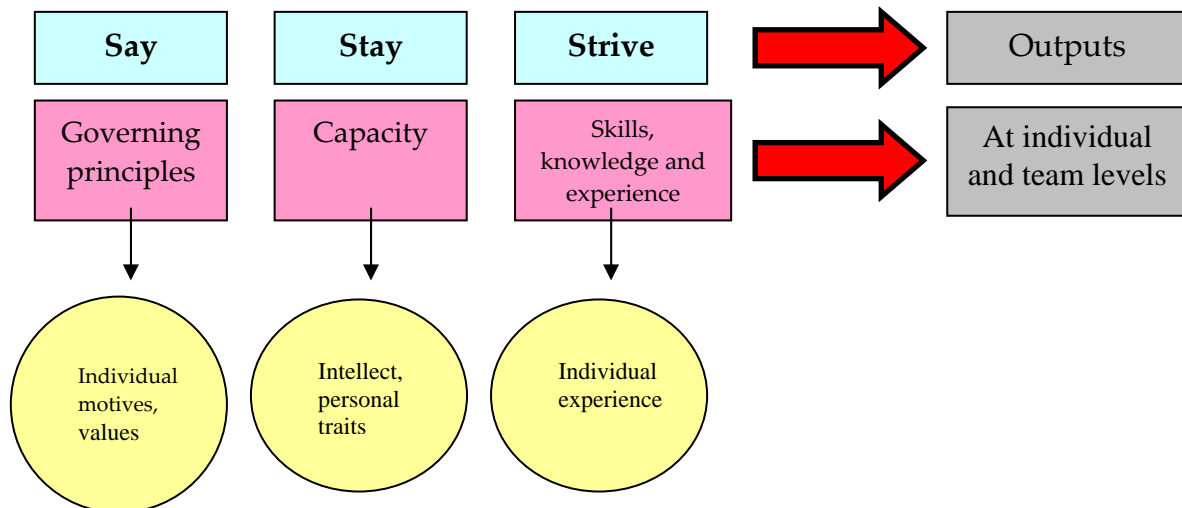


Figure 3: Say, Stay, Strive Cultural Model

21. Without encouraging fresh mindsets and developing leadership paradigms that overcome cultural inertia and challenge underlying assumptions and processes, workplace resistance to change will ensure that little in the way of reform will be achieved.

CONCLUSION

22. Elements of the public service working in Defence will be challenged in delivering reform outcomes if they remain unprepared for change and are inadequately supported by organisational systems and a leadership group that is appropriately trained and 'conditioned' to deliver reform as a collective organisational change agent. The SRP provides an opportunity to adopt a new cultural direction to 'do things differently', particularly for younger employees who have grown up with change. However, the challenge is in public servants in Defence having an appetite for ongoing reform. It is not the destination that people resist as part of any change management process, rather it is the journey itself. When those involved fail to see the relevance of reform or the benefits to be gained from it, it is usually due to a lack of direction or ownership. Without appropriate support mechanisms, resistance levels within the public service in Defence may remain so entrenched that the SRP is perceived as 'just another aspiration'.

23. True reform under the SRP will have a better chance of success if the focus on structural and mechanical change is augmented by a clear shift in the organisational culture of the DPS. Success would also be enhanced if specific mindsets embracing cultural transformation are instilled through developed leadership within the DPS that can commit individuals to effectively and efficiently embrace change until desired outcomes are achieved. A paradigm of

‘changing how we change’, which supports reform without compromising operational effectiveness, must become the new leadership mantra across the ADO’s civilian workforce.

RECOMMENDATIONS

24. To change the organisational culture within the DPS in order to facilitate the implementation of current and future reform programs, a number of recommendations warrant further examination. These include the Deputy Secretary, People Strategies and Policy:

- a. establishing a mandatory leadership development training continuum based on the Business Skilling Framework that develops the requisite interpersonal abilities and change and financial management skills to enable public service leaders and managers to drive and sustain reform;
- b. in consultation with the National Secretary of the Commonwealth Public Service Union, implementing a Vision 3S cultural strategy to further integrate public servants into the ADO and mitigate resistance to change; and
- c. formalising the mentoring and coaching of public service middle management by engaging senior civilian leaders within the ADO or by engaging executive mentors from the private sector.

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