

Transforming Government - Nine Critical Steps

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"The pace of globalisation shows no signs of slackening This has resulted in a profound change in the economic environment facing business," the words of two distinguished Irish commentators, Dermot McAleese and Gerard O'Brien. What they omitted is that globalisation pressures are forcing profound changes on government as well as business¹.

The extensive reach of shareholder capitalism has deeply impacted the shape, structure and purpose of private, public and third sector organisations alike. So aptly captured by Margaret Thatcher's TINA (there is no alternative) and hailed as the one and only way forward, globalisation has equally attracted its critics. The view that exceptional value has been realised, particularly promoted by former UK Prime Minister Tony Blair, has shown itself to only be 'value for bankers'. Reality today is that value for oligopolies rather than value for sustainability is the outcome. The beneficiaries are only those controlling the money supply.

Yet, whether pro or anti, globalisation has surfaced one fact known for quite some time and that is the lack of leadership in government. Government, as any other organised entity, is required to be ever more responsive to the citizen, today labelled as customer or consumer. Public servants are increasingly being critiqued for not being sensitive to varying and conflicting stakeholder demands and for not exhibiting a fleetness of foot in satisfying community desires. What is evident is that Weberian administration is a blunt tool when attempting to serve the idiosyncrasies of citizen needs. The cry is for leadership to substitute 19th century administrative structures.

Yet, the exercise of leadership is by no means a universal panacea. Study shows that charismatic leadership embracing the virtues of the great one man/woman can be seriously damaging. Many 'saviours' have not been able to hide their self absorbed desires. In order to satisfactorily respond to stakeholder demands, a team approach is desired. And therein lies the first challenge; who exactly is included in the team? Research suggests all those involved in leadership work, from Permanent Secretary/Director General downwards². Thus, if service and stakeholder satisfaction act as the focal purpose of government (as opposed to cost control/discipline) then by nature a greater number are involved in the exercise of strategy, innovation and subsequent application. In this sense it is conceivable to have a top team of two hundred

plus individuals, each playing a critical role in the strategy formulation/implementation processes.

Due to the multitude of actors involved and complexity of their agendas in the design and execution of service provision, study further shows disaggregation and division as a norm at the level of top team. My global leadership research programme covering many thousands of private, public and third sector organisations highlights that a third of top teams are continually divided on the purpose and vision of the organisation. A further two thirds of top teams find it exceptionally difficult to raise uncomfortable issues. The result? - a slow but pernicious deterioration of the enterprise. It is not so much poor decision making that causes organisational decline but more managerial inaction. Feeling inhibited to speak out and hence do little, more than any other single experience is the root cause of organisational inadequacy. It is distressing to also report that team members are fully conscious of the effect of their unwillingness to address known concerns and yet still remain paralysed. Within a pernicious organisational culture, greater insight leads to ever greater paralysis.

My most recent research identified similar dynamics for Ministers of State. Here leadership emerged as the single greatest incapability for those holding senior political office⁴. The transactional skills of dealing with constituents, Parliament/Congress and other related stakeholders, in terms of meeting immediate needs, emerged as exemplary. However, displaying the courage to stand up and argue in favour of new ways or just challenge the *status quo*, was identified as woefully inadequate. In the words of one Minister, *"Even raising a slightly contentious issue could have me disadvantaged in Cabinet for long into the future."*

In the absence of, 'leadership that makes a difference', it is no surprise that political patronage is the tool used for determining vision and strategy. In fact, a study of policy implementation in the government of Malta considered political championship by Prime Minister/President as the only viable lever to building "self-confident government"⁵. Rather than saviour, it is the lack of courageous leadership that has policy dependent too much on the favour of the top man/woman.

Thus, a wealth of evidence points to the need for much more effective leadership in government, especially in realising engagement and alignment. Engagement, the capability to 'win hearts and minds' in order to drive through transformational change, simultaneously requires the aligning of interests so that resources can be efficiently positioned to realise the goals of government. Concentrating on one in the absence of the other is insufficient. Both processes need to be given equal attention. A recent report

by the UK's House of Commons, Public Administration Select Committee (PASC) on the need for good governance and leadership in government makes this evident⁶. The report identified that UK government departments are required to simultaneously master four contrasting skill sets, namely; policy advice to Ministers, service delivery expertise, outsourcing and contracting, and social/communal facilitation (the latter arising from Prime Minister Cameron's 'Big Society' initiative). Few organisations are required to equally exercise four contrasting core capabilities and of those that do, even fewer are able to display accomplishment across all areas. It is no surprise therefore that the report pointed to challenges of alignment of resources and engagement with staff and management within and across the delivery departments of Whitehall, and between the delivery departments and the heart of government, namely the Cabinet Office and Treasury. Effectively integrating structural alignment with the sensitivities required for engagement has become the distinguishing feature of any organisation, a rarity in today's world.

Normality, however, is poor service provision, denial of responsibility toward meeting citizen concerns, internal organisational tensions and a considerable divergence from the ideal of the market sharpening up the quality of service to the end user.

With exemplary leadership in demand, a series of studies were commissioned in order to better understand how to transform government. The results are captured in a recently published work, 'Leading Smart Transformation'⁷. The 'Smart' bit refers to the intricate relationship between 'Engagement' and 'Alignment'. The studies confirm that taking steps to improve engagement and then separately restructure to enhance alignment, is insufficient. Leaders need to have both run in parallel. The relationship between the two is multiplicative not additive. Scoring 10 out of 10 on one dimension and zero on the other does not leave 10 but instead an evident zero.

Inquiry across Western, Eastern and Arabic governments identified nine steps to meaningfully leading for sustainable change. What also emerged is that respecting the realities of context is a critical ingredient of the change process. Recognising 'what works around here' is primary to leading through successful transformation.

Leading for Transformational Change

Step 1 – Crafting Vision. Whether at the national or departmental level, crafting a well thought through vision for the future is fundamental for transformational change. Singapore's vision jump started its people and government into action. The vision of the leaders provides the mandate for change. The aspirations of the leader(s) set

expectations and aligns the interests of critical stakeholders. Those involved face a choice, are you or are you not an integral part of the momentum forward?

Step 2 – Harnessing Stakeholders. Having that clear vision aligns expectations but does not of itself entice stakeholders to become a part of the change cycle. Whatever the benefits of change, the peculiarities of context may induce resistance to change for reasons that may or may not be clear to the external world. 'Buying into' change is not based on a well articulated argument, but on an oratory which seduces others to be part of the great move forward. True 'buy in' arises from self-determined volition. For this reason, dialogue not debate is the primary tool. Allowing individuals and groups to freely express themselves and explore the viability of change from differing positions has a greater chance of winning stakeholder commitment. The alternative is debate which involves grinding down alternative viewpoints so that only one argument emerges as the 'winner'. Beating the other side may be an exhilarating experience but of itself does not win people over. Instead, individuals are 'cowed' into submission. The 'soft power' skills of shaping mind-sets, creates the context where individuals, teams and whole organisations willingly embrace change.

Step 3 – Shaping the Programme. Having established the foundation for an alignment of interests and engagement with critical stakeholders, the next step is to establish a recognisable programme of change. Change purpose, mission and vision are broken down into discrete components. The critical accountabilities and responsibilities for determining change are clearly laid out. Certain change programmes are housed 'within' a Project Management Office (PMO) which holds the responsibility for driving through change and reports directly to the Head of State. Well designed PMOs are accountable for five key areas of work; project planning, project execution, content assurance, monitoring and capacity building. Irrespective of change is focused at the national or departmental level, the PMO draws on objective performance measures thus providing consistency to policy and strategy implementation. With a clear vision in place; with stakeholders engaged and with the PMO structure monitoring progress, the stage is set for turning vision into action.

Step 4 – Setting Objectives. Brokering vision into action requires setting achievable objectives. These, in turn, need to be broken down into departmental and unit level goals. So much depends on the sustainable business model underlying the change programme. Does the business model balance cost management demands against meeting citizen and broader stakeholder requirements? With each change programme, attention will need to be given to fully examining the value proposition, namely, value for whom and for what? Do the leadership have a clear and shared view as to who is to

benefit from change? Study shows that change programmes easily derail at this stage as insufficient thought has been given to the question of what value is to be realised for whom and why.

Step 5 – Designing the Operating Model. With the value to be gained from the exercise clear in the minds of the management, attention needs to then focus on the viability of the structure of the organisation and the governance mechanisms in place for steering change. Is the structure of each governmental entity fit for purpose? Certainly, questions continue to be raised by the UK's PASC concerning the structural alignment between the delivery departments and the heart of government. The reshaping of the organisation and the reassignment of accountabilities and responsibilities is commonplace at this point.

Step 6 – Talent. My studies indicate that many change programmes survive to this point because greatest attention is given achieving structural alignment. However, the 'true' motivation of staff and management and their capability to see change through, surfaces at Step 6. Certainly, engagement requires 'winning hearts and minds' but what is also necessary is determining the talent required for the future. Designing a 'strategic talent plan' enables transformation and allows for 'bedding down', post transformation. The emphasis has to be on building capability and not just on identifying generic competencies. Competency frameworks are by nature static as the generalised clusters of skills identified take no account of the culture and 'political reality' of the organisation. In contrast, capability building addresses the question, 'You (the individual and/or organisation) may be skilled and competent but how capable are you to make a difference here today?' Capability analysis accounts for cultural and contextual realities and in so doing unearths previous unaddressed, sensitive issues that hampered progress. Regrettably, my research shows that under poor leadership, capability building regresses to the drafting of relatively meaningless competency frameworks, as much due to the lack of courage to confront 'the elephant in the room'.

Step 7 – Roll Out. Is the change programme rolled out to budget and on time? Roll out is a critical project management skill for ensuring change happens through monitoring progress and ensuring key performance indicators are met.

Step 8 – The X Factor. Each of the steps outlined requires balancing alignment and engagement concerns. Outstanding leaders get that balance 'right'. Yet no generic leadership recipe works. It is up to the leader(s) to judge what works best according to context, and that judgement is the leadership X factor. Distilling out the unique components of the X factor, context by context, requires nurturing a feedback culture. In

this way, what works is integrally coupled with what adds value in a manner unique to the organisation. Sensitivity to others needs to be partnered by a courage and resilience to pursue fierce conversations! In each context, the X factor is no secret but, nevertheless, elusive to capture. The X factor is the hidden, idiosyncratic link between engagement and alignment unique to that organisation.

Step 9 – Learning to Change. All successful change programmes exhibit being blessed with leaders who wish to learn. Leaders of successful transformational change programmes have made reflective learning a habit. They invite comment about their style with a view to continuously improving. They are conscious of their effect on others and display a thirst for knowing more. Leaders that learn do not view structures, roles and titles as sacred but simply as means to an end, that end being successful change. Learning takes place while doing, a phenomenon that Aristotle termed as 'learning in vivo'. In fact, 'learning in vivo' is the additional X factor. Many leaders, even the most dictatorial, at some point step back to learn. In contrast, the truly outstanding leader is the one who learns in action and through action and adjusts performance as challenges arise. Problems are dealt with in the here and now and that by far induces the greatest engagement.

Conclusion

Smart transformation intertwines alignment and engagement processes throughout the cycle of change. Smart transformation leaders continuously reappraise the vision pursued and the goals set, not only according to the dynamism of the markets and political conditions but also according to the elusive X factor ingredient of leadership. The smart transformation of government requires a continuous re-balancing of vision into workable goals, whilst also harnessing human talent, redesigning the organisation and all in a manner that recalibrates performance indicators to allow for disciplined execution. Pursuing smart transformation of government minimises what a previous study identified as a paucity of leadership in government⁸. The transformation of government can no longer rely on past century models of public administration.

Certainly structure and predictability are necessary but so too is sensitive and dynamic leadership in order to continuously embrace change. That quality of leadership seems to have eluded public servants and political leaders alike.

About the author

Andrew Kakabadse is a Professor of International Management Development at Cranfield University, School of Management, and Vice Chair, Supervisory Board at Eabis. His research covers boards, top teams and the governance of governments. He has published 37 books, over 220 articles and 18 monographs. He is co-editor of the *Journal of Management Development and Corporate Governance: International Journal of Business in Society*. Some of his most recent books are '*Bilderberg People: Elite power and consensus in world affairs*'; '*Rice Wine with the Minister*'; '*Citizenship: A Reality Far from Ideal*'; and '*Leading Smart Transformation*'. He can be reached at: a.p.kakabadse@cranfield.ac.uk

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Kakabadse, Andrew P.

2012-03-26T00:00:00Z

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