

Middle Manager Resistance to, or Acceptance of Organisational Change in the Australian Public Service

Julia Ashton-Sayers
Enigma Insights Consulting

Yvonne Brunetto
Southern Cross University

This paper explores the impact of policy on organisational factors (leadership and organisational culture) and managers' personal attributes (such as psychological capital) on their resistance to or acceptance of change. This qualitative study utilised interviews with senior leaders and focus groups with middle managers. The findings identified the impact of senior leadership and managers' Psychological Capital on their acceptance of change. This paper identified the importance of understanding the drivers of change on managers during the change process in two public sector organisations. This paper found that the implementation of NPM reforms and austerity funding affected how managers' interpreted new policies, which impacted their acceptance of change.

Keywords: leadership, organisational culture, psychological capital, organisational change

INTRODUCTION

Organizations today face unprecedented levels of change, with continual organizational transformation being the norm. Three types of factors affect managers' reaction to change, including organizational factors (such as the quality of senior leadership), public sector contextual factors (such as red tape), and personal factors (such as the level of emotional intelligence).

There is a gap in the public administration research about effective change management. Kuipers et al. (2014), in a review of 133 journal papers between 2000 and 2010 about organisational change at the macro, meso and individual levels, identified seven new areas of potential research required to address the present gap in research. Specifically, they argue for an increased focus on using different theoretical approaches and in-depth empirical research across different public contexts; a stronger focus on working with and examining change implementation from a practitioner's perspective, and factors likely to predict success or failure, especially the role of leadership, as well as a greater understanding of the interactive effects of micro-and sector-level change (Kuipers et al., 2014). This paper aims to explore the impact of policy on organizational factors and managers' personal attributes on their resistance to or acceptance of change.

The paper's contribution is to identify the factors that affect managers' likely to impact how they implement changes in different public sector workplaces. The following section examines the extant literature from which the gap is identified and data sought using secondary research questions.

LITERATURE REVIEW

The Impact of Policy on Organizations

There are multiple definitions of what constitutes a policy. According to Hogwood and Gunn (1984, p14), a policy is a political statement incorporating underlying goals or objectives. Implementing New Public Management (NPM) has affected the operations of the Australian Public Service (APS) for the past 40 years. However, even more, significant in the case of Australia was the impact of austerity-driven reform, which appears to have underpinned the implementation of change in some countries (Pollitt & Bouckaert (2017). The depth and breadth of change in the APS are well documented (See Pollitt & Dan, 2011), as is the reasoning used to justify the implementation of change (Bryson, Crosby & Bloomberg 2014).

The rhetoric encouraged policymakers and public managers to make significant changes to increase efficiency and effectiveness. However, the implementation process was often negatively impacted by poorly articulated policy documents and further complicated by inadequate resourcing and a minimal commitment to the proposed change by management. Indeed, the real meaning of policy is often clouded by ambiguity and conflicting goals (Chun & Rainey, 2005). As a result, successful policy implementation is often not realised (May & Winter, 2007). Further, confusion regarding whether policies failed to achieve objectives because of ‘non-implementation or unsuccessful implementation’ was evident (Hogwood & Gunn, 1984, p. 197).

However, the austerity agenda was one of the main factors that compromised achieving increased effectiveness. The austerity agenda was not originally part of NPM. However, its emergence shaped the dominance and impact of NPM over time because it affected which changes were implemented. Austerity measures resulted in budget cuts, recruitment freezes, and government departments downsizing, with further restructuring within public sector organizations (Kiefer et al., 2014; Pollitt, 2010, 2011; Pollitt & Bouckaert, 2017; Smollan, 2015). Early in the enactment of NPM and under the guise of fiscal austerity, the rhetoric of ‘doing more with less’ delivered budget reductions and widespread mass redundancies in organizations across many countries (Conway et al., 2014; Pollitt 2011; Pollitt & Bouckaert, 2017). Austerity impacted policy implementation in some countries that had deployed NPM by becoming the underpinning ‘unspoken’ driver of many NPM policies to reduce public sector spending (Diefenbach, 2009; Saetren, 2014). The implication is that policies are often underfunded (Pollitt & Bouckaert, 2017).

Indeed, governments were ‘entitled to cut back to balance the budget. Even when ‘ethical and other concerns emerged’, such as a lack of resources to deliver essential health and social government programs and promises (Pollitt, 2010, p. 28). NPM intended to create a lean and innovative public sector. However, the sudden impact of reduced capacity, coupled with the loss of corporate knowledge, led to a reduced capability to deliver services, along with increased stress levels of employees and increased dissatisfied citizens (McTaggart 2015; Pollitt, 2011).

Many reforms involved staff reductions which led to a sudden loss of corporate knowledge and put further strain on employees who were expected to deliver on a complex array of public sector deliverables. These considerations have added layers of complexity, especially during the fiscal austerity era. The constant churn of public sector change has impacted how public sector leaders perform (Antonius, 2014). There has been considerable emphasis on public sector leadership accountability, performance improvement and focus on customer-oriented outcomes (Van Wart, 2013). In order to explore how policies affected managers’ acceptance of change, the following secondary research question (SRQ) was included:

***SRQ1:** How does policy impact managers’ resistance to or acceptance of change?*

Organisational Factors: Leadership and Organisational Culture

Leadership – Transactional and Transformational Leadership

Past research suggests that transformational leadership aids the implementation of change. Transactional leaders seem to focus on the operational day-to-to tasks, and transformational leaders inspire others to follow a vision (Chou, 2013). However, recent research is somewhat critical of transformational leadership because for not being constructed on a concrete ethical or moral foundation (Hoch et al., 2016).

In particular, Hoch et al. (2016) found that in comparing transformational leadership with positive leadership types (servant, ethical and authentic leadership), there was a significant positive difference in outcomes when positive leadership behaviours were considered. Hence the next section considers authentic leadership because it comprises servant and ethical leadership (Avolio & Gardner, 2005).

Leadership - Authentic Leadership Approach

Authentic Leadership was proposed by Luthans and Avolio (2004). Authentic leadership behaviors include being self-aware and able to self-regulate emotions and is forged on the concept of the high moral character of the leader. This level of awareness promotes relational transparency by facilitating positive and progressive interactions between leaders and employees (Woolly, Caza & Levy, 2011). Additionally, authentic leaders engage in rational processing. Rational processing means soliciting opinions from various stakeholders, even those likely to provide negative feedback. Ultimately, they make decisions by rationally processing the information.

The impact of authentic leadership on employee outcomes, particularly organizational change outcomes, is still in its infancy. However, Megeirhi et al. (2018) did find that authentic leadership behaviors were associated with successful organizational change outcomes. As a result, positive leaders create a culture that flourishes with compassion and support, supporting employees' positive psychological and mental-emotional states (Cameron, 2013). The communication style of positive leaders is supportive and tends to focus on employees' strengths, achievements, and contributions. These leaders foster relationships that forge cohesion, innovation and encourage individual and team performance (Wong & Laschinger, 2013). Accordingly, such behaviours are associated with empowered high performing employees (Walumbwa et al., 2010).

Hence, examining whether authentic leadership behaviours were evident and impacted managers' decision to accept or reject change seems prudent. The following secondary research question (SRQ) examines this proposition:

SRQ2: *How do senior leadership behaviours impact middle managers' resistance to or acceptance of change?*

Organisational Factors: Organisational Culture

Organizational culture provides the context in which a manager manages. According to Schein (2010, p.17), 'culture is the patterns of behaviors encouraged, discouraged, or tolerated by people and systems over time.' As highlighted by Ahmadi et al. (2012, p. 286), the study of the effects of organizational culture on organizational change began in the 1980s. However, in 1999, Cameron and Quinn (1999) proposed an organisational typology based on the competing values framework (CVF). They established a criterion to assess and profile organizations' dominant cultures to identify their underlying cultural dynamics.

The CVF is based on four individual culture types, these being '(1) Hierarchy, (2) Clan, (3) Market, and (4) Adhocracy.' According to this typology, the hierarchy culture was founded in Weber's bureaucracy theory. The theory focuses on 'internal efficiency, cooperation and maintains dominant characteristic' (Cameron & Quinn, 1999, p. 33). This culture type is control-oriented and focuses on the internal structure and operation of the organization with close adherence to the organization's efficiency, coordination and rules and regulations (Cameron & Quinn, 1999). In contrast, clan culture has a family-oriented focus. The motivation for this culture is to concentrate on internal issues and can be dynamic (Cameron & Quinn, 1999). The main characteristics of this culture are 'relationship-based, which means that the organization relies on partnerships, teamwork, and corporate commitment to managers' (Cameron & Quinn, 1999, p. 32). Organizations with this culture are reflective in their approach, use scrutiny, and challenge the status quo to reach higher efficiency and effectiveness.

The CVF utilized the two dimensions of flexibility and discretion versus establishing control and considered external versus internal focus integration. Cameron and Quinn (1999, p.20) identified six organizational characteristics, such as '(1) dominant characteristics (varies with individual culture types) of the organization; (2) organizational leadership; (3) management of managers; (4) organizational glue;

(5) strategic emphases; and (6) criteria of success.’ These dimensions and organizational characteristics define four types of organizational cultures in this typology.

While there are many differences in the characteristics of the four types of culture, there are also some similarities. While many different typologies of organizational culture exist in the literature, they all generally fit within Cameron and Quinn’s (1999) competing values framework. In this study, CVF will be used because it provides a valid comparison of the cultural types, especially the hierarchical culture, which is the foundational characteristic of the public sector. It is expected that a market culture is most likely to provide the conditions where employees are likely to accept change. For instance, if ‘employees are willing to adjust their behavior in line with the envisaged change, ‘it is likely that organizational change will be successful’ (van den Heuvel, Demerouti & Bakker, 2014, p. 12).

The following secondary research question examines the proposition that organizational culture affects managers’ acceptance or rejection of change,

***SRQ3:** How does public sector organisational culture impact managers’ resistance to, or acceptance of change?*

In sum, a brief overview of the organisational change literature indicates that the role of managers is crucial to the change process. However, most of the research has focused on the tasks and processes involved in change (Kuipers et al., 2014) rather than the psychological state of employees or managers. One psychological attribute that has been identified as impacting managers’ attitudes and subsequent adoption or rejection of change is a relatively new variable. This variable is termed Psychological Capital (PsyCap). Positive Organisational Behavioural (POB) researchers have also recognized PsyCap.

Personal Attributes – Psychological Capital

Psychological capital (PsyCap) is an example of a personal factor individuals can rely upon when organizational support is in deficit. PsyCap is ‘positive emotions that relate to relevant attitudes and behaviors that can facilitate (or inhibit) positive organizational change’ (Avey, Wernsing, & Luthans, 2008, p. 50). Psychological capital (PsyCap) is defined as ‘an individual’s positive cognitive state characterized by: (1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals, and when necessary redirecting paths to goals (hope) to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond to attain success’ (Luthans, Youssef & Avolio, 2007, p. 3). Avey (2014) identified that authentic leadership explained much of an employee’s PsyCap. Authors, Xerri, Farr-Wharton, and Brunetto (2021) found that the behavior of managers and colleagues and training opportunities explained much of Australian and US local government employees’ PsyCap. Hence, it may be that manager’s PsyCap affects their reaction to change. This proposition is expressed in the following secondary research question (SRQ).

***SRQ4:** Does psychological capital influence managers’ resistance to, or acceptance of change?*

The SRQs were used to guide data collection to answer the primary research question about the impact of policy, organizational and personal factors on managers’ response to change.

METHODS

Interviewing is a highly beneficial qualitative strategy of inquiry. A well-planned interview approach can provide an excellent source of empirical data (Qu & Dumay 2011). This study’s plan to conduct semi-structured interviewing (SSI) with senior leaders was essential. The researcher deemed their inclusion as an essential tactic for the research (Yin 2014). This was achieved before systematic analysis and flexibility in the research process (Bryman & Bell 2011; Creswell 2009; Olson 2011). Specifically, the interviews added richness to the data. They allowed the researcher to gain a broader perspective on the research study

and a deeper understanding of leader and manager experiences of organizational change. The types of interview questions are presented below in Tables 1 and 2.

TABLE 1
SEMI-STRUCTURED INTERVIEW PROTOCOL (SES) FOR RESEARCH STUDY:
EXPLORING ORGANISATIONAL CAPABILITY DEVELOPMENT DURING
ORGANISATIONAL CHANGE

<p>a) How and when were you involved with organisational change (reform)?</p> <p>Objective: To gain some history and put the participant at ease.</p>
<p>b) Were you ready for the change? Why? Or Why not?</p> <p>Possible follow up questions:</p> <ul style="list-style-type: none"> a. What would you do differently if there is another organisational transformation? b. What processes did/will/are you adopting to develop capability in your branch/division/business area? c. How did/will these processes strengthen the capability to deliver the business priorities during organisational change? <p>Possible follow up questions:</p> <ul style="list-style-type: none"> d. What differences (if any) do you perceive in the capability development of your branch/division/business area? e. What surprised you about the organisational transformation in terms of changes in skills, knowledge and attitudes? <p>Objective: Initially, to set the scene on a broad or organisational level and to establish the foundation of processes to build capability development during organisational change.</p>
<p>c) What things that came out of the organisational transformation/change do you think could have been left out or done better?</p> <p>Objective: To gain insights to any problems perceived with the organisational change.</p>
<p>d) How did you know that your branch/division/business area had the skills and knowledge to deliver on the work priorities for the department?</p> <p>Objective: This is a critical part of the study and needs to be directly asked.</p>
<p>e) Did the work in your branch/division/business area change during the transformation? What did you do to manage those changes with your branch/division/business area?</p> <p>Objective: To explore what strategies were implemented to manage departmental priorities.</p>
<p>f) Is anything I haven't asked you I should have?</p> <p>Objective: to get them to reflect and then they add in things they forgot or thought relevant or important during the interview.</p>

TABLE 2
FOCUS GROUP PROTOCOL (MIDDLE MANAGERS) FOR RESEARCH STUDY:
EXPLORING ORGANISATIONAL CAPABILITY DEVELOPMENT DURING
ORGANISATIONAL CHANGE

<p>a) How and when were you involved with organisational change (reform)?</p> <p>Objective: To gain some history and put the participant at ease.</p>
<p>b) What were the most significant capability changes that came out of the organisation change for you?</p> <p>c) Possible follow up questions:</p> <ul style="list-style-type: none"> a. Is the work in your team/section changing? b. Before, during and after the change, what (if any) capability gaps did you see in your team/section? c. What processes did/will/are you adopting to develop capability in your team/section? d. How did/will these processes strengthen the capability to deliver the change required? e. What forms of capability development did you take part in? f. What differences (if any) do you perceive in the capability development of your team/section? g. What surprised you about the organisational transformation in terms of changes in skills, knowledge and attitude? h. Were there any changes to job descriptions? i. Were there any changes to processes such as recruitment or performance management? <p>Objective: Initially, to set the scene on a broad level and to establish information about capability development and management processes during organisational change.</p>
<p>d) What things that came out of the organisational transformation/change do you think could have been left out or done better?</p> <p>Objective: To gain insights to any problems perceived with the organisational change.</p>
<p>e) How did you know that your team/section had the skills, knowledge and attributes to deliver on the work priorities?</p> <p>Objective: This is a critical part of the study and needs to be directly asked.</p>
<p>f) Did the work in your team/section change during the transformation? What did you do to manage those changes with your team/section?</p> <p>Objective: To explore if the workload changed and what strategies were used to manage those changes.</p>
<p>g) Is there anything I haven't asked you I should have?</p> <p>Objective: to get them to reflect and then they can add in ideas that I have not thought of.</p>

The six focus groups consisted of twenty-two middle managers across both agencies. The focus group method fostered free expression, encouraging managers to speak up (Stake 2000). This free-flowing dialogue provided an opportunity to explore how middle managers and their teams accepted or resisted organizational change in their business environment. Focus groups resulted in a natural and high-quality response due to participants discussing issues and challenging one another (Yin 2014). The discussions offered an opportunity to study how individuals collectively make sense of a reform agenda. In particular, managers' reality and workplace experiences and meanings were socially constructed and reconstructed as

they responded to change expectations with the focus groups. The focus group protocol provides more information about the semi-structured interviews with middle managers who participated in the study.

These senior executives were at the head of their departments and thus responsible for implementing public policy. The senior leaders led the change event/s in their Agency. Table 3 below provides further information about the demographics of the senior leaders who participated in the study.

**TABLE 3
INTERVIEWEE DEMOGRAPHIC**

Number of SES Interviewees	Years of Service (APS)	Gender	Age range
6	>15- 38 years	3 Female 3 Male	>45-60 years

Additional data were collected from middle manager focus group sessions. Table 4 below provides more information about the demographics of the middle managers who participated in this study.

**TABLE 4
FOCUS GROUP DEMOGRAPHIC**

Number of Focus group participants	Work Level	Years of Service	Gender	Age range
22	EL2 - 16 EL1 - 6	>1-29 years	11 Female 11 Male	>25-55 years

The middle managers were responsible for day-to-day operational issues associated with the change and supervising employees. The recruitment process began through direct contact with key senior executives. These senior leaders were either leading or managing policy implementation. Initially, the researcher explained the nature of the study and asked if they would participate. When initial agency contacts agreed to assist, they nominated a contact person. A promotional flyer and orientation documents were delivered to both agencies. The orientation documents included an information statement and consent form. The researcher requested that the contact person distribute them to middle managers (EL1 & EL2). The rationale for targeting middle managers was twofold. There were thirteen middle managers from Agency A and nine middle managers from Agency B. Also, this ensured that participants had enough exposure to policy implementation to make a meaningful contribution. Secondly, middle managers in the public sector are primarily responsible for the operational management of the workforce.

Focus groups were conducted in both Agency A and Agency B. The focus group method provided an opportunity to explore how managers and individuals experience organizational change. Indeed, the dialogue between managers created a sense of their reality. This discourse formed meaning (of this reality) that were socially constructed and reconstructed. Focus group discussions with middle managers were recorded (digitally) with permission obtained (signed and documented) before each interview or discussion.

A rigorous approach to data analysis ensured adequate attention was paid to the trustworthiness criterion, and identifying potential limitations and ethical considerations were also addressed. The qualitative data were grouped into concepts (explanatory ideas) identified in the data's first stages of analysis (McNabb, 2008). The cross-case synthesis technique was undertaken to identify emerging themes across two organizations and then collate them (Yin, 2014). The data were analyzed using NVivo. The first stage of the process is to import the de-identified data into NVivo. This stage was followed by exploring the data and identifying emerging patterns or groups of concepts, which were coded to create nodes. The nodes represented themes, topics, concepts, ideas, and opinions. A node hierarchy was established during this analytical process to link connections between themes. As a result of this process, major themes

emerged (Yin, 2014). Indeed, the purpose of analysing the data was to provide a comparative analysis of the experiences of senior and middle managers.

Before the commencement of the study, ethical considerations by the researcher were adequately addressed, and ethics approval was confirmed by the Human Research Ethics Advisory Panel A of the University of New South Wales, Canberra, with approval number HC 16198 on 30 March 2016.

RESULTS

Agency A and Agency B implemented policies before this study. Both agencies were given a brief to streamline management practices and focus on building a more productive workforce. One policy for Agency A and two for Agency B specifically related to this aim. The first impact within Agency A was significant workforce reductions. Agency A retrenched 15,000 employees. Comparably, Agency B was also impacted by this government reform, but far fewer job losses occurred. In accord with these austerity measures identified in media articles and corporate documents. An analysis of the impact of relevant policies will be considered in this section. Findings from this analysis regarding Agency A and Agency B are discussed as follows.

Specific questions were asked about the extent to which managers adhered to policy in making changes in their departments as line managers. The findings are from analyzing 28 interviews across the two organizations, as detailed above. The themes emerged from the study of managers' responses from both agencies. The findings indicate that the policy goals were ambiguous in both Agency A and Agency B. As a result, the policy intention for both agencies created a disconnect between the vision (delivered by senior leaders) and the reality (middle manager experience). The findings from the focus group discussions with middle managers in Agency B suggest frustration surrounding policy implementation. Still, there was a corporate commitment to performance management processes. The findings from both Agency A and Agency B have identified that the strategies to change the culture, accountability measures and or performance indicators were not apparent in any of the policy documents implemented.

Leadership (Organizational Factor)

Leadership approaches emerged as a key theme from an analysis of the findings. The following analysis is presented to address SRQ2 about the impact of leadership behaviours on managers' responses to change.

Agency A

The findings suggest the dominance of the autocratic leadership model used by the managers with comments such as, *'I had to force people to change.'* (ExecA001). A further example of the autocratic leadership style is demonstrated in these comments: *'Staff were struggling with the transformation, and the SES managers were struggling with; 'what is wrong with you people?' We told you the strategy, just go and be different!'* (ExecA001). The executives' reproach was to suggest, *'All their life staff have been put in front of processes, procedures and protocols and were waiting for someone to spoon-feed them'* (ExecA001). Some comments refute this direction by acknowledging that, *'We knew the change was coming; we were told, but we weren't told how to deal with it. We were just expected to deal with it. And I think that reflects on how well or not well it was managed'* (FGA003).

This discussion provides evidence of the apparent tension between senior leaders and middle managers. Findings from the data suggest that senior executives expected that the role of middle managers was to operate under broad direction in a highly complex environment. This expectation raised tension between senior executives and middle managers, particularly about how and what to implement. Findings from the data support the proposition that senior leaders in Agency A adopted the autocratic leadership style. However, the disparate perspectives between senior leaders and middle managers suggest a range of deeper tensions. Tensions were created by issues related to conflicting messages, a failure to amend bureaucratic processes, and a lack of reflection by senior managers. It also identified an inability by middle managers to adapt after years of being told what to do. Senior leaders' lack of instruction or training exacerbated this

failure to amend bureaucratic processes that would support change. Further, it is essential to note a lack of clarity of ‘what to implement’.

Agency B

The findings suggest evidence of a transactional leadership style. Whilst senior executives ascribed to a more transformational leadership approach, middle managers perceived minimal evidence of such an approach. Instead, there was evidence of bureaucratic forms of management. The vastly different perspectives are evident in the following comments

‘My desire is to connect with the hearts and minds of the people and to check understanding and the emotional barometer’ (ExecB001).

‘It is important for senior leaders to be a visionary or role model to demonstrate and showcase leadership capability and to lead the change and bring the organisation along on the journey. That is, we must communicate the vision but ensure to state how we will change’ (ExecB004).

‘As a senior leader in the Australian Public Service (APS), I am constantly striving for a healthy ecosystem. It is all about connecting with a wider context and bringing back current thinking into the organisation’ (ExecB001).

In contrast, middle managers perceived senior leadership very differently

‘I’ve been through a couple of internal restructures. One was due to budget pressures. It was a ‘spill’ and people had to apply for their jobs’ (FGB002).

Agency A demonstrated an autocratic approach to senior leadership. In contrast, Agency B senior leaders appeared to use a transformational leadership style. However, because of the lack of data from middle managers in Agency B, it is difficult to surmise if the transformational leadership approach can be validated in these findings.

Organizational Culture (Organizational Factor)

To address SRQ3 examining the impact of organisational culture on managers’ response to change, the CVF (Cameron & Quinn, 1999) was used.

Agency A

According to the interview with the senior executive from this Agency, the first deliverable of the policy implementation process was to change the organization’s culture. In interviews with the executive at the commencement of implementation, it is noted that there was a disconnect between the vision of ‘*empowered and trusted culture*’ and the reality expressed by middle managers (focus groups). Perhaps this disconnect was propagated with the thinking in the following comment ‘*to give life to a change of culture – we need to see a reduction in this idea of entitlement, that I kind of feel pervades the public service to a very large degree*’ (ExecA001).

The agenda of senior management in Agency A was articulated in the following statement ‘*there’s some cultural stuff that we haven’t even touched on that needs to be touched on because it’s like the agency agreement that hasn’t been signed off. Staff get really angry, and I get that, but if you’re in private enterprise looking at the deal on the table right now, you would just think it’s so sweet*’ (ExecA001).

Middle managers focused on their operating environment, ‘we have a long-established culture of *operating in vertical silos*’ (FGA002). However, some areas of the organization have experienced a cultural change, or at the very least, a notable restructure of the functionality of their environment. Focus group statements evidence, ‘*the cultural change in IT has centralized all of the divisions. The Department*

is more centralized now. That means we are more responsive to business needs. We spent lots of money, and we implemented systems and processes from that. It is still unsuccessful as there are many complaints from the community' (FGA001). Unfortunately, this comment does not align with the 'customer-centric commitment in the *Reinventing Agency A: Program Blueprint (2015)* policy.

Agency B

In terms of culture, this Agency presents as bureaucratic. Findings from the data suggest that the Agency is striving toward a top-down and bottom-up culture. As a way to transform the culture into a more innovative, trusted and dynamic culture, executives suggest,

'In the public service, there is a tendency not to admit your mistakes because you'll get jumped on from a great height if you make a mistake or you'll get smacked. And that tends to dampen any sort of innovation because people are so fundamentally risk-averse and fearful that they're not game enough to challenge anything' (ExecB004).

Even so, another executive maintains that:

'Senior executives across the department have an appetite for and support innovative strategies' (ExecB002).

In support of these strategies, executives suggest that,

'Innovation in this Department has the courage to challenge the status quo and explore some innovative ways of thinking and doing. In my branch, I expect my staff to challenge me to discover new ways of doing things. I don't mind being told that I am wrong (not that I particularly like it) if the argument is sound and offers an innovative or creative solution to outdated practices' (ExecB005).

This discussion provides support for the findings that this Agency is attempting a cultural change. The results also suggest that senior leaders are changing their behaviour to lead the proposed change.

This research study identified a bureaucratic culture. It appears that Agency A's intention to address the culture change has fallen short of the expectation to shift to a more dynamic and private sector culture type. In this study, there were indicators that the vision of cultural change did not positively reflect middle managers' views. In contrast, Agency B data indicated a shift to a more dynamic or innovative culture. At least these were the testimonials from the executive to suggest that notion. In contrast, the focus group (middle manager) data did not endorse these statements by senior leaders.

Personal Attributes (Psychological Capital)

To address SRQ4 that examined the impact of managers' PsyCap on their response to change, the following emerging themes were identified.

Agency A

The findings suggest that managers' PsyCap appears to be low in Agency A. At the outset, there seems to be an issue regarding the level of commitment of staff to follow the directions as set out in the policy, *Reinventing Agency A: Program Blueprint (2015)*. This issue is addressed by a senior executive who indicates that,

'People are slow to change the way they are used to doing things, and people like the idea of trying something new but they like the idea of it more than having them apply it because that takes effort' (ExecA001).

This comment suggests that staff and managers are resistant to change. Embracing the level of commitment from senior leaders is referred to in this comment.

'If you want a commitment from staff, staff need to feel there is commitment coming back the other way, and I don't think that is happening' (FGA001).

However, there appeared to be a level of despondency between a manager and her team. This is illustrated in the following quote,

'As a manager, you have a duty of care, and the reality is impacting our staff's wellbeing and their lives so significantly they could just take their own life. I was following a process, but I had to back-off as she could have committed suicide. I kept asking her if she was okay. I had to be honest and say, I can't make your world rosy anymore' (FGA003).

Agency B

The findings suggest that the PsyCap of Agency B appears to be slightly higher than Agency A. The recognition of an improved degree of PsyCap could be attributed to the care and concern offered by the senior executives. This finding has been expressed,

'We do a positive health-check on our staff and managers' (ExecB001).

To further validate the recognition of PsyCap and positive and considered note focus groups proposed,

'We have to be responsive. We are, as public servants, required to go where the function goes, so there's a level of that accepted. It's important to understand that as an individual. Still, it is also important to understand the personal impact on the individual' (ExecB001).

This discussion suggests that, in the public sector today, there is an expectation that public servants need to be resilient and adaptable to change.

In contrast, there seems to be a denial regarding the concept of change fatigue. Interview data from Executives argue that:

'Change fatigue is just a fallacy. To me, that's an excuse not to engage' (ExecB002).

In contrast, focus group data suggests that,

'Everyone is pretty pragmatic and emotionally mature about resource reduction issues; we're lucky' (FGB001).

Further,

'I am fortunate that I have never had a change forced on me. So, I've moved because my role moved. I've been told that you are doing this today. And I am like, okay!' (FGB002). Finally, *'I have a monthly reward award for my staff. I do that because I know I am going to get a positive return from them. It makes them feel good, and I am going to get better productivity'* (FGB002).

The findings suggest that managers appear to lack resilience in the face of change. The findings also suggest that there is little evidence of managers having high hope, optimism, or efficacy. Hence, one explanation of the findings is that managers' resistance to change is linked to their low PsyCap.

DISCUSSION

This paper examined the impact of policy, organizational, and personal individual factors on managers' reactions to organizational changes. Four SRQs were used to address the primary research question.

The policy literature review has reiterated the argument that policy implementation is a complex and multidimensional construct that has been the focus of much research. This study identified vital determinates regarding middle managers responses to change. These definitive criteria were cliched under the guise of 'doing more with less' and promoted to middle managers as efficiency and effectiveness outcomes (Pollitt & Bouckaert, 2017). In reality, these austerity measures served as an underpinning driver of what and how change was implemented. This silent driver of change negatively impacted how middle managers reacted to change. While policymakers and senior managers were tasked with redefining service delivery options, the lack of staff plus layers of complexity appeared to negatively affect managers' acceptance of reforms. The most notable finding of the research is that middle managers perceived that austerity-driven policies rather than policy statements were the primary driver of policy goals for Agency A. Therefore, any decisions made by managers was shaped by this fundamental criterion. It was less evident in Agency B, where the policy framework goals aligned with the stated policy of reforming practices to streamline processes to achieve greater coherence in policy and practice.

However, there were similarities in middle managers' responses across the two agencies. In both cases, middle managers were affected by the behavior and attitude of senior leaders. Indeed the literature indicates that leadership is a multi-faceted and dynamic process of capability growth that combines personal and interpersonal characteristics (Day, 2010). There was some evidence of transformational leadership behaviors, particularly in Agency B. Autocratic leadership was evidenced in Agency A. The research identified some transactional leadership across both agencies. In theory, other researchers have found evidence of transformative public sector leadership models (de Vries, Bekkers & Tummers, 2015; Van Wart, 2013). This study failed to provide evidence of authentic leadership, despite the need. As the literature suggests, positive leadership approaches affect managers' acceptance or rejection of change (Megeirhi et al., 2018; Day et al., 2014; Hoch et al., 2016). As indicated in earlier discussions, leaders play a significant role in organizational change because effective leaders increase the PsyCap of managers and employees, which then builds acceptance of the changes (Megeirhi et al., 2018). The behavior of managers is one of the strongest predictors of employee PsyCap in both the private sector (Avey, 2014) and the public sector (Xerri et al., 2021). Since high PsyCap is associated with successful organizational change, these findings strengthen the link between effective leadership and managers' acceptance of change. In contrast, the findings from this study suggest that poor leadership was a factor in managers' resisting change.

Poor leadership also negatively impacted how middle managers negotiated the established rules, values, and practices (organizational culture) in addressing change. The findings from this study support Xerri et al. (2015), who found that the culture of organizations affects the attitude toward organizational change. They found that a bureaucratic culture leads to employees resisting change (Xerri et al., 2015). Thus, a bureaucratic culture leads to the change initiative's failure (Elias 2009). In contrast, 'if managers are not willing to adjust their behavior in line with the envisaged change, it is likely that organizational change will be successful' (van den Heuvel et al., 2014 p. 12). In this study, the findings found bureaucratic cultures thwarting change in both organizations and with elements of change fatigue evident in both organizations.

Indeed, this study examined whether managers' PsyCap affected how they responded to change. Researchers Megeirhi et al. (2018) found that PsyCap mediated the relationship between authentic leadership and change outcomes. Indeed, this relationship depends on a high level of authentic behavior associated with high levels of employees' PsyCap and successful organizational change. There was minimal evidence of authentic leadership and no evidence of transactional and autocratic leadership in this study. Additionally, middle managers did not appear to have high PsyCap. Hence, the essential ingredients for successful change were missing.

Additionally, the most significant finding is that irrespective of the said policy being implemented, the managers' perceived that austerity-driven funding goals dominated organisational changes in Agency A. In contrast, whilst austerity was the driver for change in Agency B, there appeared to be a genuine attempt to

change the structure and function of Agency B. However, austerity goals still underpinned some decision making. Additionally, Agency A was dominated by autocratic leadership behaviours. Notably, there was a mixture of transformational and transactional leadership behaviours in Agency B.

Further, two different types of organisational culture were evident in the two organisations, with a bureaucratic culture dominating Agency A. This study also indicated that the culture was more engaging and dynamic in Agency B. The data reveals that middle managers were consulted and included in the change process. Further, middle managers and staff were supported by diverse capability development opportunities. These capability development opportunities created a more engaging culture during change. Similarity across the two organizations was a depletion of PsyCap amongst managers undertaking the task of implementing change.

The policy objective to streamline organizational operations was on the organizational transformation agenda for Agency A (especially in terms of better servicing the client). However, the significant reduction in human resources led to the policy implementation outcome being under threat. Additionally, this meant far fewer employees to meet the demands of the modernization plans. As well as simultaneously achieve the business deliverables. As stated in the *Reinventing [Agency A], Program Blueprint (2015)*, the theme was, 'to achieve the most effective and efficient way to consolidate shared and common service delivery in a manner that represents value for money to Government' (p. 2). However, analysis of the interview data suggests that these objectives would not be achieved due to the shortage of trained resources.

Further, due to the lack of performance management indicators, there was no means of monitoring the progress of these objectives. One explanation could be that the policy was never intended to be implemented. Another reason is that while the policy objectives were considered necessary. The austerity objective was considered more important. Irrespective of how policies were implemented, the process thwarted managers' acceptance of the proposed change. However, some policies had a more significant impact. The policy announcement by the Minister stating the immediate mass reduction of staff in Agency A had a far more significant effect than any subsequent new policy attempting to improve client services.

However, significant reductions in Agency A's human resources impacted day-to-day handling operations irrespective of the policy. A more targeted policy directive to decrease staff in Agency B suggests that managers shaped how the policies were implemented. Generally, the findings from both organizations indicate that the success of policy implementation is strongly dependent upon the behavior of the middle manager operating within an organization. In particular, the analysis of the findings from focus group discussions with middle managers supports the premise that policy does affect managers' resistance to, or acceptance of change. Public sector change has occurred in epidemic proportions over the past decade (Brunetto & Teo, 2018; Kiefer et al., 2014). Therefore, it is unsurprising that much of the change was frequently unsuccessful (Blackman et al., 2015). Indeed, organizational change sets out to alter the characteristics of that organization. Especially when considering radical change intended by Agency A. Radical change may disrupt the organisation's fabric. Even emergent (incremental) change in Agency B led to the restructuring or repurposing its function to steer a new direction. Such alterations, albeit radical or incremental, necessitate significant discontinuities in the relationships between the organization and those who work within that context (Price & van Dick, 2012) and new relationships. The findings have affirmed these theoretical conclusions.

The findings suggest that change in the public sector is probably a product of the interaction of three factors: policy, including the austerity agenda, organizational responses and the managers' personal support attributes. Figure 1 represents the findings conceptually.

CONCLUSION

Public sector change is diverse because the role of policy and organizational factors is diverse. These factors lead to significantly different change journeys for various public sector organizations. However, these two case study agencies are representative of Australian Public Service organizations today. Figure 1 (below) shows that policy is firstly interpreted and implemented by senior management. The way middle managers interpret policies depends on senior management's leadership style. Existing cultural norms and

values, the policy's real intention, perpetuate personal attributes. Thus, in turn, influences resilience to cope during the change.

Implications for Better Organisational Change Practice

This research examined the impact of policy on (organizational factors) leadership and organizational culture and individual attributes (psychological attributes) and how these factors combined influence managers' resistance to, or acceptance of change. What was unexpected and emerged from the data was identifying the impact of personal support and organizational factors affecting managers' acceptance of change.

The study offers meaningful, timely knowledge and insight relevant to academic and practitioner perspectives. This research contributes to ongoing research exploring organizational change, particularly in the public sector.

As depicted in Figure 1, senior leaders' capability impacted managers' acceptance of change, affecting policy implementation outcomes. Public-sector culture also influenced organizational change outcomes.

The Proposed Model of Policy Implementation

Figure 1 represents a conceptual model depicting how the targeted literature review forms into a complex, interrelated dynamic affecting how managers' respond to change

**FIGURE 1
RESEARCH FRAMEWORK**



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