HR strategy during culture change: Building change agency

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Abstract

This paper explores the role played by a Human Resources (HR) department orchestrating culture change during the merger of two large State departments with dissimilar cultures. A 2-year case study determined what HR strategies were having the greatest impact on embedding new organisational values to produce a more flexible culture and how these practices could be accelerated. This paper indicates how a more strategic approach by HR departments can support and develop relational managing capability that accelerates cultures change towards a more flexible work environment.

This paper describes the context of the change process, the relevant literature, and outlines the research process. The findings from the phases of the data collection are summarised revealing the traumatic perceptions of the change process, but also the instrumental actions of some managers, working creatively with their teams to tackle new tasks and projects. The evidence suggests that these informal practices of task allocation were at the core of change agency in this case study and put the new flexible organisational values into action. The findings illustrate how the organisation moves from valuing managers for their technical competence to valuing managers for their relational competence.

The paper then discusses what strategic HR actions were accelerating this process and illuminates the critical role of building managers as change agents. The paper concludes by confirming the need for a strategic approach by HR during organisational change. Building manager capability and supporting informal change agency practices is presented as a core focus for HR during such organisational cultural change programmes.

Keywords: human resource management, culture change, managing change, change agents, public sector

INTRODUCTION

This study explores an organisational merger and the strategies employed by a public service organisation's Human Resources (HR) department to promote new values and install a more flexible culture. Digital communication and globalisation has accelerated the pace and complexity of organisational change. Organisations are continually adapting to external pressures and radically reshaping themselves to gain competitive advantage. For public service organisations, previously the domain of bureaucratic stability, these experiences raise employee anxiety and present considerable

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HR challenges, especially when the change involves organisational mergers. Mergers entail the destruction and re-construction of organisational culture. In the emotional confusion of such change processes, HR may be reduced to a regulatory role, burdened with continual recruitment of changing positions and managing the out-placement and traumas of displaced employees. How can HR managers construct a more strategic approach to change management and cultural change, and what might be the components of such an approach? It was from discussions with HR managers about a merger between two leading State departments that this research study was devised to provide them with some insight into what was happening within the organisation, and how they could best use their resources to accelerate a change in values and embed a more flexible culture. While the complexity and failure of organisation change programmes is well documented (Beer, Eisenstatt, & Spector 1993; Beer, 2009), little has been written about the value of HR activity in supporting organisational development (Ulrich & Beatty, 2001).

We present the broad background of the case study, followed by a review of the relevant literature, a narrative overview of the findings and a discussion of the emerging key issues, with the conclusion confirming the key messages for various stakeholders.

CASE STUDY BACKGROUND

A political decision in 2006 determined a merger between two state government departments in Western Australia. The government wanted to merge the State departments of Planning and Transport to form a new 'lead agency' to manage increased production in the resources sector, and to ensure such development was regulated, harnessed and supported.

The existing Planning department was small and centralised, comprising of highly qualified staff making critical developmental decisions about State expansion. In contrast, the Transport department was a large regulatory organisation in multiple locations managing the licensing of vehicles, boats and drivers across a vast geographic area. The HR department of the newly merged Department for Planning and Infrastructure (DPI) recognised the complexity of the task and their instrumental role in shaping a new culture and engaged with university researchers to develop a collaborative investigation. The project goal was to gather perceptions from staff about the change process and to provide feedback. The HR department wanted to know what actions would have the greatest 'utility' in supporting the change process towards a unified, vibrant and flexible culture, responsive to the public demands and government policy changes. They conceptualised this goal as 'Dynamic Resourcing'. This led to a change of fixed staffing configurations to multi-skilled and flexible staff that were reconfigured as teams around emerging issues, needs and directives. The HR department workshopped this vision through the organisation and collaboratively constructed a set of 'values' for the new culture that were widely and continually distributed.

The relevance of this study for other organisations was evident as accelerating change within public institutions seemed to be a universal concern. While business was being driven by global and technological change, public bodies were adapting from rigid stable bureaucracies to more flexible customer service and a focus on performance measurement. This study reflects these moves towards new public sector managerialism (Rees & Rodley, 1995) and provided a unique opportunity with an embedded researcher and a longitudinal project, to examine such an environment and increase understanding of the role that human resource managers can play.

HR AND CHANGE MANAGEMENT

This paper is concerned with the role of HR during organisational cultural change. We were influenced by Orlikowski and Hofman (1997) in defining change management as the systematic, continuous and

iterative practice of altering specific workplace systems, behaviours and structures to improve orga- nisational efficiency or effectiveness. We based our definition of culture on the work of Schein (1991, 1995) and Sanchez (1996), as the patterns of shared assumptions and enacted values, developed through and embedded within social interaction, which guide evolving social practice. Cultural change is therefore when these patterns and shared assumptions are disrupted and reconfigured, as in a merger between these two large State departments. The following sections provide an academic context for the study by detailing current conceptual understanding of the relations between strategic human resource approaches and organisational change, and the emerging focus on organisational values within cultural change. The review will also explore the nature of change agency and resistance to change, concluding by focusing on change in the public sector.

The relationship between HR and organisational change reflects the increasing focus on human resources as a source of strategic advantage rather than a peripheral component of production. The literature describes a torturous and unconfirmed relationship between Human Resource Management (HRM) investment and subsequent improvement of business performance. Gathering such evidence is problematised by the many contextual factors that mediate the relationship (Dess & Robinson, 1984; Billett & Cooper, 1997; Emery, Trist, & Murray, 1997). Kane and Hermans (1996) indicate that HRM approaches are themselves diverse, and encompass regulatory, resource based and partnership models. However, some studies support a positive relationship between 'strategic' HR activity and business benefits (Becher & Gerhart, 1996; Huselid, Jackson, & Schuler, 1997). Huselid, Jackson and Schuler (1997) indicate that in a world where capital and technology are equally accessible to all, strategic HR practices may be viewed as the key to achieving competitive advantage. Although, Rogers and Wright (1998), suggest such a relationship is neither consistent nor universal. It appears the impact of strategic HR activity is greatest where *bundles* or *configurations* of micro strategies are used simultaneously (Dyer & Reeves, 1995). Lepak and Snell's (1999) modelling suggests that effecting organisational change through strategic HR practices is best achieved through 'alliance making' with organisational partners.

Beer insists that most change management initiative fail (1993; 2009). While the change direction may be misguided in some cases, it is the failure to communicate with, engage and change the behaviour of staff that underpins such failure. Traditional HR approaches regulating employee employment do not facilitate behaviour and culture change. Legge (1995) described these traditional 'hard' HRM strategies as those that are concerned with prescribing performance, objectifying employees, enclosing, partitioning and ranking them according to a plan (Townley, 1993). This approach achieves only employee compliance, with order performed though position statements, competencies and performance reviews. Payne (2000) suggests that this HRM approach potentially disorganises, by producing only weak symbolic compliance, and allowing each micro 'communitiy' within an enterprise to organise their own local meaning. It is intervention within such communities that underpins a more strategic approach by HR. Traditional HRM approaches to change focused simply upon locating employees in time and space. However, the growth of knowledge work has made such patterns increasingly obsolete as organisations demand employee participation, engagement and creativity to change and improve business practice. As Du Gay (1996) and Gee, Hull, and Lankshear (1996) would insist, if your business is now about the production of identity, rather than production of commodity, then regulating your employee's identity is counter productive. Enabling employee development with enable organisational development, and such a goal becomes a critical HRM project. Motivating employees to consume new texts and develop extended identities displaces the previous HRM pre-occupation with locating bodies (Legge, 1995). In scenarios of complex organisational change traditional HR approaches become entwined with regulating human movement during the change, while more strategic 'softer' approaches facilitate employee engagement with new values and changing behaviour. Organisational Development practices have a long history in promoting such

soft approaches to organisational change and specifically cultural change (Argyris, 1994). As Beer (1998: 6) indicates:

Two overarching theoretical perspectives about organisational change exist. Agency theory, propagated by economists, emphasises the importance of linking top management's incentives to the creation of economic value for shareholders. Behavioural theories emphasise the importance of participative processes which develop commitment to the change.

Organisational development approaches to change are normative in nature (Burke, 1982), focusing on movement to new norms as a means to improve organisational performance rather than an implicit focus on performance targets. Organisational Development approaches also mirror the increasing emphasis on relational management skills rather than the traditional focus on promotion for technical skills. However, Dunphy and Stace (1988) argue that no singular approach to change is sufficient and that transformation, incremental, coercive and participative approaches can all make contributions according to context.

In this case study the DPI produced a vision of how they would like the new organisation to be and portrayed their vision to the organisation through a new set of *corporate values* (Branson, 2008). Kotter and Hesket (1999) indicate that values-led companies are equated with high performance. Sullivan (2002) suggests that the realignment of organisational and individual values is a powerful change management tool. However, Whiteley (1995) indicates the painful collective experience of any organisation attempting to change their values. The simple 'text' statement has to be followed by vigorous internal debate to achieve changed actions in practice. As Gidden's (1984) structuration theory suggests; it is the structure of the organisation that continually regulates individual performance. It is only through conversations that question and reframe the organisational structure that momentum is gained to adapt the existing structure, so that new behaviours are encouraged and regulated within the organisation.

CHANGE AGENCY

Human resource professionals recognise that managing change in organisations is often a difficult, emotional and lengthy process that requires skilful negotiations. A strategic HR approach is about communicating, engaging and activating staff within the change process, rather than expelling resources on 'sweeping the floor' after the change process has occurred by managing transfers, redundancies and out-placements (Legge, 1995). During a change process the managers and employees involved can often be classified into two groups: the change agents (usually managers) and the change recipients (usually employees). Ford, Ford and D'Amelio (2008: 362) define these roles, with change agents being described as those that are 'doing the right and proper things while change recipients throw up unreasonable obstacles or barriers' that block the change process. In reality, HR deals with the continuum of behaviour stretched between theses polar opposites. Supporting this perspective Dent and Goldberg (1999) and Klein (1976) describe change agents as 'undeserving victims of the irrational and dysfunctional responses of change recipients' (Ford, Ford, & D'Amelio, 2008: 362). However, Ford, Ford, & D'Amelio (2008) and Caldwell (2003) argue that often change resistance is actually instigated by change agent behaviour. Ford describes three 'sides' to the change 'resistance story' told by change agents. First, resistance may be viewed as a self-serving label, tied by change agents onto the necks of those resisting change. Second, the change agents own behaviour can promote resistance breaking existing trust (Cobb, Wooten, & Folger, 1995; Tomlinson, Dineen, & Lewicki, 2004) and personal relationships (Pfeffer, 1994). Third, resistance to change may be a *positive* contribution to the change process by challenging emerging values (Knowles & Linn, 2004). Both the change agents and change recipients engage in sensemaking through the change process that

Thomas, Clark, and Gioia (1993) describe as actions that involve information seeking, application of meaning and their responses to the change process as activists in the change process, increasing activism and disbursing resistance. Change agents seek to determine strategies to facilitate the change process; whereas the change recipient endeavours to determine how the change will directly affect them (Gioia, Thomas, Clark, & Chittipeddi, 1994).

The early investigation of change processes by Berman and McLaughlin (1975) highlighted the critical need for processes of 'mutual adaptation' whatever the origins of the mobilisation process. This work is supported by Beer, Eisenstatt, and Spector (1993) and Schein and Greisis (1989) who suggest that organisational development and change is neither rational nor consensus based, but rather a plural political struggle to gain employee support (Caldwell, 2003). This study supports the work of Ford, Ford and D'Amelio (2008) and Caldwell (2003) in that we argue that the extent of change agency varies from person to person within organisations. This is where the challenge presents itself for the human resource manager, how do they manage change agent engagement and development when there is a requirement for rapid and successful change? In the end it is about generating sufficient supporters within the organisation that will 'live' the values of the emerging organisational culture, otherwise it will simply never exist.

BUILDING CHANGE DIALOGUE

In any change process change agency will be counterbalanced by resistance to change and this is an issue for HR strategy. Parish, Cadwallader and Busch (2008) suggest that there is a management belief that change recipients can change without disruption to their work flows and that HR and change agents should give greater consideration to the impact of change on employees. Dvir, Kass, and Shamir (2004) maintain that working with change recipients in forming a vision in which they all share, supports behavioural organisational change. It is these personal relationships between change agent and recipient that are crucial to affecting lasting change (Pfeffer, 1994). Johnson, Parasuraman, Futrell and Black (1990) found that employees who have supportive managers are more committed to their organisations and Ford, Ford, and D'Amelio (2008) argue that local manager-employee relations are an important feature of the successful change process. In addition, a trusting relationship between change agents and recipients further supports organisational change (Ford, Ford, & D'Amelio, 2008). For HR managers, development strategies that breed management change agency may be a positive ways of combating organisational resistance, although a comprehensive HR strategy must address both issues.

Beer, Eisenstatt, and Spector (1993) and Schein and Greisis (1989) studied a great number of educational change initiatives and found that where they started change at the top or the bottom of the organisation did not matter. What did matter was that people in the middle of the organisation started acting differently and became agents for the change; changing their practices and encouraging change in others. This was the most critical strategy to install continued change and move towards the institutionalisation of change. Without middle management support the change process fades and eventually ceases, with embedded traditions and behaviours re-emerging as the dominant culture.

PUBLIC SERVICE CHANGE MANAGEMENT

This study explores an organisational merger within the public service. Doyle, Claydon, and Buchanan (2000) indicate that change in the public sector has a higher negative impact on change recipients, who report less satisfactory experiences than those within the private sector. Andrews, Cameron, and Harris (2008) argue that this is because much change within the public sector is politically driven, hastily planned to tight deadlines and frequent. Recent studies of public service mergers have illuminated three important issues (Williamson & Haspeslagh, 2005; Amiot, Terry, Jimmieson, & Callan, 2006;

Cartwright, 2006). The first is that there is no such thing as a merger; there is always a partner with less power, with discourses of distrust pervading the sub-culture of that group. Second, the failure to continually promote communication about the 'new' organisation is a primary cause of unsuccessful mergers. Third, activities that involve staff in forming the new culture generate inclusion and cultural ownership. Such findings were used through collaborative discussions to inform the field questions for our study.

CASE STUDY METHOD

A collaborative partnership between the DPI and Edith Cowan University Western Australia was developed to explore the DPI merger and culture change as a mixed mode case study. The research study was framed to determine what strategies HR could employ to accelerate the process of cultural change. While the DPI wanted evidence upon which to build their own strategies, the researchers sought to explore a culture change process in action. What made this collaboration unique was that there were a limited number of larger organisations who understood the concept of bundling their HR strategies as part of a corporate strategy to achieve culture change, and still fewer who were implementing such action and seeking external evaluation. Through a number of formal meetings over a year a project scoping document and programme logic was produced. The study gathered evidence about how the organisational culture was changing and perceptions of the HR role within the change process. The goal of the study was to analyse the evidence collected and to produce advice about how HR strategies and practices could be realigned to accelerate cultural change towards the new DPI values. The following three questions shaped the operationalisation of the study.

- To what extent are the new DPI values being embedded?
- What HR mechanisms are contributing to those changing values?
- What strategic realignment of HR processes may accelerate this process?

The study consisted of three phases. First, there was a broad DPI 'Staff Opinion Survey' completed by more than 60% of the 4,000 employees. This survey asked employees what was changing and how they felt about the changes. It probed their perceptions of motivating and demotivating actions, and their experiences within teams embedding the new 'Values'. This data was analysed within SPSS to establish a baseline overview of the organisational climate, with bivariate analysis identifying organisational change issues. The second phase was a series of more than 60 face-to-face interviews averaging 35 min held with staff at a variety of levels in all 15 sections, to explore the issues emerging from the survey. Finally a series of 30 interviews, averaging 50 min were held with executive and departmental managers to gather their perceptions of the change process, how they were managing it, and what they thought about HR activity. The iterative nature of the inquiry enabled each phase to reshape the focus of subsequent investigations as the collaborative team of researchers and HR managers reviewed the findings. Finally, a workshop was held with the executive group to explore the findings and debate the implications for the organisation, and especially the HR department. Organisational access for the study was excellent enabling both interview processes to run until saturation and redundancy was reached. The sole limitation on the study was gaining data quick enough for the HR department to implement changed strategies supporting the cultural change.

THE STUDY FINDINGS

The three phases of the study: survey, employee interviews and management interviews built iteratively upon each other.

The survey was used to gain broad data across the many departmental sections of the organisation where staff were involved in diverse work routines and located in many different buildings. The survey

presented a mixed picture with staff spread over a continuum in relation to their attitudes to the change process. The staff response confirmed that the merger was causing employees emotional distress, dislocating work relations and disturbing established work routines. However, some staff indicated positive reactions to formal and informal changes in their work patterns. While some staff were aware of the new cultural 'values', few cited evidence of them being visible or evident in actions. Staff indicated changes that had both impacted negatively and positively on their work role with an emphasis on the former. The second phase of interviews were necessary to determine what practices were changing and how they were influencing work activity in differing locations. This first phase of the project used the data from the staff opinion survey to construct a framework for the interviews, the second phase of the study.

The interviews that followed probed staff about the impact of the change, how this had affected their motivation and teamwork and the gap between the new 'values' and their daily work experiences. By looking at the DPI through the eyes of the 60 staff interviewees, we identified some of the key 'agencies of change', the sources of motivation and de-motivation, and their perceptions of how teamwork and values were being embedded. This data confirmed the survey results, and additionally provided workplace examples of change. It was formative in providing evidence of the critical and instrumental role being played by senior managers. The responses indicated that senior managers were key figures who should be the focus of further investigation and a target group for HR activity, as agents of the change process.

What was evident from the interviews was that employee experiences were determined by the mode of management they were experiencing. This varied from section to section dependant on the relational style of the manager. Positive experiences were usually the result of a high relational and negotiating mode of managing. Negative experiences were reported by employees whose managers relied on their technical expertise and formal authority. These interviews identified the diversity of managing practice in the DPI and uncovered eight major 'agencies of change' used within the DPI. While the majority of the agencies of change were *formal*, those with the greatest impact were *informal*. Managers were using informal agencies of change initiated project work (92%) and additional duties (85%) to involve staff in the change. Some managers were using more formal mechanisms such as acting positions (43%) and position changes (38%) to move their new units forward. Less visible were the use of formal promotions (20%), transfers (17%) and secondments (15%). These were the actions generating the greatest impact upon staff in terms of changing values. The data revealed that there was a great deal of variation in the use and impact of these 'agencies of change'. This diversity was generated by a significant variation in how managers were acting. While the common denominator in all the 'agencies of change' was that they were *mostly initiated by managers* to facilitate organisational adjustment to change, the variation could be explained by significant differences in managing styles. These 'agencies of change' were a handy set of change-management tools used by managers, to implement the change mandates required in their respective areas. Managers had a direct influence on all the 'agencies of change', and could largely determine which additional duties and/or projects to delegate, which secondments, transfers, promotions or position changes to initiate, and which acting positions to advertise for their area. This was despite the highly formalised job descriptions existing within a Public Service organisation.

Managers had at their disposal formal and informal mechanisms. They used informal job enrichment strategies to negotiate work requirements and as employee development tools. Employees responded well to the informal mechanisms to meet both organisational tasks and development needs. The research indicated that employees would not only respond to their manager's choice of 'agency of change', but were often able to respond to the 'agencies of change' put forward by other managers across linking divisions in DPI. Managers who used formal and informal agencies of change actively had been far more successful in changing the values and culture of their department or workgroup.

It was evident that managers could classified into three groups; type one managers who used agencies of change as a primary strategy with an emphasis on informal agencies of change; type two managers who used some of the agencies of change but usually with a selected group of staff; and type three managers who only hesitantly used the formal agencies of change and resisted more flexible working structures. Type one managers used their agencies of change to actively promote flexible work practices. They simultaneously varied staff roles, tackled new challenges and developed the staff involved. The negotiation around such new work practices reflected the relational emphasis of type one managers who involved all staff in such negotiations rather than focusing on specific staff favoured by type two and three managers.

The second series of interviews with the executive managers explored how senior managers saw their own actions and what support they required. The research questions probed the impact and issues associated with the change, and the underlying causes of the change. Managers were asked about their change activity, the organisational direction and values, the role HR should play and if they themselves felt 'valued'. The following narrative is constructed from their responses and the voices of the staff focusing on the areas most germane to this paper.

The *change experience* was described by staff as a period of 'churn', 'a ride' with 'huge huge changes' and 'constant reorganisation'. The 'level of change was described as almost unbearable' as reorganisations, reviews and shared services interventions repeatedly shifted organisational relations, 'like Groundhog Day', while people 'suffered from restructure fatigue'.

The *management challenge* was to embrace the challenges and opportunities as 'people tried to make it work'. The change process required better management to displace the previous 'wandering priorities and leadership. 'The restructure could have done with better people… more emotional intelligence at a higher level'. However, the 'ties are now broken with people looking for some sense from the structure', with the irony being that it was these very 'disturbances of structure that helped to form the new culture'. 'There is a looming problem of succession' and concerns that DPI needed 'a generational change' as there was a 'middle management hole'

In terms of *staff concerns* the previous DPI had been a 'drifting culture' where 'direction and clarity' was needed to counter staff 'saying where are we going'. 'Temporariness creates instability', so 'before morale was low' with 'staff concerned about security' and 'experiencing a contradictory organisation'. There was 'bitterness about contributing and not getting posts'. The change process generated a 'degree of uncertainty' and a 'difficult environment' where 'jostling with others' for space and 'keeping an eye out for opportunities' was necessary. There was high pressure and 'bruising during the change processes' where 'service suffered due to staff angst and inner turmoil'. Faced with 'piles of work', staff asked 'do I want to be here?' Some staff took 'the real challenge' because they believed 'they were doing something good' and 'kept the business going in crisis'. There was a 'lack of trust and communication' where staff 'questioned the nature of the business'. 'People always want more information and to be valued'. 'They wanted leadership… more order and more priorities'. 'Now we are out of the hole' and 'more confident in people to stand up and wave'.

In terms of *causes*, there was considerable weight of opinion that a 'lack of management skills' was the cause of much past cultural discontent. There were 'fairly embedded concepts of managing', 'a policing culture', 'like going back 20 years' where there existed a 'culture of covering', 'too much micro management'. The 'change was difficult due to poor management', and although the 'restructure was seen as the panacea', really 'better management is the clue'.

The DPI 'is the Brady Bunch, all the family in different tribes' where some people 'are still smarting from the takeover' and talking about 'foreigners in our organisation'. The DPI 'has not won the battle yet…too many cultures…takes time to change'. 'DPI hasn't overcome the divisions of culture' and staff still express 'frustration at bureaucracy'. Employees felt 'under-staffed' and 'under-resourced' with 'workload being a significant issue' in some areas where they indicated that 'positions are under

classified' and raised issues of organisational parity. However, staff remained with DPI to occupy 'a central space they cannot get anywhere else' to 'work for the community' and the 'privilege of being able to make a difference'. They 'value the type of work', 'good professional networks', with individuals indicating that they were 'lucky in my diverse team' which 'made me and the team stronger'.

In terms of *managing actions*, managers indicated that to 'try to get them to embrace change' they were proactive in their communications and 'put pads with DPI on them on their desks', in fact they 'worshiped the change process'. They 'attempted to give clearer guidelines on priorities' to staff 'to keep them in the loop' so 'staff have a good idea where they fit'. The 'briefings brought people together' with 'informal bouncing of ideas, collaborative working relations' that tried to get staff 'talking across sections', and focusing upon on gaining cooperation' and 'involved staff in decision making'. Managers emphasised the need to coach staff during change, 'giving support to key roles', 'not cotton gloves' by encouraging and mentoring staff. 'Never underestimate the motivation of personal contact and walking around'. 'I make it my business to reward staff for positive behaviour', this meant 'giving them acting and developmental opportunities'.

In terms of *DPI leadership*, there was 'a lack of leadership', where 'our vision was pretty ordinary'. We 'need clearer management direction and vision'. The 'lack of a clear corporate plan' meant that 'the rationale behind structures was unclear'. They were 'shifting from a culture of specialists and exclusion' where 'people were expanding the work', 'from a craft way, to more of a team culture, more dynamic, the rhetoric is there'. The organisation was 'in tension' between the 'technical and people'. There has been a 'redesign of the management team' that indicated 'a greater emphasis on interpersonal skills' and that 'effective managers and leaders are mobile within the organisation'.

In terms of *values*, there was a wide range of responses around the DPI values that covered a continuum of: 'too numerous… so broad as to be meaningless'; 'not much time for them'; 'reluctant acceptance'; 'people don't know them, have no clue'; 'people could not name three of them'; 'people only know half of them'; 'good in principle'; 'I like them'; they are 'changing the culture'. They were both 'another fad' and 'sound as articulated'. One manager indicated that 'they hang on walls… and slide off walls', the difference appeared to be if someone enacted them in their local setting.

There were considerable positive comments on the values as managers expressed how they 'believed in them' and 'talked about them a lot'. They emphasised how they hoped 'my behaviour roughly matches the values'. 'No one will believe the values until they are acted out'. 'There has neither been recognition nor reward to reinforce' the values. Managers indicated the forms of exposure that helped to reinforce the values, like 'people being rewarded for speaking out' and 'award certificates'. Managers stated 'I want to do team building involving the values', 'do more work on them – don't let them slide', revisit, improve'. The values were shaped by the organisational conversations, 'because words ain't good enough' if they are left on posters.

There was a strong theme in the responses that the values were 'not a mantra' but 'a reference point for relations' and needed more local emphasis so they 'can be used to discover' the emerging culture. 'It was 'time to move on those not exemplifying the values' with 'performance management' and 'indicate errant behaviour'. 'Do we practice them?', senior managers asked, 'or do we put them out and not practice them'? If I 'don't live the corporate values I get critiqued by senior staff', 'the values are quoted back' to me. 'The leadership group should be able to demonstrate commitment to' the values by leading by example'.

There was often a *significant pause* while managers considered if 'they were valued', providing cautious and qualified responses. Having the 'confidence of my boss' and 'being supported' was critical in feeling valued. Being given the position was primary evidence of being valued. Generally it was 'being asked for opinions', and being 'valued by staff' that was the confirmation of being valued as a manager.

In terms of how *HR activity was supporting the change*, most managers expressed positive comments about 'good support', 'professional and courteous', and 'hands on, and customer focussed'. Managers indicated

several positive programmes that were supporting their endeavours to build the new culture. Leadership programmes/forums were mentioned most by managers as they were 'slowly becoming entrenched' and letting them know their responsibilities'.

'The regulatory change process has meant a focus upon compliance'. HR activity has in the past been seen as 'the police' and 'a hurdle and obstruction', where 'territorial and controlling' actions produced many 'written words… now we have enough'. There 'needs to be a shift to be less conservative in response… more looking after the organisational interests, but progressive not regulatory'. HR has been 'seen as compliance not strategic health', due to the changes managers 'do not need a process that contains us' and HR should 'not act as regulators'. 'HR has done well (during the change process), so now it should be the managers taking responsibility… HR should be strategic guidance'. There was unanimity that the HR role should be a 'broad strategic thrust' focussing upon 'key change agents'. The 'previous fire dodging stops strategic purpose… needs a commitment to strategy despite fires and corporate direction'. Too often in the past the 'HR tail has wagged the management dog'. The 'role has changed, new guidance needed, now strategic not maintenance'. 'Need HR to make it happen as part of the solution'. 'There is no clear strategic thrust', with a need to pick the key issues 'and focus on them'. HR 'should use others' and generate more 'opportunities for positive expression' as the initiatives need 'more negotiation and consultation'. A strong theme from most managers was the need for the DPI to 'socially construct' an improved platform of 'people skills' or 'interpersonal skills' and 'advocacy' capability.

DISCUSSION: THE MOVE FROM TECHNICAL TO RELATIONAL MANAGEMENT

This study gathered evidence that would help in determining the strategies HR could employ to accelerate the process of cultural change, towards the new DPI values. The findings provide an interesting picture of a large public sector organisation grappling with change.

The first interview phase with staff indicated they experienced a climate of continual change and restructuring, generating organisational instability and discontent. There was an irony within these early phases of restructuring as it appeared that this environment had a dysfunctional effect. There was evidence of increased silo behaviour, with people clinging to what they knew, protecting their personal areas rather than cross collaborating within the emerging network of the DPI.

These perceptions were confirmed by the managers who cited previous poor management of change and limited management skills created the previous drifting culture of separate tribes who continually generated conflict over organisational inequities that encouraged the protection of domains and specialist skills. Managers had been selected for their technical competency rather than their relational skills. When change arrived they often tried to shelter, as they did not have the skills to manage their teams towards new paths.

However, the central discourse emerging from both staff and managers was how managers utilised 'agencies of change'. Those managers with the leadership capability to develop key staff and form project teams began to change the climate in their field of operations and contributed towards cultural change. These type one managers provided a model for DPI leadership development, spreading change agency within the organisation creating departments that were leader focussed. Type two managers only used change agencies with selected staff and often segregated their team. While type three managers failed to grasp the opportunities that change agencies could offer to their staff and the organisation and weakly ordered their staff as Townley (1993) suggests. In the DPI the traditional technical management was replaced by the skills of relational leadership. The new culture focused on flexibility, and needed managers who reflected this in their strategies and actions, developing staff and managing workload priorities through the use of informal agencies of change. Those leaders who exhibited the values and relational managing skills in their daily actions were the people that accelerated the cultural development of the DPI and dynamic resourcing.

The DPI values were used as the cultural vision for the organisation supporting the conclusions of Sullivan (2001) and Branson (2008). The DPI values were sold as the beacon and cultural footprint of the change process, but it is evident it was when they were role modelled by managers they began to reshape organisational patterns and subsequently establish changed organisational norms, as Shein and Greisis (1998) suggest. The values began to be a point of reference and a means of measuring actions within the organisation, highlighting inappropriate behaviour and used as a tool for decision making. The DPI values focused the organisation on how relationships should be conducted and in doing so placed a large signpost that indicated that *how* business was done was as important as *what* business was done. They mirrored the switch from privileging the technical to the relational within the DPI. Managers were more conscious of leading the exploration of the values and of their own part as role models as they used the agencies of change.

So, what does this mean for the HR department? The actions that leveraged culture change and built dynamic resourcing capability were those that dispelled anxiety and engaged staff. While a suite of HR programmes made the change and vision more visible, it was individual managers, especially type one managers, who were the primary change agents as they used the informal agencies of change. But, how does the HR department take this knowledge and use it to accelerate change? The restructuring processes had forced the HR function to take on a regulatory stance. However, within the emerging culture managers welcomed a greater collaborative role in consultation and testing of HR initiatives. While the HR function had orchestrated a suite of programmes, there was a call for it to now move to a more *strategic focus*, upon more developmental initiatives – to create a simple strategic thrust that all managers within the organisation could relate to and easily vocalise, as a value-adding programme. A *bundle of HR activity* emerged from the study (Dyer & Reeves, 1995). In terms of a strategic thrust that met the manager's needs, a primary aim would be the development of a *leadership network*, to spread the use of informal agencies of change and simultaneously develop the next generation of managers. This supports the conclusions of Ford, Ford, and D'Amelio (2008), Pfeffer (1994) and Johnson, Parasuraman, Futrell, and Black (1990) that change begins within and is dependant upon, the relational fabric of the organisation where negotiation and involvement recruits staff and encourages change. The secondary aim could be the development of interpersonal performance and relational staff planning skills. Many managers indicated that local HR needs were a priority. There were many needs that would not 'fit' into a generic and corporate driven HR approach. In this case the third strategic thrust of HR should be to engage with and *support local development initiatives*. This may involve linking HR managers in a client service role with specific DPI areas and involve workshopping the values at a local level. This mirrors Lepak and Snell's (1999) assertions about HR building alliances within organisations.

Finally, in response to the research questions, the study indicated that the new DPI values were starting to be 'worked' within the organisation and that green shoots of a new more flexible culture were visible, although only where managers were actively using the agencies of change. The study found that the DPI values were only embedded where type one managers were building flexible teams and developing their staff through new projects and responsibilities. It was HR activity that supported and developed such mangers that was critical, not the previous regulatory activity. A focus on supporting leadership growth and local team initiatives was the most effective strategy for accelerating organisational change. Therefore the HR strategy must be to work through their leading managers.

CONCLUSION

This case study explored the role played by a Human Resources department in orchestrating culture change during a merger of two large State departments with dissimilar cultures. What emerged is the need for HR to take a more strategic approach; one that focuses on building relational leadership

capability and supports local team activity thereby accelerating change. Managing actions are the most visible change indicators for staff, and HR should focus on growing and supporting relational managing actions.

There are three enduring themes that emerged from this study, directly informing the HR department within the DPI and simultaneous informing our knowledge about how HR departments can facilitate organisational cultural change. The first was the need to focus on a *strategic approach* and not use all resources and energy on selection, grievance and out-placement activity. The emphasis should be on visibly leading the change, not on mopping up the casualties. The second was the need to focus resources on how managers operationalised the project, by orchestrating supportive development activity that builds leadership capability. Such actions generated change agency that made the change happen. Finally, the message from the managers was that supporting disparate and diverse local developmental initiatives enabled managers to revitalise their specific teams, and was more useful to managers during the change process than rolling out corporate programmes. Surprisingly managers encouraged the HR department to move away from the previous public service distant and silent role, and encouraged them to actively market their strategy and the support they could provide. The second irony here is that the HR department had to recognise that *it too* needed to change to a strategic and relational mode that focused on making every manager in the organisation a change leader. The research also identified a model of managing that the HR department could build on, creating more managers who had the capability to act as change agents to build a more flexible culture.

It is ironic that research into organisational activity produces enduring additions to our knowledge and understanding that often outlasts the actions of the organisations involved. In this case, following this 4-year cultural change programme, a change of government reversed the decision, and the department was once again split back into two separate entities, reflecting the negative public sector change cycle modelled by Andrews, Cameron, and Harris (2008). What remains is the learning from this experience, learning that can inform managers and planners, specifically those involved in directing strategic HR activity.

While this study only provides a model and advice for Australian public sector change management practices, it does provide a practical model and conceptualisation that *could* be useful to managers and academics in different organisations in diverse locations. In the end the HR focus needs to be on supporting and developing the managers who can make change happen at the core of the organisation's daily interactions. Only they have the power and the relational network to operationalise the change.

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