Graduate School of Business

Title

STRATEGY TRANSFORMATION AND CHANGE:

CHANGING PARADIGMS IN AUSTRALIAN

CATHOLIC HEALTH AND AGED CARE

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Declaration

This thesis is my own work. No part has been submitted for a degree at this or any other university.

Acknowledgements

Firstly, to my family, thank you for your help and patience. A message to my wife, who put up with a great deal and who typed all of the transcripts: Parkes, my darling, it can only get better from now on!

A list of acknowledgements always runs the risk of omitting people whose help and influence have been crucial, or the risk of being boringly long. Unlike the thesis itself, these acknowledgements will risk omissions in the interest of being short. My apologies to those people unfairly omitted.

Ivor Davies, of St. John of God Health Care, gave me the idea to research Integration 2000. Francis Sullivan and his staff at Catholic Health Australia made the project possible, invited me to two National Conferences, guided me in setting up the sample and made themselves and their records available on several trips to Canberra. Bruce Callaghan, the consultant who helped the peak body to initiate the process, made his office files available, in his absence, and participated with Francis Sullivan in giving me a preliminary briefing at Sydney Airport.

All of the respondents to this research gave freely of their insights and their time, often at considerable personal inconvenience. It is improper to select one person from forty eight, but I feel obliged to single out Sister Mary Reardon. Despite health problems, she met me very early one morning at Sydney Airport and gave me well over two hours of her time. I would have been touched and flattered, even if her insights and information had not been as valuable as they were.

Many people at Curtin have helped and inspired me. I am grateful to all of the coursework facilitators and to Margaret Nowak and her support staff. The GSB help desk operators, Marcial and, more especially, Mauro, have been

Operational Definitions

Leaders

Leaders in Catholic health include those with the designated title of Leaders, Major Superiors or Provincials of religious congregations.

Owners

Owners are all those people or organisations and congregations who own and operate health and aged care systems, services or facilities under the banner of Catholicity. Leaders may be Owners; it is likely that all Leaders in Catholic health are also Owners. As there may be lay Owners, it does not follow that all Owners will be Leaders.

Leaders and Owners

Respondents typically referred to Leaders and Owners collectively when discussing those who lead and govern Catholic health in Australia.

Integration 2000

Integration 2000 is the major strategic initiative being undertaken by the Catholic health sector. It is described in the Consultant's report, *A Strategic Direction* as follows

> *Integration 2000 aims to promote and strengthen the organised expression of Catholic health and aged care ministry in Australia* (ACHCA 1998: Appendix 9, p 2).

Integration 2000 was instigated after the 1996 ACHCA (see below) National Conference. The agreed mandate for Integration 2000 is as follows

> *1 a single agreed vision, which will guide the direction of a national health and aged care sector*
>
> *2 a strategic plan for the sector*
>
> *3 a defined Catholic identity – characteristics which will be found consistently throughout the sector*

4 a national approach to managing the health and aged care strategy

5 a guiding concept for developing a continuum of care regionally and locally

6 support and leadership for a national Catholic health and aged care ministry from the Australian Bishops

7 a national training program for leadership in health and aged care

8 at a defined future time the introduction of a new model of management of a national Catholic health and aged care program.

Juridic(al) Person

These definitions are quoted from Chapter II of the Code of Canon Law of the Catholic Church (Various, 1983) and a discussion with a canon lawyer. The following articles of Canon Law are relevant to these decisions:

-Canon 113 *§2 In the Church, beside physical persons, there are also juridical persons, that is, in canon law, subjects of obligations and rights which accord with their nature.*

-Canon 115 *§1 Juridical persons in the Church are either aggregates of persons or aggregates of things.*

-Canon 116 *§1 Public juridical persons are aggregates of persons or of things which are established by the competent ecclesiastical authority so that, within the limits allotted to them in the name of the Church, and in accordance with the provisions of law, they might fulfil the specific task entrusted to them for the public good. Other juridical persons are private.*

> *§2 Public juridical persons are given this personality either by the law itself or by a special decree of the competent authority expressly granting it. Private juridical persons are given this personality only by a special decree of the competent authority expressly granting it.*

-Canon *123 On the extinction of a public juridical person, the arrangements for its patrimonial goods and rights, and for its liabilities, are determined by law and the statutes. If these do not deal with the matter, the arrangements devolve upon the next higher juridical person, always with due regard for the wishes of the founders or benefactors and for acquired rights. On the extinction of a private juridical person, the arrangements for its goods and liabilities are governed by its own statutes.*

The Code makes the distinction between juridical persons which are of pontifical right, and those which are of diocesan or provincial right. These appear to be more appropriate descriptions than private and public juridic persons.

-Canon *368 Particular Churches, in which and from which the one and only Catholic Church exists, are principally dioceses. Unless the contrary is clear, the following are equivalent to a diocese: a territorial prelature, a territorial abbacy, a vicariate apostolic, a prefecture apostolic and a permanently established apostolic administration.*

-Canon 381 §*1 In the diocese entrusted to his care, the diocesan Bishop has all the ordinary, proper and immediate power required for the exercise of his pastoral office, except in those matters which the law or a decree of the Supreme Pontiff reserves to the supreme or to some other ecclesiastical authority.*

> §*2 Those who are at the head of the other communities of the faithful mentioned in Canon 368, are equivalent in law to the diocesan bishop, unless the contrary is clear from the nature of things or from a provision of the law.*

Sponsorship

Sponsorship is operationally defined as something more than the ownership of facilities, specifically as *leadership or governance to protect what is cherished and to maintain its identity intact. In other words, sponsorship commits people to continue retelling the founding story of an organisation in an authentic way* (Arbuckle 2000:243).

ACHCA

Definition: Australian Catholic Health Care Association.

Rationale: The Australian Catholic Health Care Association was the peak body in Catholic health and aged care until June 1999. Membership was open to congregations operating Catholic health and aged care systems, to any Catholic health care facility or Catholic Health Care Association, designated members of the Australian Catholic Bishops' Conference and of the Australian Conference of Leaders of Religious Institutes, together with any person or organisation in any way involved in, or supportive of, the mission of the Catholic Church in health care (ACHCA Annual Report 1997-1998). The National Council of ACHCA consisted of representatives of the major health care congregations, aged care facilities and Catholic Health Care Associations in Western Australia, Queensland, Tasmania, Victoria, New South Wales and South Australia, with delegates from the Australian Catholic Bishops' Conference, the Australian Conference of Leaders of Religious Institutes and a representative of hospitals which are not members of the major health care congregations. The ACHCA Council to May 31, 1999 consisted of sixteen members, including four CEOs, six nuns, one bishop and regional representatives.

CHA

Definition: Catholic Health Australia.

Rationale: This new body was introduced at the National Conference of ACHCA in May 1999. CHA is designed to operate much more as a body

coordinating and controlling the activities of the Catholic health and aged care sector. The ACHCA Council has been replaced by the National Stewardship Board and the National Commission, whose responsibilities are detailed in Chapter One. Catholic Health Australia is an incorporated body, and, as such, the Secretariat has a coordinating responsibility, subject to the National Commission, and, through it, the National Stewardship Board.

Charism

Charism refers to the *inner vitality of religious life for those open to radical conversion* (Arbuckle 1993: 177). As discussed by respondents to this research, the term is seen as almost synonymous with culture, and is credited with being responsible for the tribalism which is seen to still exist within some religious orders.

Religious(n.)

The term *religious* used as a noun denotes any member of a religious order, bound by the order's vows.

Congregation

In this context, congregation means any order of nuns, brothers or priests in the Church.

"Forming a laager."

The term originated in South Africa. A laager is an encampment, especially in a circle for wagons. In the sense in which the term was used by a respondent to this research, it means a defensive strategy to preserve the status quo. *Forming a laager* probably constitutes vivid imagery for autopoietic behaviour (discussed in Chapter Two).

Abstract

When I was younger I always conceived of a room
where all these (strategic) concepts were worked out
for the whole company. Later I didn't find any such
room….The strategy (of the company) may not even
exist in the mind of one man. I certainly don't know
where it is written down. It is simply transmitted
in the series of decisions made (Quinn 1978: 7)

How do organisations in the Australian Catholic Health and Aged Care sector transform shared strategic thinking into formulated strategy?

This research has investigated strategy formation, which can be defined as the process whereby the insights and thoughts of the key players in Catholic health and aged care are converted into formulated strategies. Specifically, the research analysed a major strategic amalgamation of the health and aged care operations of the Catholic Church in Australia, identified as Integration 2000. The concept of social constructs of meaning for the key actors is the fundamental perspective of this research. This required a constructivist ontology. The epistemology is interpretivist, and set out to provide a description of perceptions of the key actors as they engage in the formation of strategy. Defenders of interpretivism argued that *the human sciences aim to understand human action* (Schwandt, 2000:191). A qualitative methodology has been used to provide a plausible interpretation of the conversion process commonly referred to as strategy formation. A purposive sample was obtained. The data collection methods included qualitative interviews, attendance as an observer at two of the three day National Conferences of Catholic Health Australia and document analysis (see Chapter Three).

A key focus of the research was the identification of planning models used to set the strategic context of organisations in Catholic health. The research showed that the prescriptive design and planning models were not used to plan broad strategy, but to implement strategies already formed by an emergent/learning process which, in Mintzberg et al's (1998) terms, would fit the learning, cultural and environmental schools of thought. Pinpointing a strategy school may not be a particularly fruitful exercise in this particular arena. It assumes that the distinctive act of deciding the future shape and the strategic management context of organisations charged with fulfilling a sacred mission can be classified into one school or another.

The research also explored the perceptions of the Integration 2000 process, including the compatibility between the espoused philosophies and values of Catholic health and aged care and the behaviours evidenced during the Integration 2000 process. A diagnostic model was used to perform this evaluation. Rather than uncovering major discrepancies, this revealed some differences and some potential challenges.

The espoused philosophies and values of Catholic health and aged care are those of compassion, collaboration, sense of community and, of course, financial viability. Pre-Integration 2000, particularly in health care, theories of organising and practices reflected values of independence and competitiveness, both between and even within religious orders. The findings from post-Integration 2000 suggested that theories of organising and practices were becoming more aligned with the original and continuing values, at the same time as responsibility for sustaining these values was being handed over from religious to lay trusteeship.

There are still some outstanding issues before the Integration 2000 process achieves its objectives. The progress to date in bringing together so many components of such a disparate sector attests to the strength of the underlying value systems of Catholic health and aged care.

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Chapter 1

Background

Catholic health and aged care is a significant component of total health and aged care in Australia. It is unique in that it was formulated by dedicated members of religious orders with a mission which was not driven by the principles, ethics or values of the business environment, but by care and compassion for people, many of whom felt marginalised. This ministry, as a strategic framework, is severely challenged by declining numbers of active order members, and from the need to maintain leadership in what has become a large, complex, turbulent and competitive business environment inside an increasingly economic rationalist funding arena. There was a sufficient variety of opinion with the development of Integration 2000 to warrant investigating, in a tacit way, the research question and primary objectives.

This research has been conducted within the Catholic health and aged care sector in Australia. The investigation is into the process whereby the insights and thoughts of Owners, Leaders (see Operational Definitions) and managers are converted into formulated strategies. Specifically, the research analysed a major strategic amalgamation of the health and aged care operations of the Catholic Church in Australia, labelled Integration 2000, with the intention of using this context to inform emergent and grounded issues in strategy formation. Selected research methods were aimed at isolating distinctive features of the strategy formation process, its meaning to key stakeholders and other relevant aspects of Integration 2000.

Research Question

The research is asking the fundamental question:

How do organisations in the Australian Catholic health and aged care sector transform strategic thinking into formulated strategy?

Objectives

The primary objectives of this research were to

- *chart the evolution of change strategies, in a not-for-profit health sector, from a more fragmented to an integrated sector model*

- *examine the structural changes embodied in the integration model for compatibility with the stated health care philosophy and value assumptions at national, regional and entity level*

- *relate and interpret the processes of strategy formation as perceived by the key players*

- *uncover emergent theoretical constructs to model research findings and flag opportunities for further research.*

This chapter will provide the initial background to the research. Chapter Two reviews the relevant literature. Chapter Three outlines the research methodology and details the research methods. Chapter Four presents and analyses the findings. Chapter Five discusses the findings and draws relevant conclusions. Chapter Six outlines insights gleaned from this research and suggests a further research agenda.

The Appendices are contained in Volume Two of this submission. They include a systematic array of detailed responses (Appendices One to Seven), an introductory letter (Appendix Eight), examples of coding reports (Appendix Nine) and a flow chart of the data collection process (Appendix Ten).

Research Context

The context of this research is Integration 2000, a strategic initiative of Catholic Health Australia (CHA), formerly Australian Catholic Health Care Association (ACHCA). CHA operates from Canberra, in Australia, as a peak coordinating and lobbying body for the various components of Catholic health and aged care. CHA is funded by a membership levy on participating groups.

In May 1999, Catholic health care accounted for

- 8,500 beds in 60 hospitals (22 public, 38 private, 7 teaching)
- 3,100 public beds, representing 5% of total Australian public hospital beds and 9% of teaching hospital beds
- 5,400 private beds, representing 26% of total private hospital beds. With the concentration in larger hospitals, this represents 50% of the 200-plus bed private hospitals and 42% of the 100-to-200 bed private hospitals.

In Catholic aged care, there were 373 approved residential services covering 17,000 nursing home and hostel beds, representing 13% of the national total number of aged care residential beds.

Australian Catholic health and aged care has been, and still is, very fragmented. As an illustration, at an Owners and Leaders Conference in June 1998 there were forty two voting representatives. Of the voters, three were order-based national health care groups (accounting for 1471 public hospital, 2803 private hospital and 501 nursing home beds), nine came from one order-based health care group (1261 public, 1748 private, 1338 nursing home beds), five came from a single order-based aged care group (292 nursing home beds), five came from a national lay aged care group (1878 nursing home beds) and the remaining twenty votes came from other orders, dioceses and various health and aged care organisations (153 public, 804 private, 4570 nursing home beds).

The Integration 2000 initiative is based on the sector structure model in Figure 1.1 overleaf.

This was strongly endorsed by the Owners and Leaders at the 1998 ACHCA Conference, so it is an important contextual framework for this study. At the May 31, 1999 National Conference, ACHCA was renamed Catholic Health Australia, and the sector structure was officially commissioned. Governance is now the responsibility of a National Stewardship Board of twelve members working through a National Commission of ten members. The responsibilities of these bodies are set out below.

Fig.1.1 Catholic Health and Aged Care Australia
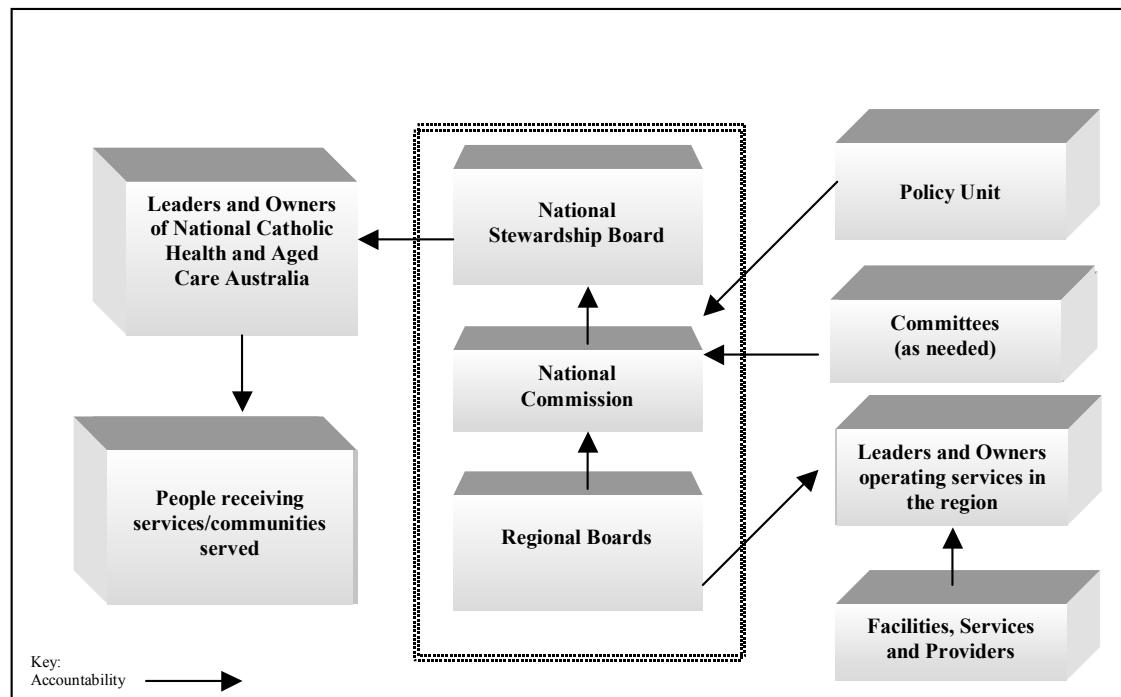
Source: Final Report of the Stewardship Steering Committee, Australian Catholic Health Association, Appendix 6, p 9

Responsibilities

National Stewardship Board

The Stewardship Board, the members of which are nominated and elected by owners of Catholic health, aged and health related community care services, is the committee entrusted with the control of the affairs of Catholic Health Australia (CHA 1999).

There are twelve members of the Stewardship Board, representing

- major Health Care Systems (4)
- major aged care providers (4)
- stand-alone health care providers (1)
- Australian Catholic Bishops' Conference (1)
- Australian Conference of Leaders of Religious Institutes (1)
- congregation Health Care.(1)

The roles of the National Stewardship Board are to

-set broad policy direction

-monitor overall direction in the sector and outcomes

-appoint National Commission members

-review reports from the National Commission (ACHCA 1998: Appendix 6, p.14).

The Stewardship Board is accountable to the Leaders and Owners of national Catholic health and aged care in Australia.

National Commission

The National Commission is a committee of experts appointed by the Stewardship Board. The National Commission is delegated with responsibility for the day-to-day management of Catholic Health Australia (CHA 1999). The roles of the National Commission are

-to promote integration of the Catholic health and aged care sector

-to demonstrate a clear leadership role in setting priorities and defining policy issues for the whole sector

-to monitor trends in health and aged care policy (ACHCA 1998).

The National Commission is accountable to the Stewardship Board.

Regional Boards

The Governance Discussion Paper defined membership, roles and accountability of Regional Boards as guidelines only. Under these guidelines, Regional Boards would consist of ten to twelve members appointed by Leaders and Owners on the basis of a range of expertise appropriate to their roles. The roles of the Regional Boards would be

-to plan for regional service integration

-to identify and develop regional initiatives in collaboration with providers

-to monitor and assess the development of an integrated health and aged care system

-to maintain a watching brief on state policy and regulation affecting the sector

-to be in active dialogue with the National Commission and communicate policies and decisions to Leaders, Owners and Providers in the sector

-to create participation from the regional sector as required for specialist input/response to need.

The Regional Boards would be accountable to Leaders and Owners through a mutually agreed mechanism appropriate to the state/region.

History of Catholic Health in Australia

The story of institutional Catholic Health in Australia began in 1838, when five Irish Sisters of Charity travelled to the colony of New South Wales. Their first task was, according to the history commissioned by the Australian Catholic Health Care Association, *to bring Christian love into a gaol housing up to 800 women, living in degradation and misery* (1988:48). Interestingly, the congregation has recently successfully tendered to provide health care services to the New South Wales Correctional Services Department, thus

returning to their original ministry. By 1857, the first outpatient was treated at the first St Vincent's Hospital in Sydney.

In Victoria the first Catholic hospital, St Vincent's, was opened by the Sisters of Charity in 1893. In the 1880s, the Little Sisters of the Poor and the Poor Sisters of Nazareth opened aged care facilities in Victoria. The Sisters of Mercy had opened their first foundation in Fitzroy, in Victoria, in 1857 and their first hospital, St Benedict's, opened in 1920. This hospital was handed over to the Missionary Sisters of the Sacred Heart of Jesus and became St Francis Xavier Cabrini Hospital in 1948.

In Western Australia, the Sisters of Mercy arrived in 1846 to develop a school. The first Catholic hospital in the state was opened by the Sisters of St John of God in 1895.

In Queensland, the Mater Misericordiae Hospital complex was opened by the Sisters of Mercy in 1905. In June 1998 this consisted of a total of 796 beds in three public and three private hospitals, and is the largest such institution in the Southern Hemisphere (CHA, 1999). The Sisters of Mercy had arrived in Brisbane in 1861.

In Tasmania, four Sisters of Charity arrived in 1842. The first hospital was the Calvary Hospital opened in Hobart by the Congregation of the Little Company of Mary in 1938. The Little Company of Mary had arrived in Sydney in 1885, and had established a hospital in Lewisham by 1889.

Despite the common perception of the Catholic Church as a monolithic hierarchy, the congregational arrangements vary widely. For example, the Sisters of Mercy, who are collectively the largest force in Catholic health and are significant aged care and welfare providers, operate as separate congregations which are accountable to the local diocese or archdiocese. The 1999 Catholic Health Australia Directory listed fifteen Mercy congregations operating health and/or aged care facilities in all states except Tasmania. There have been some moves to amalgamate facilities into a national system, but there is no thought at this stage of merging the congregations. In Melbourne, twelve facilities operate under the umbrella of Mercy Health and

Aged Care Inc. In Rockhampton, health and aged care are amalgamated into two groups. In Perth, Mercy Hospital, aged care and community welfare facilities are being gathered together as Mercy Care, to be governed by lay trustees.

The Sisters of Charity have a single Australian congregation, and organise their health and aged care services as a national system with regional offices.

St John of God Health Care operates across Western Australia, Victoria and, to a limited extent, New South Wales, as a single national system. A recently appointed CEO (East) coordinates activities in eastern Australia. The Sisters of St John of God in Australia are a province of an international order.

The Little Company of Mary is an Australian province of an international order, with a single province leader. A national system is being formed, but currently (1999) the facilities operate fairly independently.

The Sisters of St Joseph of the Sacred Heart operate the Australian province federally, with a Congregational Leader in Sydney and Provincial Leaders in each State.

The Missionary Sisters of Sacred Heart of Jesus, who operate St Francis Xavier Cabrini Hospital and its associated aged care and welfare activities, are part of the New York province of an Italian order.

Until the nineteen seventies and, in some cases into, and even beyond, the nineteen eighties, the various facilities were managed by religious Administrators, and included many religious staff members. The lines of communication between the managers of the facility and the guardians of its mission of Catholic health were close and often overlapped. Since then, because of the sharp, and seemingly irreversible, decline in the number of religious, the entities have steadily gone over to lay management and, substantially, to lay business governance. Trusteeship, the stewardship of the mission in Catholic health, is in the process of being handed over to the laity, or perhaps to diocesan authorities. Paradoxically, a key ingredient of this

handover process has been the reassertion of the authority of Leaders and Owners over Catholic Health Australia. This is not a desperate last hurrah, or a grab for power lost, so much as the establishment of an orderly transition process, which will protect the integrity of the mission of Catholic health and the wellbeing of the remaining order members.

The Australian Catholic Health Care Association began its existence with the first National Catholic Health Care Conference in Melbourne in 1978. This was attended by some three hundred delegates (ACHCA 1988). At this Conference it was resolved that a working party be formed to seek the formation of a National Health Care Association. The first working party consisted of Father Paul Duffy, S.J. as Convenor, Bishop E.G. Perkins, representing the Australian Episcopal Conference and representatives of the Major Superiors of Religious Orders. The working party, which met at three-monthly intervals, later became the national council of the Australian Catholic Health Care Association.

A further national assembly was held in 1981, at which the need for a full-time Secretariat was canvassed, and later put in train in early 1982. In October 1982, an Executive Director was appointed. Early activities included distribution of newsletters, visits to the states and preparation of an official Directory of Catholic Health Care Services.

Position papers commenced immediately on such subjects as bed subsidies for private hospitals and concerns about the impact of the proposed Medicare scheme. In 1990, the Association moved its headquarters to Canberra, to be better able to lobby government directly.

Watershed events and influences on Catholic health and aged care have included

- Medicare, a government medical funding system, which changed the concept of providing for people who could not afford health care. In effect the poor, whom Catholic health is called to assist, no longer need the same help to access a good standard of health care

- increasing economic rationalisation in government funding of aged care, which, in addition to some stringency, has also engendered a deal of nervousness and uncertainty. Despite this, major orders and facilities are still pursuing growth strategies

- the fairly voracious growth of for-profit hospital chains. This growth has abated somewhat, because of a less favourable economic environment, but for-profit health care represents competition and a potential predator for Catholic health and aged care facilities. The resurgence of private health coverage, while likely to improve the prospects of Catholic private hospitals, will also strengthen the for-profit chains

- Integration 2000, which itself is a watershed. The perception is that a major trigger was the sale, in 1991, of a Catholic hospital in Moreland Road, Coburg, Melbourne to a for-profit chain. These events led to the recognition of a need for a more concerted strategic response from the Catholic health and aged care sector. This recognition led to the peak body of Catholic health and aged care addressing the broad strategic and structural issues involved in such a response. The strategic thinking initiatives led to the Integration 2000 process, and a dramatic restructuring of the peak body.

Strategic Thinking

In a programme of major strategic change for a complete sector (which aspires to create, or recreate in dramatically modified form, strategies), it is worth considering how Integration 2000 fits in with traditional and contemporary thinking. A very brief description follows, indicative of the more comprehensive literature review set out in Chapter Two

Ten schools of thought on strategy formation are well-recognised. Three of these are what Mintzberg calls prescriptive, seeking to explain *how strategies should be formulated.* The next six schools he characterised as

being *concerned less with prescribing ideal strategic behaviour than with describing how strategies do, in fact, get made* (1994). The final school is seen as integrative, as it clusters the various elements of strategy into distinct stages or episodes. These ten schools, together with a number of other perceptions pertinent to strategy formation, are listed and described in Chapter Two.

From these schools of thought a number of perspectives have emerged that have a bearing on this study**.**

The prescriptive design/planning schools and more descriptive *grass roots* models can be placed at either end of a continuum (Mintzberg, 1990). Real-life needs can be considered along the continuum between these two extremes. Once the somewhat inflexible, prescriptive models and the reactive, ad hoc, *grass roots* models are seen as extremes, the discussion of suitable strategic stances becomes one of appropriateness for given situations. As with all such global prescriptions, identifying the situation makes the choice of stance easier.

Strategy Formation

Ideas on strategy formation are discussed in Chapter Two. Briefly it is the process whereby the insights and thoughts of key strategists are converted into formulated strategy. Mintzberg's (1994) concept of strategy formation as an impenetrable "black box" is a key part of this research.

Mintzberg and McHugh (1985), in their discussion of *adhocracy*, outline a long-term study of the National Film Board of Canada. Although they explored the possibility that the NFB may have been an idiosyncratic situation, the authors make the points that

- *adhocracy seems to be the structure of our age* (1985:161)
- t*he NFB may be an extreme case, but, as such, it can be used to highlight types of behaviours …… to be found, in muted form, in all kinds of organisations* (1985:193).

The target research site, Catholic Health Australia, and the topic may, at first sight, appear to be idiosyncratic. It should be less idiosyncratic than the NFB, in that there are similar structures in comparable industries, under an umbrella which will instil harmonisation, if not conformity.

These authors further assert (1985) that conventional administration, with its accent on rules, standards and plans, is fruitless in an organisation of experts. This concept, and the "grass roots" concept of strategy, are all appropriate to organisations which employ a significant proportion of professionals. This concept is echoed in the examination of planning models.

Managers are facing the debunking of many stable ideas about what strategy formation should be. They are often confronted with complex and confusing models. Now managers face a call to recreate their world. All of these challenges are real. For today's managers, they add up to a familiar treadmill in a cycle of: Survive, Live the Vision, Form Creative Strategies, Make them Happen, Learn, Learn and do it all again. Managers need help to develop the skills, behaviours and attitudes to help them to survive and flourish in this strategic jungle.

This research has sought to describe, more conclusively, the process of converting management insights into strategies, and to indicate to what extent it is intuitive, to what extent it is a learning process, to what extent it is serendipitous, and what other forces are in play.

Governance/Sponsorship

An issue which is a feature of many not-for-profit enterprises, notably Church based not-for-profits and particularly entities sponsored by religious orders, is that trusteeship, or sponsorship issues, overlay business governance. There is a need to manage the operations and maintain a governance regime which protects the integrity of the business entities in Catholic health. There is also a need to ensure that the integrity of the mission is sustained in line with the original vision of the founding order and in accordance with the ethos and teachings of the Catholic Church. At this stage, the key element of

handover of Catholic health from congregations to laity will be the transition to lay trustees, or sponsors. This has already begun. The watershed events will be when the congregations pass on the ultimate responsibility for sustaining the mission.

Dissipative Structures/Autopoiesis

Because of the possibility that the arrangements embedded in the Catholic health and aged care sector traditionally may have produced systemic barriers to strategy formation within the new context, metaphors were sought that would permit evaluation of organisational behaviour. Non-linear relationships, chaos theory and other related concepts would challenge orthodox orderly tendencies. The metaphors of dissipative structures and autopoietic organisations provide some insights into the way organisations relate to an environment which behaves in a non-linear fashion. These concepts are explored in Chapter Two. They provide a context, at least in metaphor form, for the structural and mindset changes inherent in the Integration 2000 programme. These are discussed more fully in Chapters Two and Four.

The whole Integration 2000 process has been one in which fundamental philosophies and assumptions are being interrogated and modified much more radically than in a secular business environment. Coming from value bases which go back five hundred years, the key players can be expected to be, and have been, very conservative.

Research Methodology

Chapter Three discusses the rationale for the choice of research methodology and describes in detail the research methods used. The fundamental perspective of this research is an understanding of the process of strategy formation, as it is perceived by the key protagonists. This requires a constructivist, rather than a positivist, ontology.

The epistemology of this thesis will be interpretivist, because it seeks, in Cohen and Manion's view, *an inner view of social reality* (1981:36). Guba and Lincoln (1994) label the epistemology under a constructivist paradigm as transactional and subjectivist. The investigator and the object of investigation are assumed to be interactively linked, so that *'findings'* are literally created as the investigation proceeds. Thus constructivism is interactive, value-laden, context-specific, situational, and seeks consensus rather than proof, plausibility rather than confirmation. Whiteley (1998a) asserts that the research question, that is, the researcher's perspective on what he/she wants to know, will influence the choice of research anatomy. Whiteley draws together many of the concepts, which are vital to the debate between the positivist and constructivist anatomy. This model follows the anatomy of inquiry set out by Guba and Lincoln (1989). The research question itself militates the fundamental choice between the positivist or the constructivist paradigm.

The methodology used in this research will be qualitative, and will take account of some of the grounded theory principles as set out by Glaser and Strauss (1967) and elaborated by Strauss and Corbin (1990). Following Whiteley's analysis and assertions (2000), which are discussed more fully in Chapter Three, this research could be regarded more correctly as grounded research, rather than grounded theory.

This research used a combination of one-to-one qualitative research interviews, limited group observation and a review of available relevant documentation. The use of interviews, a limited amount of group contacts and document review, provided triangulation of results.

The sample set out to cover the viewpoints of the key stakeholders involved, and was guided by the Integration model. The Executive Director, CHA, his senior team, all but one member of the Stewardship Board, members of the National Commission, representatives of each regional entity, professional managers, selected diocesan authorities and people with relevant background experience, were interviewed. All interviews were audio recorded and the tapes and transcripts returned to respondents for editing.

Chapter 2

Literature Review

Introduction

The title of this research is "Strategy Transformation and Change: Changing Paradigms in Australian Catholic Health and Aged Care." The basic research question is *How do organisations in the Australian Catholic health and aged care sector transform shared strategic thinking into formulated strategy?* The field research Interview Guide explored

- the anatomy of the Integration 2000 process
- the role of ACHCA/CHA
- key strategic issues facing the Catholic health and aged care sector
- the future of Catholic Health Australia
- the important question of how strategy is formed. This question was addressed by canvassing the use of contrasting strategy models.

This literature review has set out to place in perspective some of the main strands of thinking in strategy formulation and the assumptions which drive organisation behaviour, particularly in relation to the formation of strategy. These have been assembled across a continuum of three broad paradigms, or world-views, namely Rational/Linear, Interpretive/Learning and Non-Linear/Far-From-Equilibrium. These perspectives help to underpin the research objectives of interpreting processes of strategy formation and uncovering theoretical constructs. The strands of thinking are assembled in a number of ways

- some of the classifications of strategy formulation, or strategy *schools* are assembled in a broadly chronological sequence,

identified with one or two key authors and located according to where they seem to fit on the continuum of paradigms

- ideas on a classification of organisational *Images* (Morgan,1986, 1997), Bolman and Deal's ideas on multiple frames (1991), and Hurst's *Organisational Ecocycle* (1995) are identified and located across the continuum

- another perception is explored, namely that the ideologies of control in managerial discourse alternate through time (Barley and Kunda, 1992). This perception is tested against another view of the history of strategy, namely that of *mirrors* (Bowman 1995).

All of these perspectives relate to the research objectives, particularly those concerned with change strategies and questions of compatibility with strong basic philosophies and value systems.

These classifications are quite subjective, and open to critical question, even, in many cases, down to the choice of author, almost always as to the correct chronology, and most certainly in the choice of location on the paradigm continuum. The purpose of this approach to a literature review is simply to provide some headings under which strategy formation may be discussed, and under which an assessment can be made of the research results. Hopefully, the parameters under which approaches are classified have not been distorted by inappropriate choices.

The rest of the Literature Review has also included

- Mason and Mitroff's (1981) ideas on surfacing assumptions
- Some of the thinking on learning, strategic conversation and scenario planning, particularly the perspectives of de Geus (1997) and van der Heijden (1996)
- Ideas on transformation and change, including ideas on levels of uncertainty
- An outline of some of the thinking on chaos, quantum and complexity and their relevance to strategy in Catholic health and aged care

- Whiteley"s (1997b) ideas on PATOP (Philosophy, Assumptions, Theory of Organising and Practices) analysis and autopoiesis as they relate to organisations functioning in a quantum world

- Comments on some features of the not-for-profit sector.

All of these perspectives relate to the research objectives, particularly those concerned with change strategies and questions of compatibility with strong basic philosophies and value systems.

A debt is owed to Professor Henry Mintzberg. His quite prolific output in this field narrates, and sets out to classify the main strands of strategy formulation (1967, 1973, 1978, 1985 [with Waters], 1994, 1998), including critical thought. This work has been invaluable in stimulating thought, and particularly as a guide to the key authors in the field. Some of the strategy models described and classified by Mintzberg, have a weaker claim to the title of "schools" than others. However, this body of work has clothed much of the field with a semblance of order. Figures 2.1(a) and 2.1(b) display schools and concepts of strategy and other relevant perspectives

Figure 2.1(a). An Integrative Model: Strategy Schools

Time Line Paradigms	Pre-1960	1961-1970	1971-1980	1981-1990	1991-
Rational/ Linear	Positioning *(1) Entrepreneurial (2)	Design (7) Planning (8) Adaptive ∗ (4) Stakeholder ∗(5) Power (10) Cognitive (9)	Configurational *(14) Positioning *(11)		
Interpretive/ Learning		Adaptive ∗ (6) Learning (3)	Configurational *(14) Environmental (13) Interpretive (17) Cultural (12)	Stakeholder ∗(15)	
Non-Linear/ Far-from- Equilibrium			Configurational *(14)	Adaptive ∗ (16)	Extraordinary Management (18)

∗ Asterisks indicate that there are different versions of the same "school."

Legend of Authors

(1): Sun Tzu (400 B.C.)

(2): Schumpeter (1934)

(3): Lindblom (1959), Cyert and March (1963), Argyris (1991), (1999)

(4): Cyert and March (1963), Ackoff (1970)

(5): Rhenman (1973)

(6): Mintzberg (1967), Lindblom (1959)

(7): Learned et al (1965)

(8): Ansoff (1965), Steiner (1969)

 (9): Polanyi and Prosch (1975), Reger and Huff (1993)

(10): Bachrach and Baratz (1970), Pettigrew (1977)

(11): Hatten and Schendel (1977), Porter (1980)

(12): Rhenman (1973)

(13): Meyer and Rowan (1977)

(14): Miles and Snow (1978), Hurst (1995)

(15): Freeman (1984)

(16): Chaffee (1985)

(17): Chaffee (1985)

(18): Stacey (1993)

The numbers against each "school" roughly equate to their position on the timeline, and their position within a paradigm indicates very approximately to which end of the paradigm they incline. Thus the cognitive school is closer to a learning paradigm than is the design school. The positioning school is covered in two distinct time frames, but is substantially the same school, whereas the configurational school is much more adaptable. The following tables illustrate some of the other perspectives under which strategy can be evaluated. The various schools and perspectives are dealt with later in this chapter.

Fig. 2.1(b). An Integrative Model: Other Perceptions

MORGAN (1986, 1997)

PARADIGMS	METAPHORS
RATIONAL/LINEAR	[MACHINES] [INSTRUMENTS OF DOMINATION]
INTERPRETIVE/LEARNING	[POLITICAL SYSTEMS] [ORGANISMS]
NON-RATIONAL/FAR-FROM-EQUILIBRIUM	[CULTURES] [BRAINS] [PSYCHIC PRISONS] [FLUX AND TRANSFORMATION]

BOLMAN AND DEAL (1991)

PARADIGMS	FRAMES
RATIONAL/LINEAR	[STRUCTURAL] [POLITICAL]
INTERPRETIVE/LEARNING	[HUMAN RESOURCE]
NON-RATIONAL/FAR-FROM-EQUILIBRIUM	[SYMBOLIC]

BARLEY AND KUNDA (1992)

PARADIGMS	MANAGERIAL IDEOLOGIES
RATIONAL/LINEAR	[SCIENTIFIC MANAGEMENT] [SYSTEMS RATIONALISATION] [INDUSTRIAL BETTERMENT] [WELFARE CAPITALISM/HUMAN RELATIONS]
INTERPRETIVE/LEARNING	[ORGANISATIONAL CULTURE]
NON-RATIONAL/FAR-FROM-EQUILIBRIUM	[NO IDEOLOGIES LISTED]

BOWMAN (1995)

PARADIGMS	MIRRORS
RATIONAL/LINEAR	[ECONOMISTS] [INSTITUTIONALISTS]
INTERPRETIVE/LEARNING	[BEHAVIOURAL SCIENTISTS]
NON-RATIONAL/FAR-FROM-EQUILIBRIUM	[NO FRAMES LISTED]

Strategy Schools/Models

Strategy Schools

The so-called *strategy schools* owe their genesis to a number of authors, dating back to 400 B.C. They owe most of their labels to Mintzberg, who, in addition to some earlier attempts to label strategy formulation concepts, set out ten *schools* in 1994 and, with Ahlstrand and Lampel, has elaborated them in "Strategy Safari" (1998). These schools are set out in Figure 2.2. overleaf.

Figure 2.2: Schools of Strategy

School	Strategy Formation as:	Key Authors/Champions
Design	Process of Conception	Learned et al (Harvard School) (1965)
Planning	Formal Process	Ansoff (1965) Steiner (1969)
Positioning	Analytical Process	Sun Tzu (400BC) Hatten and Schendel (1977) Porter (1980, 1985)
Entrepreneurial	Visionary Process	Schumpeter (1934)
Cognitive	Mental Process	Polanyi (1975) Reger and Huff (1993)
Learning	Emergent Process	Lindblom (1959) Cyert and March (1963) Argyris (1991), (1999)
Power	Process of Negotiation	Cyert and March (1963) Bachrach and Baratz (1970) Pettigrew (1977)
Cultural	Collective Process	Rhenman (1973)
Environmental	Reactive Process	Meyer and Rowan (1977)
Configurational	Process of Transformation	Miles and Snow (1978) Hurst (1995)

The first three schools are characterised as *prescriptive*, the next six as *descriptive,* and the last one as *integrative.* Two points need to be stressed. These *schools* are the perception of, and, in most cases, have been labelled by Mintzberg and his colleagues. The exposition of the *premises* of each school, and examination of some of the authors they quote does not alter this fact. Classifying some of these approaches as strategy schools, or even as approaches to strategy, may be arguable. This is discussed below. Secondly, the idea of classifying human behaviours into schools of strategy formation may not be as helpful as intended in helping people to deal with an increasingly turbulent and non-linear environment. The usefulness of strategy models to the Catholic health and aged care sector needed to be assessed.

Design School

The seminal text associated with the design school is a text written as a course guide by a group at the Harvard Business School in 1965, and updated in 1969 (Learned et al. 1969). Professor Kenneth Andrews, who is acknowledged as having written the text for this book, has written a follow up book (1971), in which he has developed a model for the process of corporate strategy. This is set out below as Figure 2.3.

Fig. 2.3: The Design School
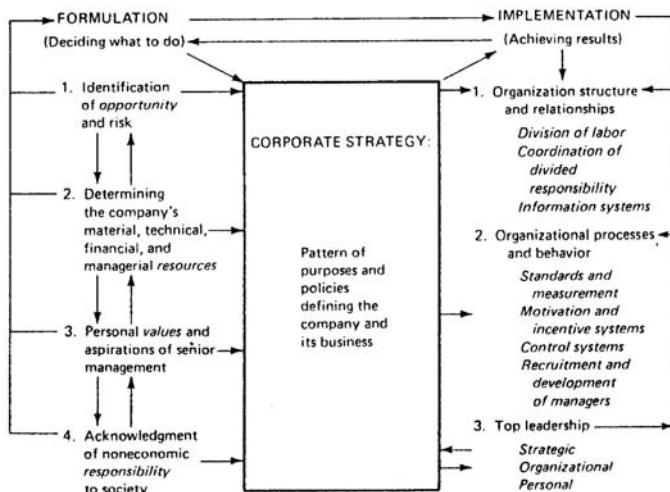
Reproduced from: Andrews, K.R. (1971) The Concept of Corporate Strategy, p 41

These two texts trace some antecedents to Philip Selznick (1957), and Alfred Chandler (1962). Selznick makes the distinction between administrative management, with its pursuit of efficiency, and institutional leadership, which will encompass corporate strategy. Selznick's views have an echo in the basic need for Catholic Health Australia and Integration 2000 to promote and preserve Catholic values and the mission of the healing ministry. Selznick sees the *institutional leader* as *primarily an expert in the promotion and protection of values.* He asserts that the argument of his work is simply

stated as *"The executive becomes a statesman as he makes the transition from administrative management to institutional leadership."* (1957:28) Both the main text (Learned et al. 1969), and Andrews' follow-up (1971) quote Selznick's use of the idea of distinctive competence in an organisation.

Chandler (1962) provides a rational and formal account of much of the history of strategic decision-making in American industry. He provides a context for a number of ideas in this field. Some, like his outlines of strategic decisions, tactical decisions and resource allocation, as well as his discussion of levels of decision-making in multi-divisional organisations, are now established management principles. Others, like his assertion that structure follows strategy, are these days called into question (Hall & Saias 1980). Chandler's definitions of strategy and structure underpin the formal "schools" of strategy. He sees strategy as

> *the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.* (1962:13)

> Structure is defined very comprehensively as

> *the design of organisation through which the enterprise is administered* (1962:14).

Chandler sees two aspects to this design. It includes, first, the lines of authority and communication between the different administrative offices and officers and, second, the information and data that flow through these lines of communication and authority.

The basic premises of the design school as proposed by Mintzberg et al are

> *1. Strategy should be a deliberate process of conscious thought*

> *2. Responsibility …… must rest with the chief executive officer……*

> *3. The model of strategy formation must be kept simple and informal*

> *4. Strategies should be one of a kind: the best ones result from a process of individualised design*

5. The design process is complete when strategies appear fully formulated as perspective…the grand strategy …

6. The strategies should be explicit, so they have to be kept simple

7. Finally, only after these unique, full-blown, explicit and simple strategies are fully formulated can they be implemented (1998:29).

The Harvard School authors, who do not use the term "Design School," do see strategy as a deliberate process of conscious thought. As they point out *these discussions will involve cerebral activities more important than simply acquiring information* (1969:5). They see the task of formulating strategy as belonging to the Chief Executive Officer. Although these authors make no specific plea for simplicity, they do stress the broadness of the sweep of their concept of business policy, and they stress flexibility. The fourth premise above can be seen as rather obscure. The Harvard School writers do not appear to be explicitly supporting this premise, although, with a fair amount of licence, it might be read into their criteria for evaluation.

The fifth premise above stakes a claim for this model as the structure of the grand plan, and the setting of the context in which the business operates. This may be implicit in the scope of planning envisioned by the Harvard School authors. However, the results of this research point this up as rather incongruous, in that the formal planning model is generally seen as suitable for lower level operational planning, or the implementation of plans developed by means other than a formal, linear model. The exceptions are when consultants are used, and linear grand plans are developed, orchestrated by people committed to grand strategy.

The fifth and seventh premises above imply separation, almost independence between formulation and implementation. This is not supported by these authors' assertion that *in real life the processes of formulation and implementation are intertwined ……The formulation of strategy is not finished when implementation begins* (1969:571). The premises do not do full justice to this approach, and omit some salient features which are explicit in the statement of the components of strategy, namely *(1) market opportunity, (2)*

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corporate competence and resources, (3) personal values and aspirations, and (4) acknowledged obligations to segments of society other than the stockholders (1969:18).

The preservation of the design school is seen as desirable, because of its contribution as an *informing idea*, and its *important vocabulary through which to discuss grand strategy* (Mintzberg, Ahlstrand & Lampel 1998). If it becomes accepted that linear, prescriptive strategy models are not appropriate vehicles for the grand plan, then the existence of a very strong linguistic code may be counter-productive. Writers from this school highlight the very important idea that, despite the proliferation of planning techniques, many strategy consultants continue to use the analytical tools of scanning the environment for opportunities and threats, assessing corporate competence and other features of the design school model. The researcher's experience suggests that most strategy consultants use a formal planning model, and virtually all use analytic tools. Although there are many tools and artefacts to draw on, SWOT, an analysis of specific strengths, weaknesses, opportunities and threats, has been chosen to represent strategy design in action.

Hill and Westbrook's attack on SWOT analysis (1997) outlines three variations of SWOT analysis, dependent on who does the analysis. These authors may pay homage to the design school's conceptual approach, but they include no depth of analysis, no genuine collaborative thinking, no concept of learning and no guarantee that consultants will feed back outputs consistent with the very limited thinking which has taken place. As there are so many ways a SWOT analysis could be improved and made more effective, this project is a more damning indictment of strategy consultants than of SWOT analysis. The idea of a product recall makes for a catchy title, but may be premature. The authors, throughout their article, point to deficiencies in the way consultants foist SWOT analysis on clients. If even some of these were addressed, then this might still be a useful technique, not simply to initiate discussion, but as a valid component of serious strategy. Furthermore, many

large organisations can and do implement their own SWOT analysis without consulting help.

Hill and Westbrook (1997) make two arguable assertions. They believe that the size of consulting firms should have a bearing on the adequacy of the outputs, and that larger firms should produce better results because of their more extensive training. Anecdotal evidence in the field suggests that it could be argued that larger consulting firms might be investing in training people to facilitate SWOT analyses in the superficial manner outlined in Hill and Westbrook's research, but to facilitate them very professionally.

The second arguable assertion is that SWOT is unsuited to the more diverse and turbulent markets, which characterise today's world. Undoubtedly, SWOT analysis, done superficially, will not be flexible enough to deal with unexpected issues. Whether SWOT analysis can be geared to more volatile environments is another argument which is taken up in Chapter Five. Mintzberg et al (1998) comment that in hospitals, when there is too much to know in one brain, strategies become collective and the organisation learns. While collective strategy formulation and learning seem to be a feature of Catholic health, the rationale of complexity may not be the total, or even the main, reason for this.

The four conditions, which would, according to these authors, encourage the use of the design model are so far removed from today's world that they almost completely rule out the use of the design model. If they are the only valid reasons for maintaining it, then the design school may well be irrelevant. They are

1. one brain can, in principle, handle all of the information relevant for strategy formation

2. that brain is able to have full, detailed, intimate knowledge of the situation in question

3. the relevant knowledge must be established before a new intended strategy has to be implemented --- in other words, the situation has to remain relatively stable or at least predictable

4. the organisation in question must be prepared to cope with a centrally articulated strategy (1998:43).

Planning School

Two of the key authors seen as associated, and contemporary, with the planning "school" are Ansoff (1965) and Steiner (1969). This approach is formal, linear and prescriptive. Ansoff defines three classes of decision, *"strategic, administrative and operating"* (1965:5). He asserts that Chandler (1962), who relates strategy and structure, sheds light on administrative decisions, and that Cyert and March (1963), with their four relational concepts, *quasi resolution of conflict, uncertainty avoidance, problemistic search and organisational learning* (1963:117) make an important contribution to study of organisational decision-making. Ansoff sees his work as constructing a practical framework for strategic decisions. He also sees the interdependence of the three classes of decision as supporting Chandler's view that structure follows strategy. His concept of resource conversion has overtones of the positioning *school.*

> *From a decision viewpoint the overall problem of the business is to configure and direct the resource-conversion process in such a way as to optimise the attainment of the objectives* (1965:4)

The process is characterised as an *adaptive search method of strategy formulation*. A choice is made to select profitability rather than profit as a principal attribute of objectives. This choice belies the large corporation bias of this work, as *how to make the available resources yield the best possible return, rather than to maximise profit on the assumption that the resource base can be adjusted at will* (1965:41). In many professional service organizations, the resource base can often be adjusted more freely, and profit maximisation is more sensible. These organisations subscribe to the adage "You can't bank percentages."

The bias to economic objectives is evident in the treatment of non-economic objectives as constraints, and not as trivial constraints. *Constraints and responsibilities severely limit the freedom of strategic action* (1965:59). The generally prescriptive nature of this schema for strategy formulation is expressed in the definitions of policy as a contingent decision and strategy as a rule for making decisions. A striking difference between Ansoff's approach and that of the Harvard School's design approach is the use of checklists and schemas, some of which are quite complex. For example, his decision flow in product-market strategy formulation (1965:202-203) contains fifty seven linked boxes. Even Ansoff himself remarked on the complexity of this model, characterising it as *detailed to a point where we cannot see the 'woods for the trees'* (1965:207*)*. However, the bulk of his illustrations are relatively simpler, as evidenced by his conception of the strategic plan, which is reproduced as Figure 2.4

Figure 2.4.The Strategic Plan
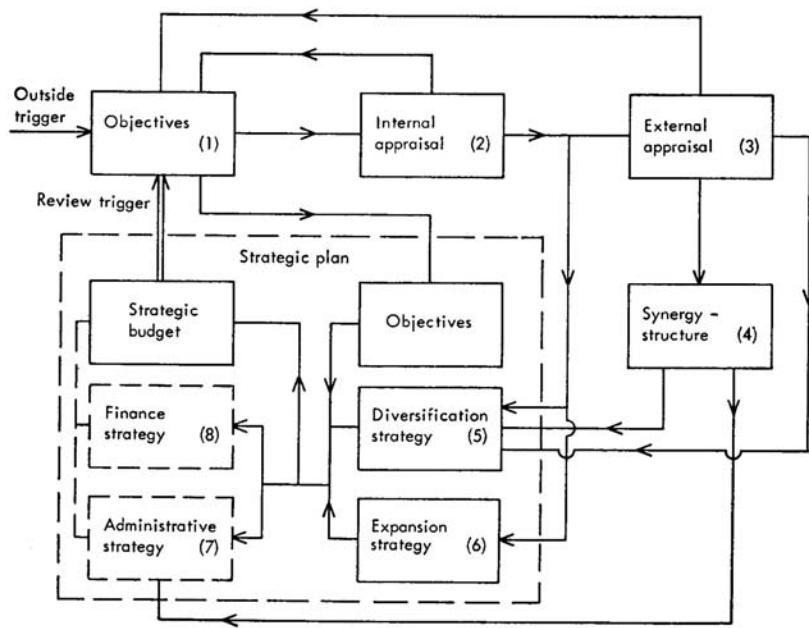
FIG 10-1. The strategic plan.

Reproduced from Ansoff (1965) "Corporate Strategy." p 209

The definition of business planning, which is cited here and identified with the concepts in this book, is Drucker's (1959):

a continuous process of making the best possible knowledge of their futurity, organising systematically the effort needed to carry out these decisions, and measuring the results of these decisions against expectations through organised systematic feedback (Ansoff 1965:217).

A topical critique of this work comes from a member of the Harvard School and an associate. Learned and Sproat (1966:94) identify the parallels and the differences between Ansoff and the Harvard School. They view the parallels in these terms:

Both see strategic decision making as involving an assessment of risks and opportunities present in the firm's environment, and strategy as a choice of opportunities suited to the strengths and weaknesses of the firm relative to those of its competitors. Both see strategy and pursuit of profit as subject to modification by management's personal objectives and its sense of social responsibilities. Both also see a need for congruence among choices regarding products and markets (Ansoff's only true "strategic choices"), company strengths and basic policies in functional areas (also part of strategy in the Harvard framework) (1966:94).

Learned and Sproat see some striking differences, noting that Ansoff pays more attention to economic objectives than to *other than economic values*. They note Ansoff's interest in strategies reflecting strengths and opportunities rather than weaknesses and risks. This is seen as a product of his experience with large firms in a boom era. Ansoff reflects this in the full title of his 1968 book, which is *"Corporate Strategy: An Analytic Approach to Business Policy for Growth and Expansion"* (1968). A more distinctive difference identified by Learned and Sproat is the attempt to routinise the process of strategic decision making by the use of checklists and instructions in their use.

Ansoff's text is a thoughtful exposition of a strategy formulation process. It may be prescriptive and, at times, complicated, but it is practical in its logic. When the more complex checklists appear, the perceived level of

prescription is multiplied, and the "strategic programming" accusation, sometimes levelled at formal planning, seems to be justified. This may not be entirely fair.

Steiner (1969) reflects Ansoff's thinking, but goes much more deeply into prescriptive tables and checklists. He devotes more space to the question of the role of the Chief Executive and of planning staff. Although he and Ansoff see a role for planners, they both assert that the Chief Executive must take the lead in the strategy process. Figure 2.5. overleaf illustrates the scope and complexity of the figures and checklists provided by Steiner.

Figure 2.5: Environmental Impacts on Company Planning

Chart 8-1
Environmental Impacts on Company Planning
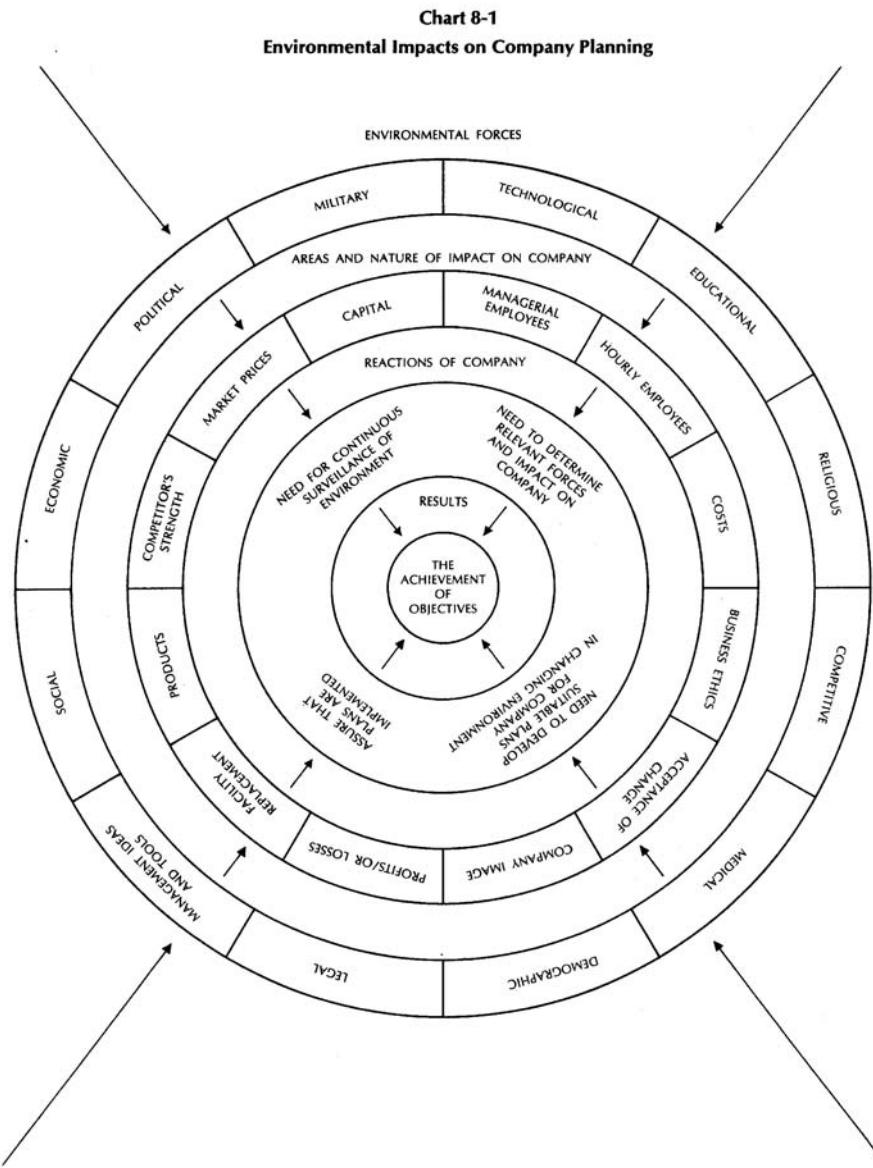
Ackoff's definition of planning highlights the prescriptive and linear nature of classical corporate planning. *Planning is the design of a desired future and of effective ways of bringing it about* (1970:1). Ackoff highlights the three characteristics of this planning mode, namely *anticipatory decision-making, a system of decisions* and *a process which is directed toward producing one or more future states which are desired and which are not expected to occur unless something is done.* Even in his treatment of adaptive

planning, Ackoff sees this as being specifically designed into the planning process.

The premises of the planning *school* have been summarised as

1. *strategies result from a controlled, conscious process of formal planning, decomposed into distinct steps, each delineated by checklists and supported by techniques*

2. *responsibility for the overall process rests with the Chief Executive in principle; responsibility for its execution rests with staff planners in practice*

3. *strategies appear from this process full-blown, to be made explicit so that they can be implemented through detailed attention to objectives, budgets, programs and operating plans of various kinds* (Mintzberg, Ahlstrand & Lampel 1998:58).

This assessment is reflective of the concepts espoused by Ansoff and Steiner. The use of comprehensive checklists guarantees that the models will be fairly complicated, even if they are conceptually straightforward. The planning school is virtually a variation on the design school, supplemented with a great deal of detail and providing the thin edge of the wedge to allow professional strategic planners to supplement, and then, perhaps, usurp, the role of the Chief Executive Officer (CEO) in strategy.

Hofer et al (1984) pay serious homage to the formal planning, linear approaches. They acknowledge that Chandler recognised strategy as a process rather than a concept. The strategic management paradigm which these authors identify, is linear and formal, and they quote the very old and hackneyed management adage from Alice in Wonderland, *"If you don't know where you're going, any road will take you there."* In today's environment, where even the existence of any road is perhaps illusory, this adage, as a guide to planners, is arguably trite and possibly even dangerous. Hofer et al quote an array of tools, which again are formal and linear. They give some hope of a more open and flexible approach by identifying the issue of *whether strategy*

formulation is primarily a conceptual, rational-deductive process, or a process of quasi-political, incremental adjustments (1984:10). They then implicitly answer their question by developing linear prescriptions along rational-deductive lines. Their macro structural design models and stages of growth models are all linear. Hofer et al provide useful case studies and thoughtful applications of formal planning. They do not take account of the non-linear, messy, real world of strategy formation.

The formal model has persisted because it is favoured by consultants, and some academics, as a framework. A 1987 update of a 1979 workbook (Morkel, 1987) uses a model of the business planning process, which was developed in 1967 by PA Consulting from material based on Stanford Research Institute (SRI) planning models. It has all the features of the standard planning school approach and is replete with loops and double-headed arrows.

The linear rationality, the formality and the reliance on analysis of the design and planning schools suggests that there may be some serious failings in these approaches. Mintzberg (1994:227-321) identified these as fallacies, namely

- *the fallacy of predetermination.* A prerequisite of formal strategic planning is a prediction of the future environment in which an organisation will chart its course. This is a tall order in a universe where the quantum scientists pose the question "Is there a there there?"

- *the fallacy of detachment.* If the system does the thinking, then thought has to be detached from action, strategy from operations (or tactics), formulation from implementation, thinkers from doers, and so strategies from the objects of their strategies

- *the fallacy of formalisation.* Can innovation really be institutionalised? The point is made that strategic planning has been presented as strategy making and a substitute for intuition. Mintzberg et al (1998) quote McConnell's routines for recreating

and institutionalising the processes of the *'genius entrepreneur.'* (1971:2) McConnell's article outlines the development of the SRI approach to gap analysis.

- *the grand fallacy of strategic planning. Because analysis is not synthesis, strategic planning has never been strategy making.* These authors suggest that strategic planning be renamed *strategic programming.* This is entirely consistent with the findings of this research.

This calls into question the validity of the planning and design schools. It is true that many organisations, both large and small, have used formal planning and have hit on novel strategies. Perhaps this has been done in the absence of, in spite of, or perhaps, in addition to, the formal processes

The formal planning model used as a prompt in this research follows this model in principle. To emphasise the linearity of prescriptive strategic planning, the model used in the research begins with objectives and ignores the iterations between analysis (SWOT) and objectives, which will inevitably accompany even the most doctrinaire application of a design school approach. Suffice to say, the formal planning model in this research conveyed to respondents a linear, prescriptive approach to formulating strategy.

Positioning School

The idea of positioning pervades all strategic thinking, because any assessment of the competitive environment will, almost of necessity, lead to a matching process, which positions the organisation within this environment. Hatten and Schendel (1977), in a statistical study of the US brewing industry, attempted to relate the conduct of firms within an industry. These authors concluded, among other things, that the relationship between profitability, managed variables of conduct and the structural environment of an industry are not always constant within an industry. They cited examples of how firms

related their particular profiles to the industry profile, not always successfully. This work provided clear examples of positioning behaviour.

Porter, in an article which preceded his original (1980), and follow up books (1985) (1990) on positioning and generic strategies, asserts:

> *The key to growth - even survival - is to stake out a position that is less vulnerable from head-to-head opponents, whether established or new, and less vulnerable to erosion from the direction of buyers, suppliers and substitute goods* (1979:145).

In this same article, Porter narrows the scope of formal strategy by stating that the essence of strategy formulation is coping with competition. He sees the firm having to make a choice about the type of competitive advantage it seeks to attain and the scope within which it will attain it. Porter believes that to be *"all things to all people"* is a *recipe for strategic mediocrity and below average performance*.

At the heart of Porter's thinking is the analysis of the *five forces that determine industry profitability.* These are illustrated in Figure 2.6. below:

Fig 2.6. Porter's Five Forces
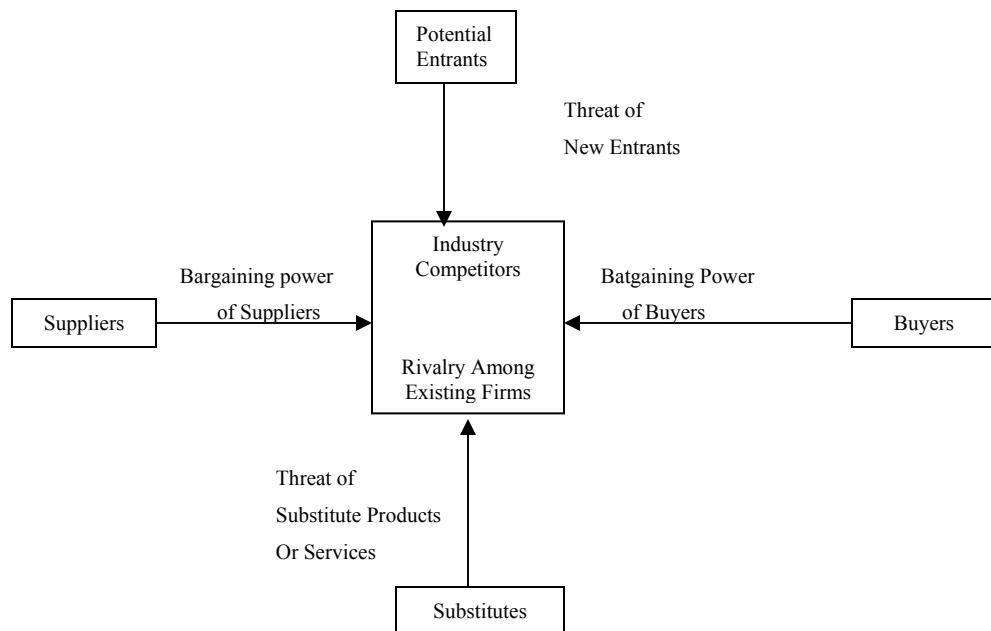
Adapted from: Porter (1985) Competitive Advantage: Creating and Sustaining Superior Performance.p.5.

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Porter envisages three generic strategies depending on competitive scope (broad target or narrow target) and competitive advantage (lower cost or differentiation). These strategies are cost leadership, differentiation or focus (niche) strategies. Positioning is hardly a school of strategy, even if the idea of classifying strategy into schools is acceptable. Rather it is a subset of the design school, or even a technique to be used, rather like SWOT analysis, which it enhances in the narrow context of competitive advantage.

Sun Tzu's (400BC) "Art of War" can be regarded as an early exponent of competition, competitive advantage and positioning.

When the strike of a hawk breaks the body of its prey, it is because of timing (400BC:92).

Like the design and planning schools, with a need for extensive analysis and formality, the positioning school, and the tools it uses (such as the BCG [Boston Consulting Group] growth-share matrix and PIMS [Profit Impact of Marketing Strategy]) are biased towards big, established firms. Practitioners working in a large-scale environment like Catholic health, will be drawn to generic strategies and centralised, if not monolithic, structures. A structure for Catholic Health Australia as a series of autonomous facilities and systems, united only by a coordinated lobbying/advisory service may or may not be appropriate. More to the point, it might be difficult to have this even considered against a more or less generic set of positioning strategies which lean towards monoliths.

An attempt has been made by Mintzberg et al (1998) to link the various research activities of the positioning school with a matrix where research is divided into that concerned with single factors as opposed to that concerned with clusters of factors, and that concerned with static conditions as opposed to dynamic conditions. This matrix is set out as Table 2.1.

Table 2.1. A Matrix of Strategy Content Research

	Single Factors	**Clusters of Factors**
Static Conditions	Linking particular strategies to particular conditions (e.g., diversification to industry maturity)	Delineating clusters of strategies (e.g., strategic groups) and/or clusters of conditions (e.g., generic industries) and their linkages.
Dynamic Conditions	Determining particular strategic responses (e.g., turnarounds, signalling) to external changes (e.g. technological threats, competitive attacks)	Tracking sequences of clusters of strategies and/or conditions over time (e.g., industry life cycles.)

Source: Mintzberg et al (1998) "Strategy Safari." p 107

An important element of this concept is that it significantly widens the notion of adapting strategic responses to conditions. The other important element is that it offers the positioning school an opportunity to move beyond somewhat simplistic generic strategies, which are really geared to static conditions.

The idea of using analysis to determine generic strategies is arguably more rational/linear and prescriptive than the design and planning schools. With all this, there is definitely a case to be made for some of the analysis of positioning, perhaps using the model in Table 2.1 above to move beyond the generic strategies which usually characterise this school of thought.

Entrepreneurial School

It may be presumptuous to label entrepreneurship as a school of strategy. Entrepreneurial activity, to a greater or lesser extent, characterises most strategic business activity. This classification may simply highlight the danger of labelling a decision-making orientation as a school.

The idea of entrepreneurial strategy goes back to economists like Schumpeter, who introduces the idea of the *promoter,* who may be

> *the purest type of the entrepreneur genus. He is then the entrepreneur who confines himself to the characteristic entrepreneurial function, the carrying out of new combinations* (1934:137).

Interestingly, Schumpeter sees the entrepreneur as

never the risk bearer ....The one who gives credit comes to grief if the undertaking fails. For although any property possessed by the entrepreneur may be liable, yet such possession of wealth is not essential, even if advantageous. But even if the entrepreneur finances himself out of production belonging to his "static" business, the risk falls on him as capitalist or as possessors of goods, not as entrepreneur (1934: 137).

A capitalist-entrepreneur might see this as splitting hairs. Entrepreneurial strategy has been defined as follows:

Strategies originate in central vision; intentions exists as personal, unarticulated vision of single leader, and so adaptable to new opportunities; organisation under personal control of leader and located in protected niche in environment; strategies deliberate but can emerge (Mintzberg & Waters 1985).

This definition comprehends the ideas of vision, a single, dominant leader, deliberate strategies and environment niche. Whether this constitutes a school may be debatable.

In terms of the admittedly artificial concept of labelling strategy, the position of "intrapreneurs" is ambiguous. The role is often seen primarily as consistent with the learning school. The ability to innovate within, particularly, large bureaucracies requires the proactivity and imagination of the external entrepreneur. It does require an encyclopaedic knowledge of, and empathy with, the activities, the structure and the personalities of a large organisation. External entrepreneurs make it their business to break down barriers, not to squeeze around them. Knowing how and when to squeeze around represents highly sophisticated learning behaviour, practised routinely by accomplished bureaucrats in the private and public arenas.

In the researcher's home state, the excesses of the eighties and "WA Inc." have endowed the term "entrepreneur" with overtones of political patronage and corporate crime. The word "entrepreneur" is a pejorative term.

Most authors have restricted the use of the label to visionary leaders of organisations. The *loners* (1977:35) described by Kets de Vries may fit the more rebellious group of entrepreneurs.

A feature of many entrepreneurial organizations is the focussing of power on the chief executive. Harbison and Myers (1959) allude to the prevalence of owner-managers in this type of organisation. Their outline of management elites notes that managerial elites with strong ownership and family connections are common (or were in 1959) in many European countries and among small-medium companies in Japan. The researcher's experience of Malaysian business suggests a similar pattern of power centralised on entrepreneurial proprietors. It would be interesting to reflect on similarities between family businesses and order-owned operations. Congregation leaders are effectively proprietors "in loco parentis."

The stages in the basic life cycle of new products are usually identified as: *Introduction, Growth, Maturity, Saturation, Decline* (Steiner,1969:545). These stages will apply to any new business idea or strategy. It is appropriate to envisage entrepreneurs as being appropriate for the introduction and early growth stages. Professional managers may be appropriate to take the organisation through growth and maturity, and administrators will best handle saturation and the early stages of decline. At the end of a (hopefully long) life cycle, an asset stripper may be appropriate. The person specification for an asset stripper capable of salvaging and restarting the organization is arguably very close to that for an entrepreneur.

In 1973, Mintzberg referred to *Strategy-Making in Three Modes* (1973). In this article, he identified three modes of strategy-making, described their main characteristics and discussed the circumstances which would (or should) lead to the use of a particular mode. He describes his groupings, or *modes,* as reflective of the literature of the time on this subject. One of these modes is *the entrepreneurial mode,* which Mintzberg had identified in 1967, and related to a lecture by Peter Drucker. Mintzberg's Drucker source is a lecture: *"Entrepreneurship in the Business Enterprise"* delivered at the

University of Toronto on March 3, 1965 and reprinted in Commercial Letter, Toronto: Canadian Imperial Bank of Commerce March 1965. This mode is characterised by the active search for new opportunities, power centralised in the hands of the chief executive and strategy-making consisting of dramatic leaps forward in the face of uncertainty. The entrepreneurial mode is seen to be more appropriate for smaller enterprises, with an orientation toward growth, in a yielding environment. It may also be appropriate to an organisation in trouble.

A key feature of the entrepreneurial approach is the existence of a coherent vision. Collins and Porras point out that vision consists of two major components, a *Guiding Philosophy* and a *Tangible Image* (1991:33). They quote a number of examples from what they call visionary companies. As in their book (1995) these authors make the point that the role of charisma in setting vision is vastly overrated.

As religious respondents to this research pointed out, their orders have been guided by statements of mission and vision long before, in fact hundreds of years before, they were adopted in the business world. In their discussion of core values Collins and Porras assert that the key question in articulating core values and beliefs is *"What values and beliefs do we hold in our gut?"* (1991:36) While all orders may not express this so indelicately, there is no doubt that people who literally commit their lives to their value system, their charism, hold the values and beliefs firmly in their gut.

Gerald Arbuckle quotes Margaret Wheatley, speaking to the National Assembly of the Catholic Health Association of the United States in 1995:

> *I want everyone…in Catholic Health to answer: Who are we? Where are we going? Who is Jesus Christ to us? What is the meaning of our ministry? And I do not want just leaders to go through that wilderness of spiritual desolation leading to a great peacefulness …We need visionary organisations [as well]* (2000:193).

This quote highlights the prominent, indeed overriding, role played by vision and mission in Catholic health and aged care. There is a semantic

problem here. The words *vision* and *mission* have different meanings in different contexts. In Catholic health and aged care, the mission is *the healing ministry of Christ.* Vision is much less driven by economic and market forces and much more by the future of a united Catholic sector.

Professional planners are not likely to have a prominent role in entrepreneurial organisations. However, they do find favour with some entrepreneurs. These will often use planning consultants to programme their strategies, or at least to give them a programme-like framework. Another role for planning consultants is to act as sounding boards and to scrutinise strategic initiatives. Entrepreneurs are not always (not often?) uneducated visionaries, but are often sophisticated managers In their final assessment, Mintzberg et al (1998) seem to imply that there will always be nooks and crannies in the organisational world where entrepreneurship will flourish, or at least where owner-management will prevail. If they are examples of the entrepreneurial school, are franchises going to be the school's last outposts? More importantly, is there a place for a franchising model to carry forward the vision and mission of Catholic health and aged care?

Cognitive School

Discussion of cognition as a "school" of strategy, or as a manifestation of strategic thought, represents some attempt to get inside the minds of strategists. Two arms of the processing and structure of knowledge can be identified, namely, one which *seeks to understand cognition as some kind of re-creation of the world,* and another *which believes that cognition creates the world* (Mintzberg et al, 1998:151). Some of the simplification processes identified by Duhaime and Schwenk (1985) could well be in operation within the Integration 2000 process. A possible explanation of the importance attributed to the sale of the Sacred Heart Hospital at Moreland in Melbourne could have been the image of a domino, or slippery slope, effect on the rest of Catholic health. If so, this is a case of *reasoning by analogy*. Duhaime and

Schwenk (1985:291), in discussing the simplification of escalating commitment, question whether a firm's commitment to its historical dominant business could escalate in the face of poor and declining outcomes. Catholic health represents a special case. It seems to be firmly committed to private health, in the face of criticism that it is, to quote a respondent, "*captive to the top end of town,*" and in the face of pressure to take a much more holistic approach to health, aged care and welfare. The other simplification of *single outcome calculation* may have echoes in the CHA Inc/regional debate. Single outcome calculation seems to echo Lewin's concept of *freezing* (1951:228). Through all of this discussion, there hangs Polanyi's concept of *formulating tacit knowing as an act of indwelling, as a personal knowledge* (1975:45).

Mintzberg et al (1998) make the point that strategy is a concept, and that strategy making is concept attainment. This echoes many writers in the qualitative research literature who assert that reality is a construct, which echoes Chaffee's interpretive school (1985). This idea might lend support to the cognitive and learning schools, or at least to the learning school, as the preferred mode of strategy formation.

Smircich and Stubbart put forward some ideas on an *enacted* environment. The enacted environment model sees the world as an *ambiguous field of experience* (1985:726). Again this reflects the interpretivist paradigm of sociological research. Strategists are seen, not as perceiving the environment, but of making the environment. These writers see three prerequisites for strategists dealing with an enacted environment, namely

1. abandoning the prescription that organisations should adapt to their environments

2. rethinking constraints, threats and opportunities

3. thinking differently about the role of strategic managers (1985:728).

They make the point that the interpretive perspective defines a strategist's task as *an imaginative one, a creative one, an art. In the chaotic world, a continuous stream of ecological changes and discontinuities must be*

sifted through and interpreted (1985:730). This offers a useful definition for present-day strategists.

These authors offer some perspectives on how research and consulting might relate to an enacted environment. This is best summed up by their outline of the role of an analyst to *show the practitioner how the practitioner's patterns for enacting environments can fundamentally alter the range of available choices* (1985:734). They go on to suggest the roles of playwrights rather than heroes, creators rather than co-aligners, and argue that a strategic analyst should guide the strategic practitioner toward critical self-examination. Much of this is at odds with the conventional wisdom of strategy consultants. It may not be significantly at odds with the way respondents to this research study form their strategies.

The idea of *strategic groups*, whether it is a matter of cognition or some other relationship, is pertinent to Catholic health and aged care. Reger and Huff (1993), assert that strategists cognitively group their competitors, and that these cognitive grouping schemas are not idiosyncratic, but widely shared across strategists. They further argue that strategists' cognitive structures will have a material effect on strategic choices. While ideally it would be inappropriate to consider the participants in Catholic Health and aged care to be true competitors, the strategic group idea could be a precursor to collaborative efforts.

A lament is that this school has more important implications for cognitive psychology as a supplier of theory, rather than strategic management as a consumer of it. As a lead into the learning school, Mintzberg and his colleagues (1998) make the point that good strategists are creative, and construct their world in their heads, and then make it happen, or *enact* it. The nagging question still remains as to whether this is really a school or a construct of strategic behaviour.

The Learning School.

While the labelling of any strategy formulation process as a school may be questionable, there is a body of opinion that supports the view that strategy formulation, or strategy formation, is a learning process. The authors most cited as foundational in this "school" are Lindblom (1959), Cyert and March (1963) and Argyris (1991, 1999). This research project has been investigating which of two basic models of strategy formation is used, and when. The models used as prompts to respondents correspond roughly to a linear hybrid planning/design model and an emergent, learning model. It is important to understand just what is meant by organisational learning, and how it applies to strategy formation.

The idea of organisational learning can be related to Charles Lindblom's idea of *Muddling Through* (1959). Lindblom compares what he calls the *Rational-Comprehensive (Root) method* and *muddling through,* which he terms the *Successive Limitations (Branch) method.* The characteristics of the two approaches are compared overleaf in Table 2.2

Table 2.2: Root vs. Branch.

Rational-Comprehensive (Root)	Successive Limited Comparisons (Branch)
1a. Clarification of values or objectives distinct from and usually prerequisite to empirical analysis of alternative properties.	1b. Selection of value goals and empirical analysis of the needed action are not distinct from one another but are closely intertwined.
2a. Policy-formulation is therefore approached through means-ends analysis: First the ends are isolated, then the means to achieve them are sought.	2b. Since means and ends are not distinct, means-ends analysis is often inappropriate or limited
3a. The test of a "good" policy is that it can be shown to be the most appropriate means to desired ends.	3b. The test of a "good" policy is typically that various analysts find themselves directly agreeing on a policy (without their agreeing that it is the most appropriate means to an agreed objective).
4a. Analysis is comprehensive; every important relevant factor is taken into account.	4b. Analysis is drastically limited: i) Important possible outcomes are neglected. ii) Important alternative potential policies are neglected. iii) Important affected values are neglected.
5a. Theory is often heavily relied upon	5b. A succession of comparisons greatly reduces or reliance on theory

Source; Lindblom (1959): The Science of "Muddling Through." p 81.

The emphasis of this approach is to intertwine evaluation and empirical analysis and to focus on marginal or incremental values. As a defence of the idea of agreement on policy as a test for *best* quality, the point is made that objectives, even under the Rational-Comprehensive approach, *have no ultimate validity other than they are agreed upon.* This is a crucial point when this *learning* approach is compared to the design and planning schools. A telling point in this article is the assertion that *Policy is not made once and for all; it is made and re-made endlessly* (1959:86). This may run counter to the ideas of the "Grand Plan" protagonists, but it received sympathetic support from most of the respondents to this research, who would support that view, with the qualification that, if consultants are called in to advise on strategic redirection, they will generally use formal methods. Lindblom's contention that the rational-comprehensive method cannot be used for really complex problems is at the heart of the debate between linear and less prescriptive models of strategy, and is very relevant for the participants in

this research. When the environment is stable and relatively simple, there is no need for incrementalism, or emergent strategy concepts, or sophisticated learning.

Mintzberg et al (1998) assert that, at the limit, the learning school suggests that the traditional image of strategy formulation has been a fantasy. They point out that its proponents keep asking how strategies form in organisations. Calling the traditional image a fantasy may be as extreme as Hill and Westbrook's (1997) assertion that SWOT analysis is due for a product recall, but it is fair to say that, in a turbulent and even irrational environment, the traditional models will not work.

Quinn and Voyer, (Mintzberg & Quinn 1996:95)have distilled Quinn's ideas on what Quinn calls *logical incrementalism* (1980, 1982, 1998) Quinn recognises that the formal planning system is not working, and points out that managers in major enterprises *consciously and proactively move forward incrementally* (1980: x). Despite the plea for incrementalism, and hence high levels of collaboration and flexibility, Quinn's view seems to be that the top team remains the architect of strategy, as in the design school. This is implicit in the prescriptions for logical incrementalism, namely

- *being ahead of the formal information system*
- *building organisational awareness*
- *building credibility/changing symbols*
- *legitimising new viewpoints*
- *tactical shifts and partial solutions*
- *broadening political support*
- *overcoming opposition*
- *consciously structured flexibility*
- *trial balloons and systematic waiting*
- *creating pockets of commitment*
- *crystallising the focus*
- *formalising commitment*
- *continuing the dynamics and mutating the consensus*
- *not a linear process* (1996:98).

This list is a very prescriptive piece of advocacy for a learning process. It would sit very comfortably as a brief for a planning practitioner, including one who was going to use a linear, prescriptive model.

The idea of strategic ventures being championed by individual strategic actors is particularly appropriate to Integration 2000. This process was triggered by environmental pressure, the decline of orders and the shock of the sale of a Catholic private hospital to a for-profit chain. However, responses indicated that the process was championed and orchestrated by a limited number of people in orders and on the ACHCA Council and executive.

The idea of learning as part of organisational adaptation is supported by Cyert and March (1963). They make the point that organisations learn by adapting their goals, their attention rules and their search rules. These ideas are echoed to some degree by Argyris (1999) in his concepts of single and double-loop learning, as well as the idea of espoused theories and theories-in-use. In a sense, these ideas are all about adaptive behaviour, and lend support to the idea of labelling an adaptive model, or "school" of strategy. In practical terms, the whole of the Integration 2000 process may fit a learning, adaptive model more comfortably than a linear, prescriptive "Grand Plan."

The role of champions and championing has been developed by Noda and Bower, (1996) using Burgelman's (1983) process model of the *Key and Peripheral Activities in a Process model of Internal Corporate Venturing (ICV)* (1983:230). This is a matrix of the core processes of definition and impetus and the overlaying processes of strategic content and structural context against three levels of management. It introduces the concept of championing to carry the organisation from technical and need linking at the group leader/venture manager level through to the structuring process at corporate management level.

A number of propositions toward a formal process theory of strategy making in large, complex firms have been proposed by Noda and Bower. They note the influence of top managers because they set the context in which lower-level managers will operate. They see the strategic and structural contexts as influencing *bottom-up initiatives in the definition process* and shaping *resource allocation in the impetus process in a way that virtually defines a course of business development and subsequent emergence of a*

corporate strategy for the new business. They see a firm's structural context as being stable over time and constraining the *discretion of top managers who may want to change the firm's course of actions in response to the development of technology and the market for a new business.* Finally, they propose that

> *In the case of a new business development that involves a high degree of uncertainty, the iterations of the resource allocation process generate a pattern of escalation or de-escalation of a firm's strategic commitment based on early results from operations that confirm or disconfirm the premises of the first investment and the credibility of the champions* (1996:185).

These concepts can be related to the processes of strategy formation within Catholic health and aged care.

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Emergent Strategy

Mintzberg's concepts of *intended strategy, deliberate strategy, realised strategy, unrealised strategy* and *emergent strategy* are illustrated by Figure 2.7

Fig. 2.7. Types of Strategies
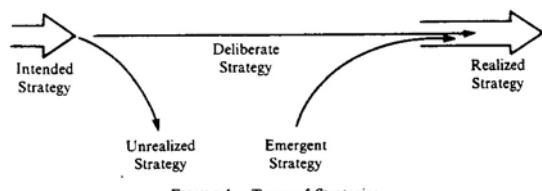
FIGURE 1.   Types of Strategies.

Reproduced from: Mintzberg (1978): Patterns in Strategy Formation, p 944.

The most important concept uncovered here is that of *emergent strategies,* which underpin many of the schools later labelled by Mintzberg and his colleagues. The research project uncovered a number of other relationships, for example, *intended strategies that, as they get realised, change their form and become, in part at least, emergent; emergent strategies that get formalised as deliberate ones; and intended strategies that get*

overrealised (1978:946). The ebb and flow of strategy in an undertaking of the magnitude and scope of Integration 2000 will include all of these relationships between strategies.

Mintzberg, Ahlstrand and Lampel (1998) argued that deliberate strategy focuses on control, while emergent strategy emphasises learning. This implies that, with deliberate strategy, attention is focussed on implementation, whereas emergent strategy encourages learning and convergence on the pattern that becomes strategy.

Organisations which learn by recognising patterns in their own behaviours are developing emergent, sense making strategy techniques. Operating under an umbrella strategy, or a process strategy (described below) allows the central leadership to establish the structural and strategic context, while leaving the content to others. If the Integration 2000 process is seen as a process or umbrella strategy, useful parallels can be drawn.

This discussion can be summarised with a learning model of strategy formation, which is set out as Table 2.3.

Table 2.3: Strategy Process by Strategies

Strategy As:	Set of Positions	Unified Perspective
Deliberate plan	Planning	Visioning
Emergent pattern	Venturing	**Learning**

Source:Mintzberg et al (1998): Strategy Safari, p 202

The premises of the learning *school* contain strong echoes of the ideas of Lindblom and Quinn, and are summarised as

a. *The complex and unpredictable nature of the organisation's environment ...precludes deliberate control......*

b. *While the leader must learn too, and sometimes can be the main learner, more commonly it is the collective system that learns*

c. *This learning proceeds in emergent fashion ...*

d. *The role of leadership thus becomes ...to manage the process of strategic learning ...*

e. Accordingly, strategies appear first as patterns out of the past, only later, perhaps, as plans for the future, and ultimately, as perspectives to guide overall behaviour (Mintzberg, Ahlstrand & Lampel 1998:208).

Learning as Knowledge Creation

The idea of learning as knowledge creation owes much to the Japanese style of management. Nonaka and Takeuchi (1995) criticise Porter's "five forces" framework, and value chain on three grounds, namely, the inability of the science of strategy to deal with questions of value and belief, the presumption of top-down management, which leaves tacit knowledge unutilised, and lack of due attention to the role of knowledge as a source of competitiveness.

This implies that, in this approach, which is reminiscent of Taylor (1911), unquantifiable human factors, such as values, meanings and experiences, are excluded from formal business planning and deployment of strategic resources. Nonaka and Takeuchi see this lack of attention to the human aspect being supplemented by studies on *organisation culture,* similar to the way that the human relations theory supplemented *scientific management.* These authors have developed a model of knowledge creation and the contents of knowledge created by the four modes. This is represented in Figure 2.8

Figure 2.8. Contents of Knowledge Created by the Four Modes

Figure 3-4. Contents of knowledge created by the four modes.

Nonaka and Takeuchi see a spiral in which organisational knowledge creation is a continuous and dynamic interaction between *tacit* and *explicit* knowledge, and cycles clockwise through socialisation to externalisation to combination to internalisation to socialisation, and so on. This spiral is reproduced as Figure 2.9

Figure 2.9:Spiral of Organizational Knowledge Creation.
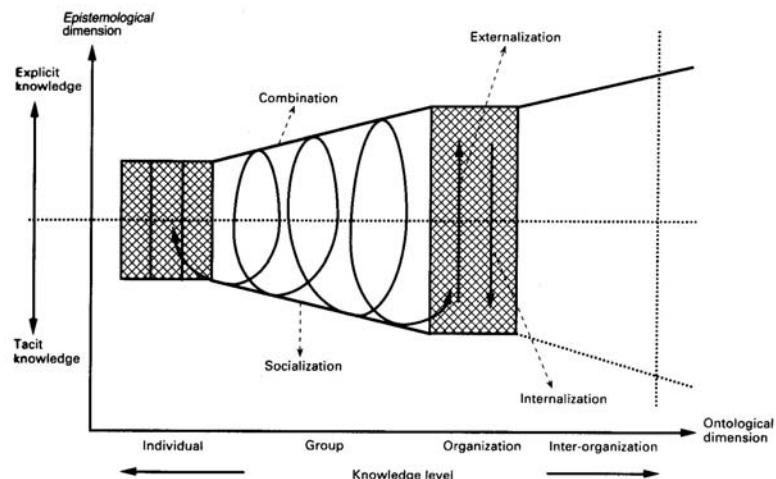
Figure 3-5. Spiral of organizational knowledge creation.

Sullivan and Nonaka see strategy formation in two streams, *classic* and *messy* (1986:145). The *classic* process is seen as rational, purposeful, deductive and integrated. In contrast, there is a process which is partial, tentative, fragmented, incremental, empirical, inductive, messy, individualistic and path-finding. These authors see American managers as using either one or other of the strategy formation templates, while Japanese managers at different levels are seen to use both. The approach taken by the research subject, probably relates more to the reported Japanese practice..

Nonaka's quotation of Fukujiro Sono, the Chairman of TDK, provides another perspective on the art of organisational learning. Mr. Sono sees a human being's three stages of development as

> *learning the fundamentals through diligent study and training, mastering one's art to the extent of surpassing one's teacher, and transcending this stage in encountering the new and the beautiful* (1988:72).

Sullivan and Nonaka (1986) explore the differences between the theories of action of Japanese and American managers. They see the theory of action of Japanese managers as *a process of variety amplification by senior managers to create uncertainty and variety reduction by junior managers to reduce it* (1986:130). While much of this may be culturally based, an alternate view is that some embedded characteristics of Japanese organisations and the business climate might account for this deliberate creation of tension, challenge and crisis. A conformist workforce, low mobility and lifetime employment are seen as factors requiring the "shake-up" of this particular approach. The security and longevity of employment, particularly of professionals, may be a factor in the choice of change strategies by the subjects of this research. As this is challenged, so may the choice of change strategies in Japan be challenged.

The Dynamics of Organisational Capabilities

Hamel and Prahalad, in their book, *Competing for the Future* (1994), and in articles such as *The Core Competence of the Corporation* (Prahalad and Hamel, 1990) and *Strategic Intent* (1989), claim to describe a new strategy paradigm (1994) based on imagining the future and creating it. Underlying many of the concepts they introduce are two fundamental ideas. Firstly, they emphasise attention to the *numerator* in return on investment ratios rather than the denominator (1994:158). Put crudely, these authors advocate increasing the bang for a given buck, rather than reducing the buck for a given bang. This may appear to be a self-evident truth, but the success (?) of process reengineering in downsizing firms suggests that it is not always heeded. Secondly, Hamel and Prahalad introduce the idea of the strategy process as a purposefully created misfit between where the firm is and where it wants to be. This is the concept of *strategy as stretch*. With an ability to predict the future and find stretching strategies, this would be a laudable contribution to strategic management.

These authors have developed a view that the strategic future lies in reinventing industries and markets, and making strategic choices, *however tumultuous the industry* (1994:40). Their theory sets out to be a rallying call. It is not particularly specific as to how these desirable outcomes can be made to happen. These authors do not use the term strategic thinking in their writing. Their concept of strategic architecture discusses top management's need for a view on future *functionalities* (1994:107), core competences and customer interface. It is fair to think of this point of view as strategic thinking, and to relate it to organisation learning.

Hamel and Prahalad (1994) make the excellent, and often neglected point that strategic architecture defines what must be done now, to intercept the future. Their edifice of strategic architecture is robust, and would make a useful contribution to strategic thinking and management practice, but for one major flaw. It rests on the shaky foundations of industry foresight. If industry foresight could be underpinned by effective tools, such as scenarios, or if, for

any reason, or at any given time, management was confident of its foresight, then strategic architecture could be a very worthwhile tool. Without this, it is a solution looking for a problem, of symbolic relevance, but limited practical use to front-line leaders.

McDermott (1996) puts a convincing argument that foresight is an illusion. He chides modern future watchers, who scold humanity for its dangerous lack of foresight, even as they foresee that the future will be uncertain. He sees belief in foresight as a belief in magic, superstition and illusion. McDermott sees the lesser burden of the future as bearing the inadequate foresight of others, the greater burden as bearing our own. He asserts finally that the real foresight problem is how to live without what we imagine we need. These views may be extreme and cruel to Hamel and Prahalad. Their substance may be difficult to shake off.

The ideas of *strategic intent* (1994:147) and *strategy as stretch* (1994:146) are the authors' terms for articulating and animating the dream of industry reinvention. Their discussion of strategic intent has echoes of a note on strategic vision in Johnson and Scholes (1997). Yet Hamel and Prahalad see their term *industry foresight* as akin, but preferable, to vision. If strategic intent was thought of as a version of vision, then the concept of its role in stretching the organisation would be reasonable.

Strategy as stretch is an important idea (Hamel and Prahalad, 1993). Whatever the perceived flaws in Hamel and Prahalad's prescriptions, stretching strategies will become an important part of competing for the future. If these authors were calling for stretching strategies, and all that these imply in terms of management development, motivation and reward, their contribution would be considerable. A recognition that strategic intent is another word for vision, and that industry foresight is something different, would help to make some excellent concepts intelligible to practising managers.

Core competence is another centrepiece of Hamel and Prahalad's (1990) thinking, as it is of the design and planning schools. The idea of *table*

stakes (1994:206) and the difference between *necessary* and *differentiating* competences is important in this context. Managers might find it daunting to decide what is core and non-core competence. This is a barrier to effective use of the core competence approach, and, indeed, to many of Hamel and Prahalad's ideas. The key initial question is "core competence for what?" The very impressive examples quoted do not indicate how and why the companies made the conscious choices, which led them to shape the core competence and win in new fields. It is not possible to escape the view that the strategic intent, or vision, or strategic architecture, which gives rise to core competence building, presupposes a reasonably valid predictive view of the future. This is reverting to the entrepreneurial school and even the design school.

The concept of the *tyranny of the Strategic Business Unit (SBU)* (1990) takes a simplistic view of SBUs, which Hax and Majluf take to task (1996). Horizontal strategies, team working, imaginative matrix structures, flexible resource allocation and integration of strategy are all part of modern corporations. The concept of high performance teams developed by Katzenbach and Smith (1993) is consistent with horizontal strategies and the development of core competences. A local property developer is using the high performance team concept, horizontal strategies and process re-engineering to develop some unique competences which deliver not only a dramatic reduction in cost and time from opportunity to market, but also backward integration into clients' business strategies.

There is a bias, in Hamel and Prahalad's work, toward large corporations and a failure to address the strategy formation needs of small-medium enterprises. It is important, particularly for organisations in complex industry sectors, to understand if and how they use stretching strategies, if, how and why they develop strategic architecture and if, how and why they articulate strategic intent or vision. These are important questions, even if the "why" questions have no satisfactory answers.

Hamel (1997) makes the point that linear strategies are hitting the point of diminishing returns and that we have reached the end of incrementalism in the quest to create new wealth. He asserts that it takes leaders who question the conventional wisdom. Hamel then goes on to quote some myths in his quest to break industry rules

- *Myth: Industry analysis is key to strategy.* The reality is that it is increasingly difficult to define precisely where an industry begins and ends

- *Myth: You should focus on your direct competitors.* Today it is harder to distinguish competitors from collaborators from suppliers from buyers

- *Myth: In strategy, it's you against the world.* Hamel then asserts that anyone can recognise a great strategy after the fact, and that truly innovative strategies are always the result of lucky foresight. He goes on to attempt to develop a deep theory of strategy creation, by defining five ways organisations can radically rethink their missions, namely

> *-New Voices*
> *-New Conversations*
> *-New Perspectives*
> *-New Passions*
> *-Experimentation.*

This all seems to offer strategists the clarion call of foresight, strategic intent, and now five steps to invent the future. Hamel's ideas still rest on the shaky foundation of foresight, which even he sees as containing an element of luck and serendipity. However, the plea for the strategic architecture of core competencies goes a long way to soften this rather jingoistic view of strategy creation.

The five ways to rethink organisation mission are all consistent with what has happened, and what must happen, to shape the future of Catholic health. The composition of the two governing bodies has brought new voices

as well as seasoned campaigners to the table. Integration 2000 has been a series of new conversations. Some respondents to this research expressed their approval of, and sometimes almost bemusement at, the level of constructive dialogue happening at all levels of Catholic health. Integration 2000 is itself a whole new perspective, and it brings with it a host of new subsidiary perspectives. Many people are passionate about the future of Catholic health. And, finally, worrying as the thought may sometimes be, Integration 2000 represents a great deal of brave experimentation.

Beyond Learning to Chaos

The very important concept in physics that observation can change what is being observed has, as noted by Pagels (1984), parallels in ordinary life. Stacey (1993), discussing feedback, makes the point that an organisation does not simply adapt to its environment, but that its managers take part in creating that environment. This concept, as a useful metaphor, has profound implications for the formation of strategy in modern organisations, and, more especially, organisations in Australian health and aged care, with their heavy dependence on Government policy.

The problems of the learning school are considered under the headings of *no strategy, lost strategy* or *wrong strategy* (Mintzberg, Ahlstrand & Lampel 1998:224). Discussing the idea of no strategy emerging from incrementalism, they make the point that collective learning and strategic perspective are what matters. In this research, the use of an emergent, learning approach to set the strategic context supports the learning school as such, and supports the notion of the usefulness of strategic perspective.

Lost strategy reflects strategic drift, which is related, in a later section of this chapter, to the diagnostic PATOP (Philosophy, Assumptions, Theory of Organising, Practices) model (Whiteley 1997b). Again, an overemphasis on learning for its own sake could react with an established strategic perspective or umbrella strategy. In this research, the overarching Integration 2000 serves to stabilise the learning process. Finally, the authors refer to the situation

where incrementalism results in wrong strategies, where a succession of little decisions can lead to a wrong strategic outcome. This could be a blanket criticism of almost any part of strategic planning. Ambitious entrepreneurial sweeps can be wrong. Carefully designed strategies can be wrong. Positioning decisions can be wrong – or right.

In counselling care about learning itself, Mintzberg et al ask the question *"Learning about what?"* (1998:228) Without a clear view of the future, unnecessary learning will be an occupational hazard. But there is no clear view of the future.

Professional organisations and the process of collective agreement, if not collective learning, are discussed by Mintzberg et al. These authors make the very pertinent point that:

> *Grabbing the initiative, no matter how messy the process, no matter how initially confused the actors, is ultimately voluntaristic. In contrast, slotting an organisation into a supposedly optimal strategy dictated by the formal analysis of its industry is ultimately deterministic* (1998:228).

These authors see the strategist in learning mode as *waif, who bounces around, trying one thing and another until, lo and behold, the concept emerges* (1998:230). They then go on to say this messy approach is really sophisticated, and its practitioners have an innate sense of trying things that may work. This seems be recognising that the learning approach is not sophisticated, and then asserting that the people who practise it are. These statements may be two half-truths. Strategy is a learning process. In this research, it was practised by some sophisticated managers, because it offers a flexible way to deal with a turbulent environment and at the same time set strategic and structural context.

During a discussion of Canadelle, which was being quoted as an example of entrepreneurial behaviour, Mintzberg et al quoted Lewin's ideas (1951:228) of *unfreezing, moving* and *refreezing* in the process of developing a new vision. This seems to sit more comfortably in a learning framework, as

indeed does re-visioning an organisation. If entrepreneurs happen to engage in learning behaviour to recast their vision, the choice of classifying this as entrepreneurial rather than learning strategic thinking is arguably blurred. Catholic Health Australia has been engaging in profound vision shifts, and Lewin's model seems appropriate. It seems easier to argue that this is learning behaviour than to draw the long bow of a process driven by one or more towering entrepreneurs. If the learning model is an uneasy fit, then the process is more likely to be political rather than entrepreneurial. Perhaps these considerations highlight the dangers, if not the futility of fitting strategic behaviours into planning models. The problem with this "horses for courses" approach is that there are three possibilities. One is that the "horse" is the white charger of linear planning ridden by a strategy consultant looking for a suitable "course." The second is that an organisation attempts to have a stable of "horses" in the form of a range of models, constantly honed and ready for use. This approach will sit easily and very expensively with scenario planning. It may still miss the mark if the organisation lacks almost superhuman discernment. The third possibility is that the organisation's range of "horses" may be the tired old nag of whatever the managers are comfortable with, running creditably on some "courses," indifferently on others and with a struggle on others.

Mintzberg et al's comment (1998) that the design school might apply to a new organisation with a clear sense of direction could be confusing the initial conception of strategy, which is arguably a learning process, with strategic programming, which is what is required after the strategy has been conceived.

The final comment on the learning school, that its real practice may be far larger than that of the planning and positioning schools, was borne out by this research.

The Power School

The power school goes beyond the power and politics inherent in the learning school. Strategy formation is characterised as an overt process of influence and the negotiation of strategies favourable to particular interests. Again, whether this constitutes a *school,* or a strategy, is a moot point.

While this approach might include clandestine moves such as cartels, to subvert competition, it could include cooperative arrangements designed for the same effect. The alliances beginning to emerge as part of, and alongside, the Integration 2000 process are consistent with this sort of exercise of power.

The authors chosen to set the scene for this discussion are Bacharach and Baratz (1970) and Pettigrew (1977). The former provide some definitional background, which the latter fleshes out.

A distinction is made between *power, force, authority and influence* (Bachrach & Baratz 1970). Power is relational. For a *power* relationship to exist there must be a conflict of interests and one party, or set of parties, must prevail on the other(s). There must also be the ability to invoke sanctions, with some limitations. *Force* is manifest power. In a power relationship one party obtains another's compliance, while, in a situation involving force, one's objectives must be achieved, if at all, in the face of the other's non-compliance. It then follows that *manipulation* is an aspect of *force, not power. For, once the subject is in the grip of the manipulator, he has no choice as to course of action* (1970:28). *Influence* differs from power in that the exercise of power depends on potential sanctions, while the exercise of influence does not. *Authority* differs from power in that there is no threat of sanctions, but the directive is supported because it can be rationalised.

Bachrach and Baratz note also that limiting the scope for decision-making and the non-decision-making process are also an exercise of power.

Pettigrew picks up on these concepts and introduces the ideas of *demand-generation and power-mobilisation.* He makes the very important point that the exercise of power may result in an outcome which may not

necessarily be *a product of the greater worthiness or weight of the issues* (1977:84). Most people involved in boardroom politics have understood that sometimes the votes are weighed, rather than counted. The exercise of power and politics may go beyond actions into ideas, to legitimise, or "de-legitimise" particular ideas. The very thoughtful comments on the management of meaning suggest a wider arena for these ideas. How much of the choice of strategy models, or even the definition of strategy schools represents an example of mobilising political power, and how much is genuinely worthy decision-making? It would be surprising not to find examples of this type of management of meaning in the ramifications of the Integration 2000 process.

Cyert and March's (1963) r*elational concepts,* quoted above in the discussion of adaptive strategies, could all be regarded as strategies related to the exercise of power, although their idea of *sequential attention to goals* has overtones of learning behaviour.

These authors assert that the modern firm has some control over the market, and that the market is *neither so pervasive nor so straightforward* (1963:1). Pfeffer and Salancik make the point that

> *The increasing density of relationships has led to less willingness to rely on unconstrained market forces.* Under these conditions, *Negotiation, political strategies, the management of the organisation's institutional relationships – these have all become more important* (1978:94).

Catholic Health Australia fits fairly comfortably into the environment that Pfeffer and Salancik describe here.

Cyert and March's theory views the organisation as a coalition, which forms its objectives through bargaining. Under their model

> *managers are held to operate the firm so as to maximise a utility function that has as principal components (1) salaries, (2) staff, (3) discretionary spending for investments, and (4) management slack absorbed as cost. This utility function is maximised subject to the*

condition that reported profits be greater than or equal to minimum profits demanded (1963:241).

This is a picture of management acting self-interestedly. Finally, these authors assert that

most actual managers devote much more time and energy to the problems of managing their coalition than they do to the problems of dealing with the outside world.

Zald and Berger (1978) assert, as the fundamental assumption of their theory, that social movements or phenomena resembling them occur in organisations. They quote the removal of David Sarnoff from Radio Corporation of America as a coup d'etat. What these authors see as bureaucratic insurgency is what Peters and Waterman would term *skunkworks* (1982:201). Zald and Berger cite examples of mass movements where there are fights between national and local unions. On a smaller scale, but probably in the mass movements arena, are fights between senior union officials and shop stewards in a particular organisation. The researcher has facilitated a resolution (showdown?) in which union officials, supported by senior management, were seeking peace between shop stewards and frontline supervisors. Zald and Berger's central argument is that much of the conflict in organisations is what they call *unconventional politics* (1978: 858) which give rise to movement-like phenomena. This article and its summarising table, classifying the dimensions of social movements in organisations suggests an analogical model between organisations and societies. Zald and Berger's discussion of the resource-mobilisation perspective of organisational social movements leads them to suggest a new paradigm in the study of organisations: the study of mobilisation processes.

No fewer than thirteen political games played in organisations are quoted by Mintzberg et al (1998). Sponsorship, alliance-building and strategic candidates games are often played very positively in larger machine bureaucracies. These authors quote Bolman and Deal (1991), who identify propositions about the world of organisational politics which are consistent

with the list of games. This leads to Cressy et al's emphasis on the dangers of attributing the idea of managerial strategy to management as a *collectivity*. (1985:141) These authors make the point that management cohesion is quite precarious and that instability is the norm and not the deviation from the norm.

Because subordinate groups enter into the process of determining and distorting strategies, then the strategies may be sub-optimal (Mintzberg, Ahlstrand & Lampel 1998). These authors see political arenas forming in times of difficult change, when power is realigned. This is a very relevant comment for the proponents of Integration 2000. It is a period of intense and, no doubt, difficult change, and will bring with it a level of insecurity.

In discussing the contention that political strategies can be produced by political action, Mintzberg et al assert that such strategies will tend to be *emergent* rather than *deliberate*, and likely in the form of *position* rather than *perspective*.

They quote four benefits of politics, namely

- *first, politics as a system of influence can act in a Darwinian way to ensure that the strongest members of an organisation are brought into positions of leadership.* In Integration 2000 this may not be intentional, but, in the ebb and flow of the process and its politics, this may well tend to happen, and probably has already happened

- *second, politics can ensure that all sides of an issue are fully debated, whereas the other systems of influence may promote only one.* This is very pertinent to Integration 2000. This initiative involved the orchestration of a consultant's input, of the Stewardship Steering Committee, of the gathering of the Leaders and Owners and the formation of the peak governing bodies. The process, which was quite political, ensured that the issues were, or were able to be, debated at length

- *third, politics may be required to stimulate necessary change that is blocked by the more legitimate systems of influence.* The

political actions used in Integration 2000 might not have been needed to break down serious obstructions, but to stir the key players into action

- *fourth, politics can ease the path for the execution of change.* There is no doubt that much of Integration 2000 was an orchestrated process, and it certainly eased the path to the execution of substantial change.

Pfeffer and Salancik see three basic strategies. These are

- *simply deal with each demand as it arises*
- *strategically withhold and disclose information*
- *play one group against the other* (1978:96).

It would be reasonable to expect some elements of the first and last of these points during the Integration 2000 process. There was a perception of free and open information flow in the Integration 2000 process. Sequential attention to goals may well have been the underlying basis for the formation of the Stewardship Steering Committee and earlier, the engagement of the consultant. While the process of weaving a path through the variety of orders and organisational arrangements might not be as sinister as the third strategy, there would be some element of allowing or fostering interaction to resolve issues.

Mintzberg et al (1998) view stakeholder analysis as part of the power school. They assert that stakeholder analysis is an attempt to cope with political forces through a rational approach. These authors quote Freeman's concepts of *Stakeholder Behaviour Analysis, Stakeholder Behaviour Explanation* and *Coalition Analysis*, (1984:131) giving rise to four generic strategies, namely *offensive, defensive, change the rules and hold.* These ideas are discussed below in a fuller examination of Freeman's ideas.

Strategic manoeuvring is the counterpart to diplomacy, the mixture of threats and promises to gain advantage. Accordingly, strategy is less position here than ploy. Practitioners might find this confusing, and, perhaps, a little hair-splitting. When do positioning tactics become politics? Is it reasonable

to contend that the power school may not be a school at all, but a set of positioning tools, or even a set of prescriptions and models to aid the decision-making process? Even the words on *commitment* and *defensive strategy* could be appropriate to non-political positioning. Or is positioning a sub-set of power?

Although Porter does not use the word *politics* in his writings, and, despite the fact that the intentions may be economic, the positioning process is all about politics (Mintzberg, Ahlstrand & Lampel 1998). Is it? These authors comment that success here depends on *soft impressions, quick action and gut feel for what opponents might do.* Is this taking the view that, unless positioning analysis makes a unique strategic decision obvious, the process is political, because judgment and gut feel are involved? In addition, the prescriptions quoted for prudent competitive manoeuvring would be seen as very elementary by any strategy consultant and probably by any senior manager.

On the other hand, Hirsch is certainly describing a political process, particularly the more adept handling of *powerful gatekeepers and opinion leaders* (1975:338). In Hirsch's comparison of pharmaceutical companies and record companies, *predictability of adoption behaviour by independent gatekeepers and opinion leaders* (1975:332) was also an issue.

Astley notes that

strategic management is seen as an entrepreneurial adventure in which firms must circumvent 'threats' and exploit 'opportunities.' Organisations are viewed , basically, as solitary units confronted by faceless environments. This may be characterised as business policy's pioneering ethos (1984:526).

Astley and Fornbrun see strategic action as *characterised in terms of a predominantly internal focus, a concern with matching organisational capacities to environmental demands* (1983:576). In an attempt to overcome a deficiency in business policy, these authors identify parallels in the

conceptualisation of environment, strategy and ecological adaptation. For example, they suggest that

> *a collective strategy is a systemic response by a set of organisations that collaborate in order to absorb the variation presented by the inter-organisational environment. It is in this respect that collective strategies are analogous to the communal adaptations found in the biological world* (1983:580).

Astley points to the need for attention to be paid *to the institutionalisation of these collective alliances, for they play an increasingly important role in today's corporate society* (1984:533). He is referring to the fact that *collaboration becomes genuine as organisations develop orientations that gradually eliminate competitive antagonism*. These issues are crucial to the participants in Integration 2000.

Strategic sourcing is an important component of everyday business life, certainly in the new millennium. Venkatesan (1992) discusses the logic of outsourcing decisions and the three simple principles guiding these decisions, namely the focus on core products, the comparative advantage of outside suppliers and the impact on improving manufacturing performance. His model of the strategic sourcing process is similar to the process used for many decades by many manufacturers, notably vehicle manufacturers, in reaching basic sourcing decisions. More recently, service industries and governments are looking more realistically at sourcing decisions.

Brandenburger and Nalebuff use the term *coopetition* and introduce some interesting tactics, which can be summarised by *Successful business strategy is about actively shaping the game you play, not just playing the game you find* (1995:59). This, and the assertion in the preceding paragraph suggest to this researcher that a strong paradigmatic conviction leaning to politics will find examples of the power school everywhere. If the paradigm is positional, these instances will be seen as no more than positioning, which suggests a certain level of inter-changeability between the positioning and power schools.

The strategy formation process will always include power and politics. Whether there is justification for asserting that there is a separate school of strategy centred on power and politics may be drawing a long bow. However, there are situations where strategic change needs to be promoted, where established actors seeking to maintain a status quo have to be confronted. Whether the actions taken are political, positioning, or reflect the forces of culture, is less important than the fact that strategy is being formed.

For Catholic health and aged care, whether there even is a power *school* is a less important issue than an understanding of the political forces at play. The idea of welding together systems, orders and facilities from a disparate group where rivalry even existed (exists) between different parts of the one group in the same city, suggests a political nightmare. The successes to date are a tribute to the power of the mission of Catholic health and aged care, and of the large reserves of goodwill within the sector. It is also a tribute to the negotiating and political skills of a few key people.

The Cultural School

Culture has been the central concept in anthropology, and is clearly the standpoint from which Fr. Gerry Arbuckle (2000) views the *refounding* of Catholic health. As an anthropologist, Arbuckle describes culture fully, but he also defines it succinctly and convincingly. He defines culture as going beyond the management definition of *what people do around here* (One respondent's understanding of Catholic philosophy and values was *What Catholics do.*) to *what people feel about what they do* (2000:4). Arbuckle also elaborates on *symbols, myths and rituals*, which he sees as the constituent elements of culture.

Parsons (1952:15) makes the point that, in anthropological theory, there is not close agreement on the definition of the concept of culture.

However, three *prominent keynotes* are identified, namely

- *culture is transmitted,………*
- *it is learned,…….*
- *it is shared.*

The view that *power takes that entity called organisation and fragments it; culture knits a collection of individuals into an integrated entity called organisation* (Mintzberg, Ahlstrand & Lampel 1998:264) may be extreme both ways, but the idea that one focuses primarily on self-interest, the other on common interest is a good summation. These authors make the pertinent point that the Japanese approach, long thought to be an expression of culture, is more correctly classified as learning behaviour. Nonaka and Takeuchi (1995) would agree that the Japanese approach is learning behaviour, but they would qualify this view. Whereas Senge talks of *The delusion of learning from experience,* (1990:23) Nonaka and Takeuchi assert that managers in Japan emphasise the importance of learning from direct experience as well as through trial and error. It would be reasonable to postulate that, while the behaviours may be classified as learning behaviour in both environments, the differences in approach to learning may have cultural roots.

Johnson and Scholes (1997) provide a useful exposition of assumptions, or the taken-for-grantedness at the heart of an organisation's culture. They identify these assumptions as the organisation's paradigm.

These authors see culture as conservative and they see as ideal a situation of constructive friction where a strong culture is maintained, but where the core beliefs and assumptions are subject to continuous critique from within the organisation. Johnson and Scholes do not pursue this line, but move on to a very operational primer on strategic choice, strategic options and strategy evaluation/selection. They do not seem to offer many useful perspectives on the fundamental nature of strategy formation. The idea of constructive friction, and its effect on strategy formation could be elaborated. It will be uncovered instinctively during the Integration 2000 process.

If discernible patterns emerge in an organisation, then there must be some guidance to the strategy. Johnson (1992) sees that the guidance is then most likely to be to do with the *taken for granted assumptions, beliefs and values that are encapsulated within the idea of managerial experience and organisational culture.* This core set of beliefs and assumptions has *variously been called ideational culture, a mindset, an interpretive scheme, a recipe,* or the term used here*, a paradigm.*

Johnson has developed the idea of the cultural web in which the there is interconnection between *the paradigm and stories (myths), symbols, power structures, organisational structures, control systems, rituals and routines.* He makes the point that, *rather than being a logical testing out of strategies in action, strategic management can be seen as an organisational response over time to a business environment which is essentially internally constructed rather than objectively understood* (1992:33). Johnson's ideas on *strategic drift* have an echo in the PATOP model (Whiteley, 1997b). His ideas on surfacing what is taken for granted find echoes in Mason and Mitroff's (1981) concepts of *strategic assumption surfacing.*

The main premises of the cultural school can be summarised as

> *1. strategy formation is a process of social interaction …..*
>
> *2. an individual acquires these beliefs through a process of acculturation, or socialisation*
>
> *3. the members of an organisation can, therefore, only partially describe the beliefs that underpin their culture*
>
> *4. as a result, strategy takes the form of perspective above all……Strategy is therefore best described as deliberate (even if not fully conscious)*
>
> *5. culture and especially ideology do not encourage strategic change so much as the perpetuation of existing strategy* (Mintzberg et al, 1998:267).

The linkages between the concepts of culture and strategy are discussed under the headings of

- *Decision-making Style*

- *Resistance to Strategic Change*

- *Overcoming the Resistance to Strategic Change*

- *Dominant Values*

- *Culture Clash.*

Mintzberg et al assert *that it is the cultural school that brings the interpretative wing of the cognitive school to life in the collective world of organization.* They quote Weick as saying that a corporation doesn't *have* a culture. A corporation *is* a culture. It is not difficult to visualise Catholic Health Australia as a culture, becoming more embedded as time goes by.

The four phases of fundamental change in culture, *strategic drift, unfreezing of current belief systems, experimentation and re-formulation*, and *stabilisation* (Bjorkman 1989:257) find echoes in Johnson's (1992) guidelines for managing strategic change, *creating a climate for change, intervention by outsiders, providing signs and symbols*. Arbuckle sees significant cultural and personal change as involving *three dynamically related, cyclically repeated stages: the separation stage, the liminal or chaos-evoking stage, and the re-entry stage* (2000:131). Arbuckle goes on to say *Progress through these stages is generally extremely slow, filled with uncertainties and dangers; we are constantly tempted to escape from the learning experience.* Not all respondents to this research agree that the process is, or can be, as slow as Arbuckle implies. The emphasis is more on the fact that there is insufficient time, rather than that Arbuckle is wrong.

The work of the Scandinavian Institutes for Administrative Research spans many schools of strategy, but, with its emphasis on environment, consonance and social control of organisations, it has been included with the Cultural School by Mintzberg et al (1998). Rhenman (1973) observes some differences between what he refers to as fashionable currents in the literature and his group's own experience. For instance

- *strategic planning is seldom necessary ....*
- *the procedures of strategic planning make it more difficult to observe and deal with strategic problems ...*
- *changing values and norms in the environment cause the major problems of large organisations ....*
- *the major obstacle to innovation in a top management group is insensitivity to the environment* (1973:4).

Many of the respondents to this research would have a great deal of sympathy for some or all of these views.

Rhenman's four postulates (1973) cover the impact of the environment, the idea of organisations subject to social control, the ideas of negative and positive feedback and the need for a language to make it possible to treat every organisation as an individual case. Again, organisations in Catholic health and aged care reflect many of these influences. Their environment has a crucial impact; they are subject to major social control and scrutiny; the need for positive and negative feedback is recognised, if not articulated; and the danger of over-generalisation cannot be stressed too highly.

The idea of *value environments,* classified into *free value, political and mixed* leads to a discussion as to how various types of organisations, *marginal, appendix, corporations and institutions,* will achieve fit and consonance with the various environments.

Some of the generalisations made by Rhenman may be courageous, but the ideas pull together much of the thinking of his time, and foreshadow some ideas, notably positive feedback, which have surfaced much later. This author's linking of consonance through mapping with the idea of organisational learning fits many of the insights into the whole concept of the learning organisation

Hedberg and Jonsson (1977) make the point that, although strategy formulation goes on more or less actively all the time, it appears that the transitions from strategy to strategy are particularly crucial to organisational

survival. These authors then develop the idea of *myth* as a meta-system from which an organisation derives its strategies, and go on to put the view that strategies bridge the gap between myths and realities. In this way, *strategies serve the dual purpose of ordering feedback information into categories provided by the myths and filtering off signals that are inconsistent with the worldviews that the myths represent* (1977:92). They go on to discuss how myths can replace each other over time. In so doing they discuss some ontological aspects of the strategy concept

> *firstly, that strategies are action-oriented, in which case only an agent can have a strategy, secondly, that strategy has two parents – the myth that is the decision-maker's theory for understanding the world and motivating his actions, and the situation as perceived through the filter that the myth provides, and, thirdly, strategy formulation always takes place in the presence of, and in opposition to, ruling myths and strategies.* Earlier, these authors asserted that *regardless of whether the theory or the reality is the starting point, it is by perceived misfits between the two that strategy changes are triggered* (1977:93).

Arbuckle hints at this dichotomy in his discussion of *refounding persons,* whom he characterizes as *dreamers who do, contemplatives who act,* and as *myth-makers* or *myth-revitalisers* (2000:205). Later he asserts that chaos is the norm in the ever-moving environment of organisational cultures, so that strategic management based solely on rational or linear models of decision-making will be ineffective. Arbuckle goes on to examine the concepts of chaos, vision and values and myths in an unusual way, which is very relevant to the Catholic health scene, about which he is writing. The passage is worth quoting in full

> *Leaders capable of acting in unpredictable surroundings are required to foster teamwork marked by the values of independence, mutuality, dialogue, collaboration and community.*
>
> *The ultimate stabilising force in the chaos, and the foundation of these values is the vision, mission and values of the healing Christ (i.e., the*

'strange attractor' in chaos theory) the founding myth of all Christian healthcare ministry. Where this myth is only weakly present in the existing cultures or in the new culture formed through merging, these leaders are to be cultural myth 'revitalisers.' If no myth exists, then their task is to be 'myth-makers.' Both tasks require people with a gift for refounding (2000:301).

The idea that tangible and intangible resources form what anthropologists call *material culture* (Mintzberg, Ahlstrand & Lampel 1998) needs to be discussed here. It could be easily argued that the considerable physical and human edifice of Catholic health and aged care represents its material culture.

Boxall's (1997) definition of strategy follows the strategic paradigm described by Johnson and Scholes. This implies that competitive, human resources, structural and other strategies are all connected in a *systemic and dynamic fashion* (1997:56).

Boxall explores the resource-based view of the firm raised by Penrose, who conceptualised the firm as both an administrative organisation and a collection of productive resources (1959:31). Boxall (1997) reflects on the resource-based approaches to strategy formation and strategy processes. He echoes Barney's (1991) view that strategic resources are developed over time through opportunities that do not necessarily repeat themselves. Boxall discusses ways in which the management and other organisational members can play roles, which increase strategic process capability. He sees a resource-based view as re-balancing the literature in favour of perspectives, which stress the strategic significance of internal resources and capabilities and their historical development.

Boxall sees the resource-based view as superior to the static model of market positioning. In the organisations which will be the subjects of this research, resource-based theories of strategy processes and strategy formation may be very pertinent.

Barney (1991), examining sustained competitive advantage, sees three foci for research as

- *isolating a firm's opportunities and threats*, which he sees as environmental models of competitive advantage
- *describing its strengths and weaknesses*, the resource-based model
- *analysing how they are matched to choose strategies*. (1991:99).

Penrose (1959) encapsulates a number of what are now current concepts. She asserts that resources, because of the variety of services they can offer, are heterogeneous. The heterogeneity of the productive services gives each firm its unique character.

Barney (1991) makes the point that the environmental models of competitive advantage assume resources, which are homogeneous and perfectly mobile. He counters with the resource-based view that resources are heterogeneous and imperfectly mobile. Barney's article examines the role of idiosyncratic, immobile, resources in creating sustained competitive advantage. Barney (1991) compares resource-based and environmental models of competitive advantage. He discusses the heterogeneity and imperfect mobility of firm resources, and develops the concept of sustained competitive advantage. This author contends that sustained competitive advantage does not refer to calendar time, but depends on the possibility of competitive duplication. Barney makes the point that formal strategic planning systems are unlikely by themselves to be a source of sustained competitive advantage. Barney's insights are very pertinent to this research.

Penrose highlights the development of the *experience and knowledge of a firm's personnel* (1959:79), because these are the factors that will to a large extent determine the response of the firm to changes in the external world. They will also determine what it *sees* in the external world. She further makes the point that changes in managerial knowledge will not only change the productive services of other resources, but will also change the *'demand'* conditions as seen by the firm (1959:80). Penrose appears to be

predating later work on paradigms and the idea of managers creating their own environment.

Penrose has here foreshadowed the more flexible and responsive stance required of modern management. Barney, beginning with his concept of heterogeneous and immobile resources, sees four attributes of a resource needed to ensure sustained competitive advantage, namely

- *it must be valuable ……*
- *it must be rare …………..*
- *it must be imperfectly imitable*
- *there are no strategically equivalent valuable resources that are themselves either not rare or imitable* (1991:105-110).

Barney sees three reasons why resources, particularly organisational resources, are imperfectly imitable

1. resources may depend on unique historical conditions, such as the unique circumstances of a firm's founding, or unique circumstances under which a new management takes over, or simply the firm's path through history. An example in Australia may be the entry of American CEOs into large Australian enterprises. They seem to give more priority to working assets harder for healthy returns rather than chasing market share and absolute profit from bloated asset bases. Consideration of margin and mission in this research also fits Barney's thought processes

2. There may be causal ambiguity between resources possessed and sustainable competitive advantage enjoyed. The link is present, yet it is not understood, although it is a source of competitive advantage

3. The resource generating a firm's advantage may be socially complex and therefore difficult to imitate. Examples quoted by Barney (1991:110) include interpersonal relations among managers in a firm, a firm's culture, or its

reputation among suppliers and customers. Although there is generally no causal ambiguity here, these particular qualities might be difficult to imitate (1991:107).

The areas of interpersonal relations and culture are highly sensitive. Properly handled they can be sources of competitive advantage, which are virtually impossible to imitate. Catholic values, the culture of Catholic health and the collaborative thrust of Integration 2000 all fit the criteria of overwhelmingly inimitable sources of competitive advantage.

Substitutability, according to Barney, or the lack of it, is a less robust source of sustained competitive advantage. For instance, a unique top management team may be emulated by a totally different team, which may be strategically equivalent. This highlights Barney's point that different resources may be strategic substitutes, and is very pertinent to a sector which will inevitably undergo massive paradigm shifts when the community rethinks the whole basis of health, hopefully on a holistic line.

Barney makes the final point that firms cannot be expected to *"purchase"* sustained competitive advantage on open markets: *rather, such advantages must be found in the rare, imperfectly imitable and non-substitutable resources already controlled by a firm* (1991:117). Increasingly, these resources will be human. A thought, which will be explored in Chapter Five, is that, in a SWOT analysis, strengths and opportunities could include inimitable resources, while weaknesses and threats could include imitable resources.

Wernerfelt has noted that, *by specifying a resource profile for a firm, it is possible to find the optimal product-market activities* (1984:171). Later he makes the point that *what a firm wants is to create a situation where its own resource position directly or indirectly makes it more difficult for others to catch up* (1984:173). In a later paper (1995), Wernerfelt acknowledges that Prahalad and Hamel's (1990) article on *The Core Competence of the Corporation* was largely responsible for diffusion of the resource-based view into practice. This relationship between resources and product-market

activities can be related to the design, planning, positioning and even power "schools".

This *inside-out* view of resource-based theory is categorised as part of the culture school, while the *outside-in* view of the dynamic capabilities approach of Prahalad and Hamel is seen as strategic learning (Mintzberg, Ahlstrand & Lampel:1998:277). The possible accusation that this might be splitting hairs is defended by asserting that these are exactly the variations in mindset which give rise to different schools, and, more importantly, tilt practice toward one approach as opposed to another. The idea of mindsets is crucial to this research. Irrespective of the classification of strategic thinking into one school or another, this initiative is calling for a profound change of mindsets by the key players. The strategies of Integration 2000 and beyond must preserve the balance between change and the capacity of the key players to embrace it.

Barney has made the case for culture as a source of sustained competitive advantage. *It is concluded that, under a relatively narrow set of conditions, a firm's culture can be the source of such sustained advantages* (1991:657). He further makes the point that firms without such cultures cannot expect to develop cultures which will, in turn, generate such performance. Barney defines culture as a *complex set of values, beliefs, assumptions, and symbols that define the way in which a firm conducts its business* (1991:657) This is similar to Arbuckle's (2000:4) definition, with the notable omission of rituals. In an echo of his 1985 article, Barney nominates three conditions, which must be met for a firm's culture to provide sustained competitive advantage. The culture must be valuable, it must be rare and it must be imperfectly imitable. He mentions the fact that Peters and Waterman (1982) give the broadest description of the economic value of certain organisational cultures, with their eight characteristics of an excellent company.

The idea *that a firm be understood as a social community specialising in the speed and efficiency in the creation and transfer of knowledge* has been

put forward by Kogut and Zander (1996:503). They discuss the constraints of vision in these terms

> *What makes a firm's boundaries distinctive is that the rules of coordination and the process of learning are situated not only physically in locality, but also mentally in an identity............People are bounded by what they know and by what they value, and they are sensitive to norms of what is appropriate behaviour* (1996:515).

Grant (1991) makes the point that the link between strategy and the firm's resources has suffered comparative neglect. He has developed a resource-based approach to strategy analysis and a model for taking stock of resources as the basis for profitability. Grant goes on to raise the issues of the opportunities for economising on the use of resources and the possibilities for using assets more intensely and profitably. There is a current issue for Catholic health, and, indeed, for not-for-profit, Church-based entities in general, which could fall into these categories. With an economic rationalist government putting pressure on the tax status of such bodies, there could be a danger that all levels of Catholic Health Australia, but particularly the Secretariat, might become preoccupied with preservation of tax status instead of making optimal use of assets, no matter what the tax regime.

Arbuckle (2000) makes the point that culture change is potentially devastating, because cultures are systems of felt meaning, operating usually at sub-conscious level. As mentioned earlier, he sees culture change as a slow process. On the other hand Mintzberg et al (1998:281) make the point that culture is rather easy to destroy. These are not necessarily conflicting views. Arbuckle is referring to the refounding of an embedded culture, both material and personal. Mintzberg et al are referring to the fragility of culture under the onslaught of, say, a "professional" manager culturally attuned to search and destroy missions.

There is a need for a sense of balance, a conviction that we are not simply examining a portfolio of possible approaches to managing strategy, but

different dimensions of a single process. Mintzberg et al come close to echoing Arbuckle's views

> *and perhaps this school can also help understand a period of 'reframing,' during which a new perspective develops collectively, and even a period of 'cultural revolution' that tends to accompany strategic turnaround* (1998:282).

There may not be a cultural *school,* just as there may not be any *schools* of strategy. This is not a point worth debating, particularly in this instance. Cultural issues exist at personal, organisational, community, national and global levels. These issues will have a significant impact on the whole process of strategy formation. The Catholic health and aged care sector contains more than the usual complement of cultural issues, including an overriding imperative to move from an order-based culture, to a lay-based, market-compatible culture. Arbuckle's admonitions on the time frames and the difficulties inherent in the cultural shifts might not generate enthusiastic expressions of general support. Responses to this research suggest that they are accepted, even if, in some instances, grudgingly.

The Environmental School

It is highly debatable that there is an environmental "school" of strategy. If this "school " is epitomised in terms of the environment taking centre stage, and leadership passively adapting to it, it (the "school") is out-of-date. The idea of stakeholder management, which is canvassed below, seems to have arrived at a much more constructive view of the strategic relationship between an organisation and its environment.

The three strands in conceptualising the environment school, explored by Mintzberg et al, are *contingency theory, population ecologists* and *institutional theorist* (1998:288).

The contingency view led to the need to develop systematic descriptions of the environment. This can be done under the headings of *Stability, Complexity, Market Diversity and Hostility.*

The population ecology view sees organisations as making the most of their environment, a search for what has the effect of increasing or decreasing an organisation's chances of survival. Mintzberg et al's lack of enthusiasm for the environment model, and in particular, the population ecology school, is summarised by: *Birth is accomplished with innovative ideas and entrepreneurial energy, maturity is characterised by considerable resources and power* (1998: 292).

The approach of institutional theory is for *strategy to find ways of acquiring economic resources and converting them into symbolic ones and vice versa, in order to protect the organisation from uncertainty in its environment* (1998:294). Meyer and Rowan (1977) introduced the label *institutional isomorphism* to describe the progressive convergence through imitation. They see it as having *some crucial consequences for organisations*

(a) they incorporate elements which are legitimated externally, rather than in terms of efficiency;

(b) they employ external or ceremonial assessment criteria to define the value of structural elements; and

(c) dependence on external fixed institutions reduces turbulence and maintains stability (1977:348).

Oliver (1991) disagrees with the passivity inherent in institutional isomorphism and postulates that

institutional theory can accommodate interest-seeking, active organisational behaviour when organisational pressures and expectations are not assumed to be invariably passive and conforming across all institutional conditions (1991:146).

She sets out a matrix which relates the context of organisational behaviour and motives of organisational behaviour against convergent assumptions and divergent foci, where divergent foci are divided into

institutional perspective and resource dependent perspective. Oliver has set out ten hypotheses relating the conditions for the likelihood of organisational resistance to institutional pressures.

The dimensions of environment are often seen to be abstract, vague and aggregated. Mintzberg et al ask a number of questions which are really summarised by their final question: *And finally, can any living organism really be said to lack choice?* (1998:297) They express concerns about strategic choice, which they see as the distinctive feature of the field of strategic management. Mintzberg et al believe there are some lessons to be learnt from the environmental school *about populations of organisations, about the environments of organisations, and especially about the different forms these can take* (1998:300). They then warn against becoming sidetracked by excessive overstatement or abstraction, let alone by unresolvable debate. Their readers are left to wonder why the issue was raised in the first place.

The Configurational School

In a sense, the ten strategy "schools" might be said to be an assemblage by Mintzberg and his colleagues. In the case of the configurational school, this is literally a creation of this group, and has echoes in the idea of the *adaptive mode* of strategy formulation, which is discussed later in this chapter.

The configuration school is seen as offering to integrate the messages of the other schools. There are two sides of this school: *One describes states-of the organisation and its surrounding context-as configurations. The other describes the strategy-making process-as transformations* (1998:302). Mintzberg et al explain the concept in terms of strategy-making setting out to change direction, while the resulting strategies stabilise the direction.

The "premises" of the configurational *school* may be summarised as

-periods of stability are interrupted occasionally by some process of transformation ...

-these successive states may order themselves over time into patterned sequences ...

-the process of strategy making can be one of conceptual designing or formal planning, systematic analysing or leadership visioning, cooperative learning or competitive politicking

-the resulting strategies take the form of plans or patterns, positions or perspectives, or else ploys ... each for its own time and matched to its own situation (1998:305).

These assumptions set up an adaptive school of strategy formation, which is discussed more fully below. The configurations of structure and power provide useful background to the discussion of the configurational school. A perceptive comment summarises much of how the configuration *school,* if it is a school, might fit in*. For example, the cognitive school seeks to tell us how strategists think, the entrepreneurial school how they leap, and the cultural school how they land. The configuration school suggests the sequence* (1998:315). For all this, it is probably more fruitful to think of the configuration *school* as a combination of adaptive strategy and stakeholder management, with overlays of virtually all of the other "schools"

Miller's four trajectories in his book, *The Icarus Paradox,* are another slant on configuration, especially if it is remembered that each of these organisation types, at both ends of their trajectories, are configurations. Table 2.4. illustrates Miller's trajectories

Table 2.4. The Four Trajectories

Trajectory	Turns	Into
Focusing	Craftsmen	Tinkerers
Venturing	Builders	Imperialists
Inventing	Pioneers	Escapists
Decoupling	Salesmen	Drifters

Source: Miller (1990) "The Icarus Paradox." p 5

Hurst's (1995) *organisational ecocycle* must be close to a description of how the tenets of the configurational school operate, or should operate. This is reproduced below as Figure 2.10

Figure 2.10. The "Organisational Ecocycle."

Figure 5-2 The Organizational Ecocycle
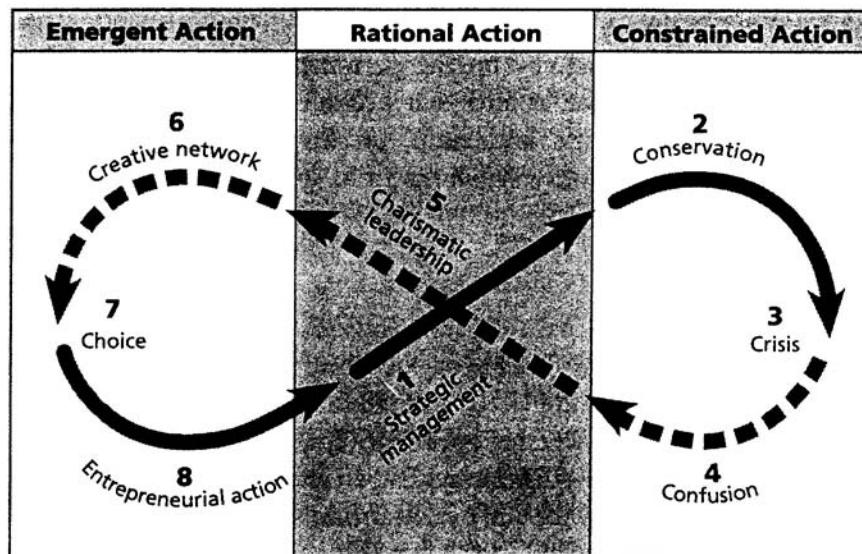
Reproduced from: Hurst (1995) "Crisis and Renewal: Meeting the Challenge of Organizational Change." p 103

Within the three headings of *emergent action, rational action* and *constrained action,* Hurst sees organisations describing a double loop in the shape of the symbol for infinity. The model has two parts. The front, solid loop describes the conventional organisational life cycle, what Hurst calls the *performance loop.* The back dotted loop, or *learning* loop, is described by

Hurst as a *renewal cycle of "death" and "re-conception."* Later, Hurst claims that, despite the conventional wisdom, there is considerable evidence that crisis plays an important part in organisational innovation.

Catholic Health Australia can be related to this loop. It has had the crisis of the environment and the trigger of the Sacred Heart sale. The back loop of leadership and creative network has led to a choice. Now the stage being enacted is probably between the entrepreneurial stage and the more rational strategic management stage.

Kotter's (1995) eight steps for top-down transformation and Beer et al's (1990) bottom-up recipe for change are strikingly similar. Both urge the mobilisation of commitment; both focus on vision; both exhort communication and consensus; both see institutionalisation of new approaches as necessary, and both build in a monitoring regime, Kotter not so explicitly. It is arguable that this borders on plagiarism, but that the prescriptions are generic. Either of these sets of prescriptions should be, and in fact are being, enacted within Catholic Health Australia.

In terms of paradigms of strategy formulation, the configurational "school" can be considered to straddle the three paradigms identified in Figure 2.1.a

Pitfalls of Planning

Mintzberg (1987) deals with strategy formation as a craft and provides a good analogy for emergent strategies. Some real pitfalls of planning identified include the following

- planning reduces a good deal *of top management's power over strategy making* (1994:161) and *commitment lower down* (1994:163). A justification for "vertical slice" workshops is that they attempt to address this issue

- *planning is a centralising process* (1994:166) and undemocratic. A good example of this is a multinational bank with an excellent, highly interactive performance management process.

Unfortunately, the central international planning cycle precedes the interaction and pre-empts personal goal setting

- *plans* (1994:173) and *planning* (1994:175) are both inflexible. This is arguably the single most important reason for people to ignore formal plans or to go through the motions

- planning *encourages incremental change at the expense of more quantum change* (1994:178) and hence inhibits creativity, particularly creativity which puts forward disruptive alternatives. These views may be valid for very large organisations with strong bodies of professional planners. However, formal planning "cookbooks" geared to smaller enterprises and self-help planning canvass creative ideas and quantum change. In Morkel's (1987) updated workbook for the Company Director's Association the model used and the planning gap concept (1987:68) both call for creative ideas and new initiatives. The approach becomes progressively less creative with larger organisations

- *strategic vision and strategic learning* (1994:209) are seen as more appropriate ways to deal with an uncertain world. Managers in today's world, from sheer necessity, learn intuitively. The reality of learning organisations may well be ahead of some of the literature. Where managers are guided by a vision and/or a visionary leader, they will often deal with unexpected change more deftly.

The uncovering of dysfunctions of the basic planning process is not good news to practising managers, even if it is not entirely surprising. Professional planners and planning consultants often tend to gloss over these deficiencies.

Mintzberg (1994: 221) quotes Wildavsky's (1973:128) assertion that maybe the failures of planning are integral to its very nature.

Summary of the Strategy "Schools."

After tracing the evolution of the schools, Mintzberg et al produce detailed tables of the various schools. Extracts from these tables are set out in Chapter Five. The authors then raise a set of questions as to generic strategies, including the issue of deliberate or emergent strategies, whether strategy formation is a personal, technical, physiological, collective process, or even a non-process. Also, how do strategists reconcile the conflicting forces for change and for stability, and finally, how much do organisations learn, how easily, and how, when and where? Mintzberg et al make the very telling point that *the greatest failings of strategic management have occurred when managers took one point of view too seriously* (1998:368). Finally, they attempt to put all of the schools into one diagrammatic model, in which the cognitive school is seen as the one which attempts to get inside the black box of strategy formation, and which places the configurational school as the surrounding umbrella. This diagram is reproduced as Figure 2.11.

Figure 2.11: Combining the Schools

FIGURE 12–3

SPLITTING THE PROCESS*
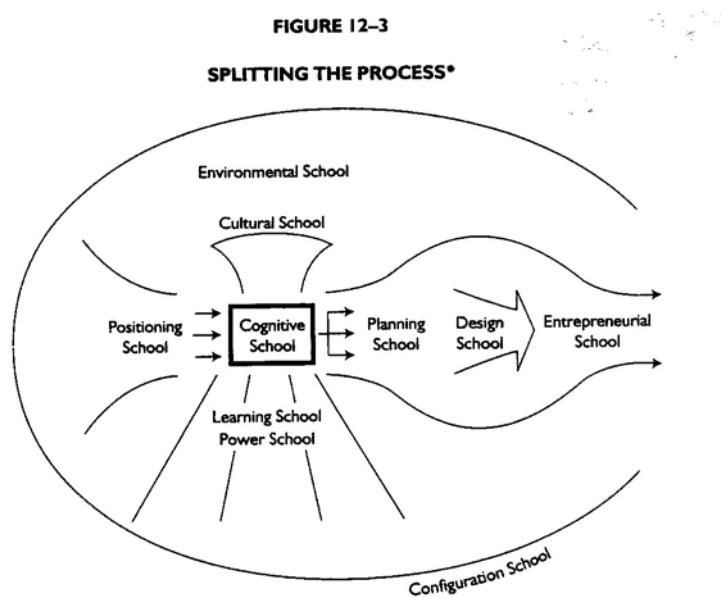
*Our thanks to Patricia Pitcher, who suggested a similar diagram.

Reproduced from: Mintzberg et al (1998) "Strategy Safari." p 371

The location of the configurational school is logical, as, perhaps, is that of the cognitive school, if the concept of these as schools is accepted. The

placement of the other schools is more likely to reflect the mindsets of the people who drew it, rather than a picture of the reality of strategy formation. Like qualitative research, the above diagram is a construct of perceived reality. It is arguable that it is a construct of one of the infinite constructs of reality which might be postulated

The linear model used in this research may be a hybrid of the design and planning schools, but it is recognisably a deliberate, prescriptive strategy formulation model. People identify it as such.

What Mintzberg et al (1998) call the *grassroots,* or learning, model of strategy formation is a reasonable description of the emergent/discovery process used in this research.

Mintzberg's earlier move to constructive discussion (1994) centred on seeking the middle ground between the two planning extremes and considering the roles that planning, plans and planners can assume.

He made the point that effective organisations must couple analysis with intuition (1994). Mintzberg saw the solution to the planning dilemma as bringing together the two modes of thinking. He went on to develop what he called a *strategy for planning* (1994:330). He saw the strategy making process as an impenetrable black box around which, rather than inside of which, planning, plans and planners work. Many strategic management consultants fit, or aspire to, this mould of soft analysis.

Mintzberg (1994) asserts that organisations engage in formal planning to programme the strategies they already have. This has struck a very responsive chord with the people who helped in this research. He goes on to point out that planning, as strategic programming, requires a stable environment and industry maturity. The conditions Mintzberg poses for strategic programming, equate mainly to large organisations in mass production environments. This filter is difficult to question, despite the fact that it eliminates statistically the numerical majority of organisations and practising managers. It leaves unanswered the needs of small and medium sized enterprises (SMEs), as well as all professional service organisations,

such as health and aged care entities, consultancies and, inter alia, the entire travel and hospitality industry. If strategic programming can be beneficial, what can substitute for it in organisations or operating environments which do not fit the criteria?

Planners and Planning

Mintzberg has developed a conceptual model of strategy formation, which encompasses the interaction of intuition and analysis of plans, planning, planners and managers to form strategy. His attempts to place planners in different structural contexts may be simplistic, even dated. Mintzberg has debunked much of planning orthodoxy. By his own admission (1994) his criticisms may be overstated.

The implications of the framework are that planners would need to have particular qualities, and these will vary from industry to industry, organisation to organisation and planner to planner, or, to quote one of the religious respondents, from order to order. Mintzberg contends, very reasonably, that the job is better done by selected line managers (1994). Igor Ansoff probably shares this view, as evidenced by his comments to a conference of postgraduate business students at the University of Aix-Marseilles in June 1975 (attended personally, with Henry Mintzberg present.). It is important that the specific, complex roles be teased out and the bio-data carefully matched and monitored, or the process will slide to the wrong end of the planning continuum, whatever that may be.

Mintzberg's attempts to fit organisational contexts with planners are less satisfying than his conceptual model. He trivialises the role of left-brained planners in machine bureaucracies (1994:402) as locked in a corner waiting to pounce on radical changes. Machine organisations respond to a particular needs profile of size, simplicity of concepts and complexity of tasks. They often include managers who do bring their brains and intuition to work with them. Certainly the implementation and scrutiny of strategies will be a

formal, analytical task, but the need to form even ongoing strategy will remain and will need a balance of very talented left and right-brained planners and managers. Planners and managers with an instinctive feel for the simple, but immensely powerful, political mechanisms of machine bureaucracy, and with nimble brains to negotiate up and down and across the structural tunnels and around the occasional brick walls, will be inordinately influential. One possible model for creating the very large industries of the future may be elitist, technocratic bureaucracy look-alikes using horizontal strategies and teams, not just structures, to innovate and seize the high ground.

Mintzberg's discussion of strategic analysis in professional organisations may be influenced by the choice of universities and hospitals as exemplars. These environments seem to be characterised by bargaining between individuals and administrative groups. Many professional organisations, for example the whole range of consultancies, and, perhaps, religious congregations, are much more team and collegially oriented. The presence of a small core (down to one) of planners in such organisations who fit Mintzberg's specifications can, and often does, open many possibilities in an environment which is very fluid, with industry boundaries falling down and services proliferating. There is almost a black hole (or impenetrable black box) of strategy formation going begging. It may need to be teased out at the level of industries or even coalitions of industries. Mintzberg's conclusions on the very limited role of planners and planning are an opportunity missed because of a limited choice of exemplars.

Mintzberg (1994) sees adhocracies as fertile ground for creative planners. Katzenbach and Smith's model (1993) of high-performing organisations resting on the primary building blocks of teams may become more common in the future and will require very creative planners-and managers.

Mintzberg's simplistic comments on diversified organisations (1994:411) almost caricature this organisational form. Diversification has so many forms, with horizontal strategies, benchmarking, team working,

multinational and transnational structures, as well as two and three-dimensional matrices, that generalisation about the restricted role of corporate planners is inappropriate. The decision processes, which lead to diversification and the bewildering array of structures, behaviours and issues involved in forming diversified strategies, appear to be a very fertile arena for some motivated, highly competent and politically adept planners.

The treatment of planning in political organisations and in ideological organisations (1994:412) provides interesting comment. Of particular interest to this research are Mintzberg's ideas on ideological organisations. Catholic health entities are, or should be, driven by a value system which could be regarded as ideological. In Mintzberg's view, this could be expected to decrease their propensity to accept the calculative nature of planning. Fieldwork results seem to support this view. Practical attempts to plan in political and ideological organisations should be preceded by careful study of the environments themselves. There is a strong case for an adaptive approach, which is very pertinent within the disparate Catholic health environment.

At the practical level, Mintzberg's ideas require much more than intellectual acceptance of the ideas and the psychometric screening of candidate planners. It will require a major change in mindsets for managers, planners, consultants and academics to develop an environment congenial to strategy formation in line with the new model. Only a massive effort of education will bring about a deep understanding of Mintzberg's concepts.

Mintzberg (1998) provides a perspective on managing professionals, using the example of a symphony orchestra and its conductor. In an orchestra, and, by implication, other organisations with a preponderance of professionals, he observes that the profession itself, not the manager, supplies much of the structure and coordination. He uses the term *covert leadership* which he sees as much more of operating, as distinct from leading, *let alone directing* (1998:143). Another aspect of covert leadership (1998) is linking. Mintzberg points out that, while professionals require little direction and

supervision, they do require protection and support. This mirrors Mintzberg and McHugh's (1985) comments above about buffering artists.

In the hospital context, Mintzberg worries about more *professional* management, which lacks an intimate understanding of what is being managed, as an invitation to disharmony. He points to a cleavage between the managing *up* and *out* of senior managers, and the managing *down* and *in* of operating managers In hospitals Mintzberg identifies a type of *concrete floor* which blocks the downward exercise of authority (1998:146).

These insights highlight the complexity of the strategic challenges likely to be encountered by the proponents of this change process.

A number of roles have been identified for planners, including

- *finders of strategy* This may be one of Mintzberg's most significant contributions to the whole study of strategy formation. The analogy of an *impenetrable "black box"* places creativity and intuition in a conceptual "too hard basket." Now he poses a role for planners, of dipping into the box to seek out patterns or actions to be interpreted. This takes a special type of planner. Perhaps the requirement to overlay an analytical strength with deep intuition is the essential attraction, which will bring the best and most experienced talents into planning and encourage them to make a significant contribution to the formation of strategy. These comments would apply equally to managers

- *planners as analysts.* Mintzberg makes the point that probes show that effective planners spend a good deal of time carrying out analysis of specific issues to be fed into the strategy making process on an ad hoc basis. He then goes on to define the different categories of analysis. There is analysis for managers the *largely hard data that must be considered by managers, but for which they lack the time or inclination to do themselves.* (1994:368) and external analysis, the examination of the environment in which the organisation operates and forms strategy. Mintzberg outlines

several facets of this type of analysis, which go far beyond the "OT" of SWOT analysis. Finally, he describes *internal strategic analysis and the role of simulation* (1994: 75). This goes beyond the "SW" of SWOT analysis, and must be conscious of informal intuitions buried in the subconscious mind. It also must recognise that systems can be *counter-intuitive* and even *counter-analytic*. (1994:378) In the Integration 2000 process, the level of analysis necessary to take such a complex set of strategies forward might have to find a home, whether it is assigned to an under-resourced Secretariat, or whether it is outsourced by the Stewardship Board. The important issue is to have some capacity for the intellectual task of proactively supporting, even on an ad hoc basis, the thinking which must go into the final shape of Catholic health in the next five to twenty years

- *planners as catalysts* Planners as catalysts would have the task of evangelising the "propensity to plan." This should strike a chord with most managers and all planners. In the Integration 2000 process, the consultants engaged in the early stages, the Secretariat, the Stewardship Board and the National Commission should all be acting as catalysts for the daunting task of strategy formation which lies ahead.

All of these roles coalesce into the framework which is reproduced as Figure 2.12 overleaf

Fig. 2.12: A Framework for Planning, Plans, Planners
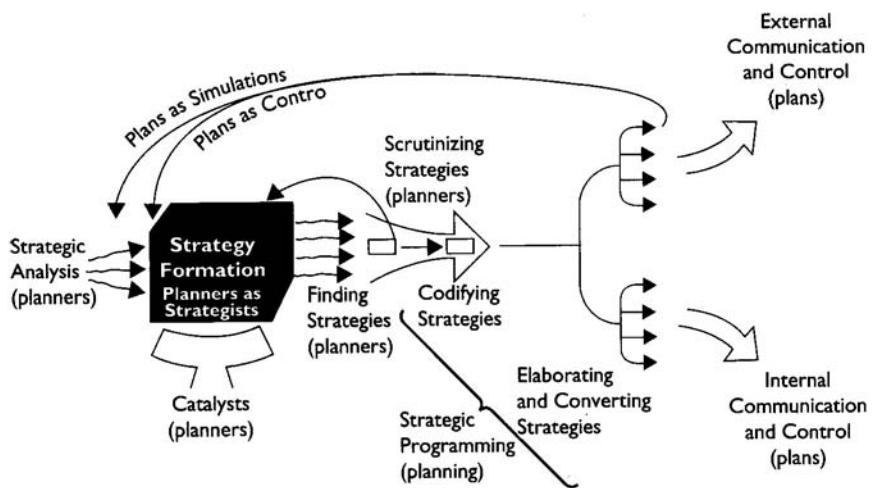
Figure 6–7
A Framework for Planning, Plans, Planners

Reproduced from Mintzberg (1994) "The Rise and Fall of Strategic Planning."p 392

This framework brings together the roles of planners, plans and planning and recognises the fact that planners can act as strategists. Conceptually and practically, this is a much more plausible set of events than the basic planning model. It may take time and effort before it is understood and put into effect. However, it carves out much more meaningful roles for planners and managers in strategy formation. The research has uncovered some evidence that current practice is beginning to pick up on at least some aspects of Mintzberg's framework.

Glueck (1972) provides a comprehensive course in business policy, with useful readings and an array of case studies. He (1972:8) sets out as one of the goals of business policy to present knowledge of strategy formation. Glueck details (1972:9) an outline from the University of Georgia of the objectives of a strategy formation course. He defines the essence of planning as *"the selection of strategic objectives in the form of specific sequences of action to be taken by the organisation"* (1972:73). Glueck provides an excellent discussion of values and strategy decisions, together with a reading outlining research in this area. He sets out four steps which supposedly define

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strategy formation and managerial action. Although the steps provide a framework for analysis, the definition of strategy formation comes down to "next choose a strategy". For all this, Glueck does offer wise insights and thoughtful readings which in 1972 were probably well ahead of their time.

The Process of Strategy Formation

Minzberg defines strategy formation as an impenetrable *black box* (1994:331) around which, rather than inside of which, planners work. Hax and Majluf (1996:16) make the point that neither the formal-analytical nor the power-behavioural paradigms adequately explain the way successful strategy formation processes operate. This research has attempted to define perceptions of the conversion processes inside Mintzberg's box as well as examine the analytical and strategic programming activities happening around it. In the process, it will evaluate Mintzberg's assertion that strategic planning is an *oxymoron* (1994:321).

Mintzberg has offered some clues as to how the process of strategy formation should proceed. His relentless attack on the basic planning model is extreme, and may ignore many of the creative strategies, which have happened. He may have only scraped the surface of the complexities of understanding the process of strategy formation, but he has made a comprehensive start. Mintzberg's model provides for the analytical and intuitive inputs, which interact to produce strategies and plans which are scrutinised, programmed and disseminated. The field of dealing with a chaotic, far-from–equilibrium world still needs to be addressed more satisfactorily.

Other Strategy Models

Stakeholder Management

The concept of stakeholders highlights a problem in the language of strategy formulation. Without debating the origins of the term, which Freeman (1984) traces back to the Stanford Research Institute (now SRI International) in 1963, it is clear that at least three definitions of stakeholders have been put forward. These are identified by Freeman. Firstly, there is the SRI definition. The original definition of the term, by Stanford Research Institute, set out to generalise the notion of stockholders as the only group to whom management need be responsive. Freeman quotes the original definition as *those without whose support the organisation would cease to exist* (1984:31). This highlights the importance of identifying stakeholders who fit this definition in an environmental scanning exercise. This definition would have been what Ansoff (1965) was using when he effectively rejected the idea in favour of looking at economic and social objectives separately, with social objectives dealt with as constraints.

Rhenman (1968) used the concept of stakeholders in his work on industrial democracy. His definition, quoted by Freeman, narrowed the definition to any group who places demands on the company and on whom the company has claims, rather than any group whose support is necessary for the survival of the firm. As Freeman points out, this rules out government and adversarial groups, who are dependent on the firm, but on whom the firm does not depend.

Thus, in the 1960s, the stakeholder notion was somewhat limited, and reactive. It focused quite heavily on survival. In terms of the language of strategy formulation, this view is almost a separate school of strategy, to be superseded by people who widened these definitions and developed a more proactive and inclusive vision of stakeholder management.

Freeman's contribution has been to develop the stakeholder concept as a major component, if not the major component, of strategic management. He

sees it as *a concept which begins to turn managerial energies in the right direction* (1984: vi). In the process Freeman has clarified an understanding of the framework and philosophy of stakeholder management, developed a comprehensive body of strategies for interacting with stakeholders, and assessed the implications at board and functional manager level.

Freeman traces the development of a different *paradigm* to the simple production view where suppliers provide resources for the firm to produce products for sale to customers. The managerial view envisages two-way links between the corporation and its managers with suppliers, customers, employees and owners. Then the additional influences of external change lead to the stakeholder view, which is the basic paradigm from which Freeman views strategic management. Figure 2.13. shows a stakeholder view of a firm.

Figure 2.13. A Stakeholder View of the Firm.

EXHIBIT 1.5 *Stakeholder* View of Firm*
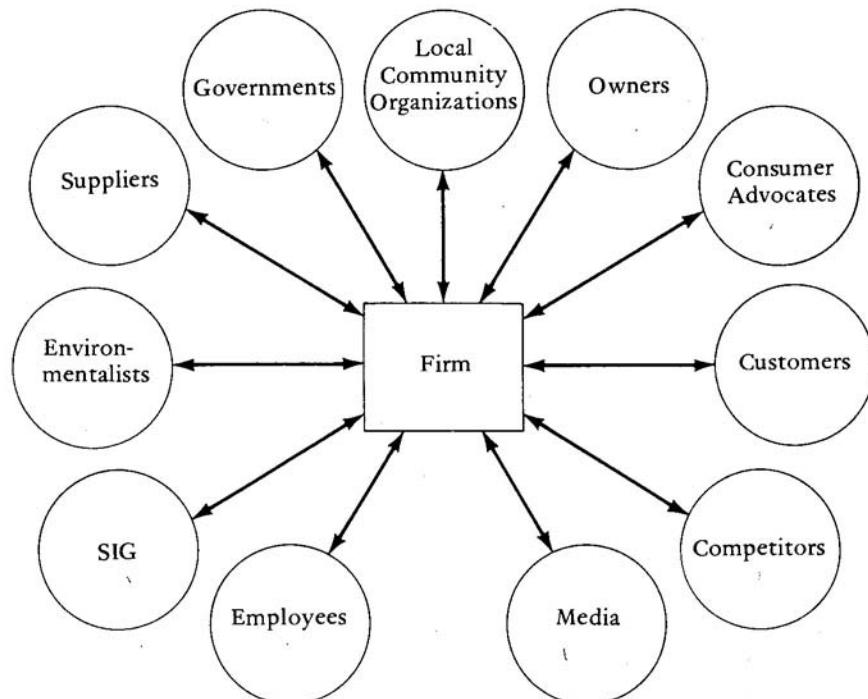
*Stakeholder = Any group or individual who can affect or is affected by the achievement of the firm's objectives. The groups listed here are examples of categories of stakeholders.

Reproduced from: Freeman (1984) "Strategic Management: A Stakeholder Approach." p.25.

Application

Freeman has developed a number of propositions which encapsulate his views on the application of the stakeholder approach. He notes that the *corporate planning* use of the concept *is that stakeholders are identified at a generic level as customers, suppliers, owners, public, society, etc., and analysis is performed at that level of generality* (1984:35). Freeman sees this view as treating the stakeholder as static, and ignoring adversarial groups. In a stable, non-adversarial environment, this view might suffice. In a more turbulent environment, and in line with a more comprehensive view of the stakeholder concept in strategic management, Freeman has provided this definition: *A stakeholder in an organisation is (by definition) any group or individual who can affect or is affected by the achievement of the organisation's objectives* (1984:46). This encapsulates the interactive relationship at the heart of using the stakeholder approach in strategic management, and implies three levels at which to understand the process, which an organisation uses, to manage the relationship with its stakeholders. The stakeholders must be identified; the organisational processes used to manage the stakeholder relationship need to be understood; and finally the organisation must understand the *set of transactions or bargains among the organisation and its stakeholders and deduce whether these negotiations 'fit' with the stakeholder map and the organisational processes for stakeholders* (1984:53). As well as defining the stakeholder interaction better, these propositions might place Freeman's thinking in the positioning *school.* He recognizes this and proposes the addition of a sixth force, *Relative Power of other Stakeholders* to Porter's (1980) *five forces* concept. Freeman then goes on to explore the idea of generic strategies for other stakeholders, depending on their relative cooperative potential related to their relative competitive threat. Figure 2.14. reproduces the model of generic stakeholder strategies.

Fig. 2.14: Generic Stakeholder Strategies.
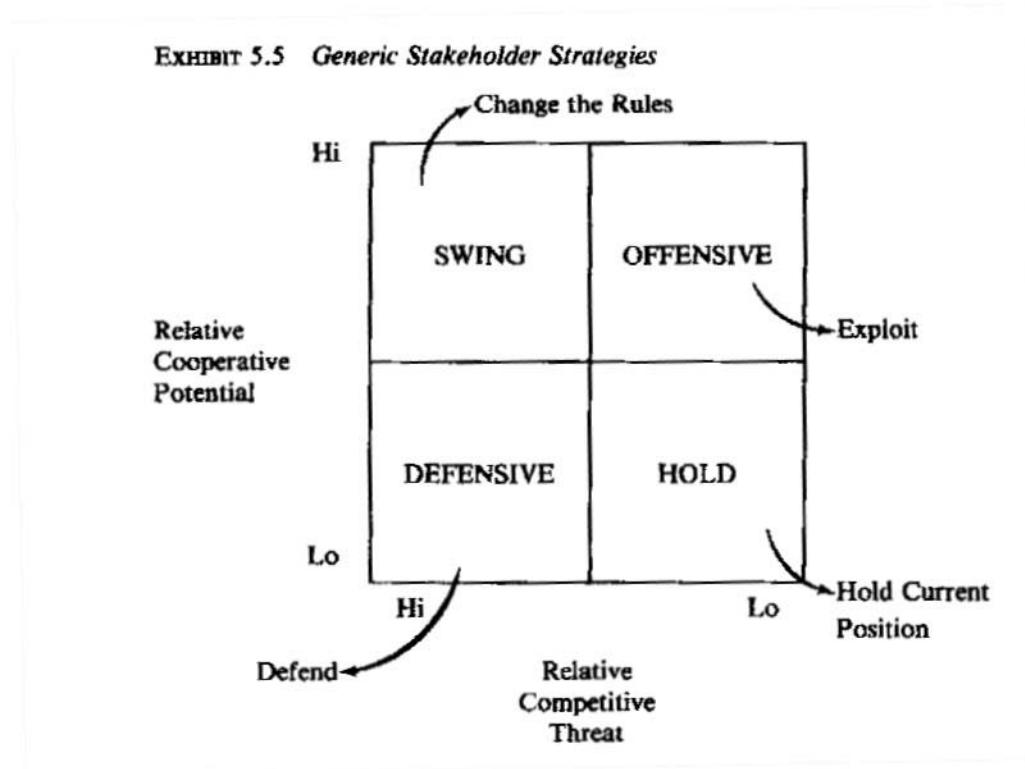
EXHIBIT 5.5   *Generic Stakeholder Strategies*

The propositions covering these strategies are logical and convincing, and the strategies are generic, not specific. However, the idea of reducing the stakeholder interaction to two dimensions and four generic strategies may be losing the subtlety of some stakeholder relationships. How would a generic stakeholder analysis deal with, or even identify, the impact of the "sugar daddy" market on the specifications of a brutally powerful, "white-knuckle" variant of a popular local automobile? (This group of stakeholders accounted for fifty percent of the market, and were catered for with automatic transmissions, power steering and tinted windscreens, all sacrileges to "muscle-car" buffs).

Freeman advocates that, in their dealings with stakeholders, organisations voluntarily adopt a posture of negotiation, to avoid giving up

managerial prerogatives to outside imposition, and the cost of adversarial proceedings. In support of this stance, he advocates a number of propositions, namely, that organisations with *High Stakeholder Management Capability*

- *design and implement communication processes with multiple stakeholders*
- *explicitly negotiate with stakeholders on critical issues and seek voluntary agreements*
- *generalise the marketing approach to serve multiple stakeholders.*
- *integrate boundary spanners into the strategy formulation processes in the organisation*
- *are proactive*
- *allocate resources in a manner consistent with stakeholder concerns*
- *include managers who think in 'stakeholder-serving' terms* (1984:78).

He supports these propositions with an outline of the techniques of stakeholder management, notably stakeholder analysis itself, value analysis, social issues analysis, as well as a typology of enterprise strategy. One element of this is what he calls *Rawlsian strategy,* whereby, for example, a firm seeks to raise the level of its least well-off stakeholder and to ensure that its employment and promotion practices encourage equal opportunity to all social groups. Freeman clarifies this later by asserting, in a discussion of values, that the stakeholder issue must be resolved in the arena of distributive justice. A respondent to this research defined distributive justice as treating people, not equally, but fairly.

Freeman goes on to discuss the practicalities of organising for, implementing and monitoring a stakeholder approach. A writer introducing an interactive approach in a turbulent environment has two options. He or she can do as Freeman has done, and develop practical propositions, which face the criticism of being, if not overtly prescriptive, at least *dirigiste*. Or they can

outline the concept and recognise that the turbulent world may frustrate many of the prescriptions.

At the very least, Freeman's contribution to stakeholder management represents a proactive reworking of Porter's positioning theories. At the other end of the scale, it purports to create, and may have created, a new paradigm of strategic management. One view of Integration 2000 and Catholic Health Australia may be that it is a very challenging arena of complex stakeholder interactions, and that a comprehensive stakeholder management approach is the optimum strategy option.

In terms of identifying *schools* or paradigms of strategy formulation, and placing them on a time line, the varying definitions suggested that stakeholder management needed to be placed twice in the integrative framework.

Adaptive Planning.

The idea of adaptive planning can be easily fitted into one or other of the strategy "schools" and appears in a number of places in the literature. Some of this literature is reviewed with a view to locating it within the integrative framework.

Ackoff (1970) identifies three points of view in planning, namely *satisficing, optimising* and *adaptivising.* Adaptivising is referred to as innovative planning, with three key features

- It sees the principal value of planning, not in the plans it produces, but the process of producing them
- Planning should be directed toward removing deficiencies produced by past decisions
- Planning needs to be geared to our knowledge of the future

Adaptive planners are seen to believe that, if they design organisations that are foresightful, innovative and rational, much of the need for planning is removed. The idea of rationality is important. In fact, Ackoff, in a

bibliographic note, sees Lindblom's ideas as a strong argument for *satisficing,* with a dash of adaptivising and against optimising

Mintzberg has developed his thinking around and beyond adaptive planning since 1967, when he developed the idea of a *muddling through* manager (1967). He went on, in 1973, to describe an *adaptive* mode as one of three modes of strategy-making. This mode of planning is related to his earlier *muddling through* approach, and again pays homage to Lindblom's (1959) concept of the *successive limited comparisons (branch)* approach to planning. Mintzberg also quotes Cyert and March (1963) as supporters of his ideas on the adaptive mode. These authors make the point that their theory *characterises the firm as an adaptively rational system rather than an omnisciently rational system* (1963:99). Their work includes four relational concepts, *quasi resolution of conflict, uncertainty avoidance, problemistic search* and *organisational learning.* Within Cyert and March's concepts are such processes as *local rationality, acceptable-level decision rules, sequential attention to goals, motivated search, simple-minded search* and adaption processes. All of these rules and processes reinforce the idea of an adaptive mode of planning. Cyert and March seem to be taking a more rational view of adaptive planning than Mintzberg. Their approach echoes Ackoff's, or vice versa.

Mintzberg et al (1998) later place Lindblom's *muddling through* and Quinn's *logical incrementalism* in the learning "school". This results from their association of emergent strategies, and the dangers inherent in this, with learning.

The Catholic health and aged care sector has already taken the Integration 2000 objective a long way with incremental policy steps which express a strong commitment to collaboration. A debate as to whether this is learning or adaptivising, rational or subjective, is probably as futile as the debate on whether to classify strategy "schools."

Chaffee identifies three models of strategy, *linear, adaptive and interpretive.* Her summary of the *linear* model (1985:90) highlights the focus

on planning and rationality, the reliance on a predictable future and a one-dimensional view of the environment. This corresponds to the design and planning "schools". Chaffee distinguishes the adaptive model from the linear by asserting that the organisation must *change with* the environment rather than *deal with* it. The adaptive model would find echoes in Porter (1979) and his positioning strategies. While Porter is confining his consideration to market forces, the idea of fit is central to his models. The final model, *interpretive strategy*, assumes that reality is socially constructed. In this, it will have much in common with the underpinnings of qualitative research

The adaptive model depicted here is seen by Chaffee to have five differences from the linear model

> *1 monitoring the environment and making changes are simultaneous and continuous functions in the adaptive model*
>
> 2 this model is less focussed on *goals,* and more on *means.* This concurs with Ackoff's view
>
> 3. s*trategic behaviours* under this model go beyond *changes in products and markets* to *subtle changes in style, marketing quality and other nuances*
>
> 4. s*trategy is less centralised* and *more multi-faceted*
>
> 5. t*he environment is considered to be a complex organisational life-support system, consisting of trends, events, competitors and stakeholders* (1985:92).

The adaptive model here depicted relies heavily on an evolutionary biological model of organisations. In terms of the integrative model, this definition is taking adaptive planning further toward the non-linear side than the definitions above.

Miles and Snow enunciate three pivotal ideas

> *1. organisations act to create their own environments*
>
> *2. management's strategic choices shape the organisation's structure and process*
>
> *3. strategy and process constrain strategy* (1978:5-8).

Miles and Snow develop the idea of a cycle of organisational adaptation, which *hinges on the dominant coalition's perceptions of environmental conditions and the decisions it makes concerning how the organisation will cope with these conditions* (1978:21). The three major problems which management must continually solve are entrepreneurial, engineering and administrative problems. The adaptive cycle is illustrated in Figure 2.15. below

Figure 2.15: The Adaptive Cycle.
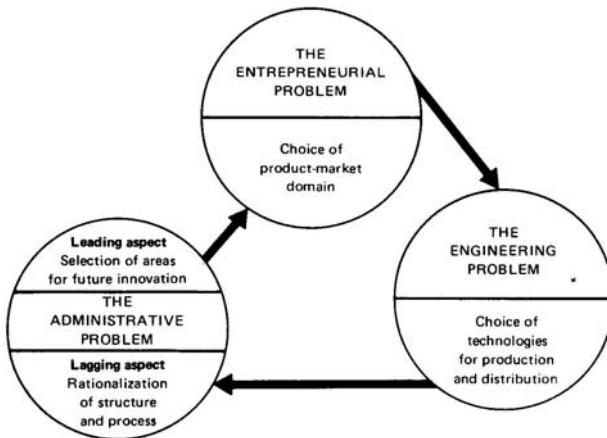
Figure 2-1 The adaptive cycle.

Reproduced from: Miles and Snow (1978) "Organisational Strategy, Structure and Process." .p 24

Miles and Snow have identified four organisation types, each with its own strategy for responding to the environment, and each with a particular configuration of technology, structure, and process that is consistent with its strategy. These are termed *Defenders, Prospectors, Analysers* and *Reactors.* All of these types are portrayed as *integrated wholes in dynamic interaction with their environment.* This implies that Miles and Snow's perception of an adaptive strategy is less linear than, say, Mintzberg's earlier views, but wholly consistent with Chaffee's biological parallels.

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Interpretive Strategy

Chaffee has identified an *interpretive* strategy, resting on a social contract base, and the assumption that reality is socially constructed. Van Cauwenbergh and Cool (1982) define the role of top management in an environment which seems to lend itself to Chaffee's *interpretive strategy.* They see the role of top management as *to secure the survival of the company in an increasingly turbulent environment and hence to animate and monitor strategic behaviour at lower levels.* These authors go on to assert that top management *ought to be the catalyst of strategic thought and activity of lower level management.* (1982:253) This is done by managing organisational culture and motivating adequate strategic behaviour at lower levels.

Chaffee sees interpretive strategy as depending heavily on symbols and norms. She sees interpretive strategy as mimicking linear strategy in its emphasis on dealing with the environment, with an important difference, that the interpretive strategists deal with the environment, not with organisational actions, but with symbolic actions and communication. Chaffee sums up her three models as follows

> *In linear strategy, leaders of the organisation plan how they will deal with competitors to achieve their organisation's goals. In adaptive strategy, the organisation and its parts change proactively or reactively, in order to be aligned with consumer preferences. In interpretive strategy, organisational representatives convey meanings that are intended to motivate stakeholders in ways that favour the organisation* (1985:94)

In terms of the basic question of this research, the strategy models implicit in the interview guide find strong echoes in Chaffee's *linear* and *interpretive strategies.* It may be difficult to place the interpretive strategy on the linear/non-linear continuum. Logically, it should be more towards the non-linear paradigm than adaptive strategy, but the emphasis on dealing with the environment does not sit so comfortably with this.

An Organisational View.

Images of Organisation, by Gareth Morgan sets out to explore and develop *the art of reading and understanding organisational life* (1997:4). [The first book of this name was written in 1986. The 1997 third edition reproduces the earlier text in most instances, but it adds some newer concepts. Thus in most cases, this chapter quotes the 1997 text]. Morgan bases his ideas on the simple premise that *all theories of organisation and management are based on implicit images or metaphors that lead us to see, understand and manage organisations in distinctive yet partial ways.* Despite its ability to create valuable insights, metaphor is, by its nature, incomplete, biased and potentially misleading. In Morgan's words

> *Metaphor is inherently paradoxical. It can create powerful insights that also become distortions, as the way of seeing created through a metaphor becomes a way of not seeing* (1997:5).

Morgan offers in this book a clear point of view, namely that metaphor is central to the way we "read" and understand organisational life. At the same time it does not advocate a single perspective. Rather it offers a *way of thinking.* Morgan's insights put strategy formation into particular contexts, and may trigger some connections for future research in this field.

Images of Organisation includes eight different metaphors for organisations, namely organisations as machines, organisms, brains, cultures, political systems, psychic prisons, flux and transformation and instruments of domination.

The background to each metaphor is explored, as well as its strengths and limitations. There will be overlap between these ideas and those of other authors. The overlap needs to be assessed in the light of Morgan's assertion that all theory is metaphor. A recognition of this concept should make it

easier, rather than harder, to place ideas (metaphors) within the integrative framework.

Organisations as Machines.

The mechanistic organisation has its origins in military, government and business bureaucracies, and spawned such innovations as Taylorist time and motion study, reengineering, and the dominance of many leading management consultancies by engineers. The researcher, recruited as a strategy consultant, was thoroughly trained in work study and clerical work measurement (which has re-emerged, virtually unchanged, as process reengineering). The main impetus, in Morgan's view, has been the increasing mechanisation of production. One of the most singular features of mechanisation has been that it tended to robotise people. Morgan asserts that Taylor came before his time, because his ideas make superb sense for organising production when robots are the main productive force. Mechanistic organisations work well when the task is straightforward, the environment is relatively stable, when production is standardised, when precision is important and when the people are compliant. These conditions are becoming rarer, and the in-built inflexibility makes it difficult for machine organisations to react to changing circumstances. This image of organisation fits very strongly at the linear/prescriptive end of the integrative framework.

Organisations as Organisms.

Organic organisations have a mixed heritage, probably because, in Burns and Stalker's words

One system, to which we gave the name 'mechanistic', appeared to be appropriate to an organisation operating under relatively stable conditions. The other, 'organic', appeared to be required for conditions of change (1994:5). Conditions of change are seen to accommodate adjustments to organisations to provide a more congenial and personally rewarding work and

career environment, as well as to accommodate a changing, or fluid environment. This latter consideration raises the concept of an "open system." If the biological manifestations of an open system are adapted to organisations, then the terms *homeostasis, entropy/negative entropy, structure, function, differentiation, integration, requisite variety, equifinality and system evolution* must take their place, in metaphor form, in the organisational lexicon. Organisations as organisms are seen to be, not separate from the environment, but elements in a complex ecosystem. Examples quoted cite the various ways in which organisations fit this holistic vision through collaborative actions of all kinds. The ethic of collaboration is seen by Morgan as the *survival of the fitting* (1997:65). Catholic Health Australia is fostering, or perhaps should foster, an organismic view of the entities in the sector. Organisations as organisms would seem to fit in the middle of the integrative framework in Figure 2.1(b)

Organisations as Brains.

The parallel of the hologram is particularly apt for this image of organisation. What sets holography apart is that it is possible to use any single piece to reconstruct the whole image. Morgan points to evidence that the living brain shares at least some of this capacity. The metaphor of organisations as brains stresses information processing, innovation and learning, especially "double-loop" learning, which challenges the basic assumptions and norms.

Organisations as brains are seen by Morgan as using double-loop learning and innovation. An implication of this is that organisations must develop cultures that support change and risk-taking. Organisations that fit the holographic parallel are summarised as

organisations that are able to grow, develop, and change their personalities along with changing experience. They would, in short, be

intelligent, self-organising brains that reflect all the qualities of what we describe as a 'learning organisation' (Morgan, 1997:101).

These principles are illustrated in Figure 2.16 below:

Figure 2. 16: Principles of Holographic Design.
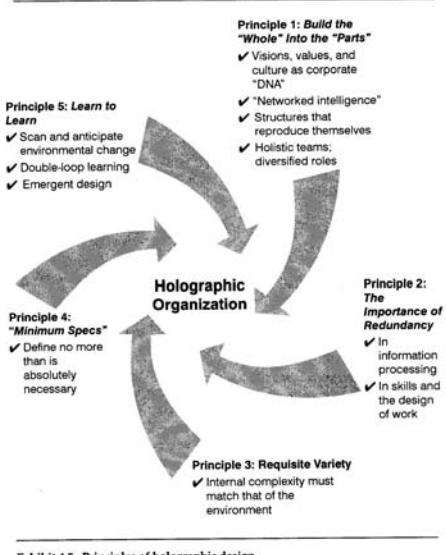
Exhibit 4.5. Principles of holographic design

Reproduced from: Morgan (1997) "Images of Organization." p 103

This metaphor begins to echo some of the ideas of self-organisation and dissipative structures inherent in a non-linear view of the world, discussed later in this chapter. For instance, the idea of redundancy would strike a chord with the idea of entropy. In terms of the integrative framework, the metaphor of organisations as brains pushes them towards the non-linear paradigm. Further experience with, and development of, the concept will no doubt push it even further. There may be a lesson for CHA in this concept. In creating brain-like capacities for self-organisation, *it is vital that the cultural codes uniting an organisation foster an open and evolving approach to the future* (1997: 102).

Organisations as Cultures.

The first idea explored by Morgan is that organisation is itself a cultural phenomenon that varies according to a society's stage of development. Then patterns of culture and sub-culture are explored. The concepts of variations in culture between societies are not so relevant to this research. The ideas of organisations as the enactment of a shared reality are crucial.

> *The culture metaphor points toward another means of creating and shaping organised activity: by influencing the ideologies, values, beliefs, language, norms, ceremonies, and other social practices that ultimately shape and guide organised action* (1997:147).

This goes to the heart of Catholic health and aged care, with one major qualification. Many of the elements of organisational culture still left in this sector are deeply embedded charisms and commitments to the Catholic ethos. The point is made that culture should not be viewed as a phenomenon with clearly defined attributes, a mechanistic view. The appropriate view is holographic, where a distinctive ethos will pervade the whole organisation. This will strike a real chord with the participants in Integration 2000. They will not change easily, even if, as some respondents assert, there will not be time for them to change slowly. Morgan makes the point that the fundamental task is to create *appropriate systems of shared meaning that can mobilise the efforts of people in pursuit of desired aims and objectives. The two key words here are 'appropriate' and 'shared'* (Morgan 1997:147). The fact that culture and the management of culture are somewhat elusive concepts place this metaphor somewhat towards the bottom of the integrative framework.

Organisations as Political Systems

The idea of organisations as political systems has already been canvassed in the earlier discussion on the power school of strategy. This discussion covers much of the same ground, but takes more of an

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interpersonal perspective on the topic, regarding organisations in the same light as mini states, where the relationship between individual and society is paralleled by the relationship between individual and organisation. The interaction between *interests*, conflict and behaviour on the one hand, in the context of unitary, pluralist and radical views of organisations is explored. Thirteen important sources of power are identified and discussed, as are the five conflict-handling modes of *competing, collaborating, compromising, avoiding and accommodating* (1986:193). In a major change initiative, such as Integration 2000, all of these modes have the potential to come into play.

A major strength of this metaphor can be summed up as facing reality, by exploding the myth of organisational rationality, and recognising that diverse interests must be dealt with. A limitation is expressed well in the words

> *the political metaphor may overstate the power and importance of the individual and underplay the system dynamics that determine what becomes political and how politics occurs* (1986:198).

In the integrative framework, the political metaphor probably fits in the centre.

Organisations as Psychic Prisons.

This concept explores the nature and significance of organisations as a distinctively human phenomenon, with the trap of favoured ways of thinking, the significance of the organisation on the unconscious and on human repressions, of the patriarchal family nature of organisations, of the role of anxiety and of symbols. The concepts of *organisation, shadow and archetype,* with a repressed human side lying beneath the surface of formal rationality, are explored. How far these metaphors influence day-to-day organisational life may be debatable, but as Morgan points out the overall significance of these ways of understanding organisations has been recognised. The recognition of the "humanness" of organisations is a critical factor. Morgan

(1986) notes that this metaphor over-emphasises "psychic" prisons, rather than prisons per se, that it is utopian and that it is potentially Orwellian. It might defy classification in an integrative framework based on paradigms. It is arguably non-linear, and might be difficult to relate to this research.

Organisations as Flux and Transformation

Morgan's three images of change are autopoiesis, the processes of negative and positive feed back and a dialectical process of unfolding contradiction, as well as a fourth which needs to be considered, namely the phenomenon of an organisation behaving as a dissipative structure. In the absence of an expression which captures these processes, the terms *flux* and *transformation* capture the sense of this organisational metaphor. These topics are dealt with more fully in general discussion later in this chapter. These insights have major implications for modern management, suggesting that it is important to

- *rethink what we mean by organisation, especially the nature of hierarchy and control*
- *learn the art of managing contexts*
- *learn how to use small changes to create large effects*
- *live with continuous transformation and emergent order as a natural state of affairs*
- *be open to new metaphors that can facilitate the process of self-organisation* (1997:266).

Fundamental to this image of organisation is the recognition that the environment is not an independent domain, and that organisations don't have to compete or struggle against the environment. The self-discovery inherent in these new relationships is referred to by Morgan as *a kind of systemic wisdom* (1986:245). A feature of a dialectical view of reality suggests that tension and contradiction will always be present, varying in their forms and degrees of explicitness.

The non-linearity of this model can be summed up by the idea that *since problems may be a natural consequence of the logic of the system in which they are found, we may be able to deal with the problems only by restructuring the logic.* This exposition goes some way to express this metaphor of organisation in intelligible terms. The non-linear relationships being examined are probably impossible to describe adequately. It is crucial that this topic be explored in the terms of organisational metaphors.

In terms of the integrative structure, this metaphor fits squarely in the non-linear category. A notable feature of this and the brain metaphor is the absence of a grand design, a master manager or grand architect (1997). This is an expression of the message of chaos and complexity theory that

> *while some kind of ordering is always likely to be a feature of complex systems, structure and hierarchy can have no fixed form, hence cannot function as predetermined modes of control. Patterns have to emerge. They cannot be imposed* (1997:266).

Organisations as Instruments of Domination.

The outline of this metaphor is a litany of examples of the exploitation, domination and surveillance of employees in all walks of life and all countries. Most of the situations described, while they impact on how organisations do, or should, function, belong more properly in the fields of politics and industrial relations. One concern, glossed over here, does not lend itself to these solutions, namely, surveillance, particularly the electronic surveillance inherent in modern management information systems. Sewell and Wilkinson (1992), draw heavily on Foucault's (1979) work on surveillance, control, discipline and obedience, and his description of Bentham's *Panopticon*. They have coined the term *electronic Panopticon* (1992:281) to describe the information system supporting successful Just-In-Time and Total Quality Control systems, and point to its role in disciplining performance shortfalls and punishing their perpetrators. While these views may be extreme,

pervasive information systems are becoming a feature of modern management under a number of guises. For example, Steve Smith (1997) illustrates a hierarchical balanced scorecard and Komatsu's system of flags. Both of these appear to be very similar to *electronic Panopticons*. Morgan's chapter bemoans the dominance of multi-national corporations, and justifies itself as providing a radical critique of organisation and organisation theory. It is criticised as articulating an extreme form of left-wing ideology. The important question is whether this is an organisation metaphor or an exposition of serious dysfunctions, which need to be addressed. If there is a metaphor here, it would sit well into the linear/rational paradigm in the integrative model.

Frames of Reference
The Power of Reframing

Another perspective on leadership, and hence on strategy formation, is that of organisational frames and reframing. Bolman and Deal (1991) have identified four *frames* available to leaders of organisations*,* and discuss the leadership concept of *reframing,* based on more appropriate choice of frames, and a multi-frame approach. The significance of this work in this research will be the question of how the frames fit the proposed integrative framework, and how the Catholic health sector leadership fits the frames.

The basis of this book is that managers, policymakers and consultants draw on a variety of theories or *frames* in their efforts to address organisational leadership. For example

- *rational systems theorists emphasise organisational goals, role and technology……………*
- *human resource theorists emphasise the interdependence between people and organisations …………*
- *political theorists see power, conflict and the distribution of scarce resources as the central issue ……………*

- *symbolic theorists focus on problems of meaning …...(1991:9).*

Bolman and Deal postulate the idea of artistry in leadership, and see the leader as artist relying *on images as well as memos, poetry as well as policy, reflection as well as command, and reframing as well as refitting.*

The Structural Frame

The two fundamental foci of the structural frame are the drive for efficiency, expressed by these authors as time-and-motion study and structural principles, and the advocacy of the bureaucratic form of organisation. This frame is characterised by its goal orientation, the fitting of structures to fit particular circumstances, specialisation, coordination and control, and a reliance on formal systems. It works best when environmental turbulence and personal preferences are constrained by norms of rationality. It does not preclude flatter structures, team structures, or other forms of organising people, including group structures. The important element of this frame is that it is linear, rational and mainly formal.

The Human Resource Frame

The focus of this frame is the set of assumptions that organisations exist to serve human needs, that organisations and people need each other, and that a good fit between individual and organisation benefits both. These authors rightly point to the need to understand the full gamut of human needs and all aspects of interpersonal and group dynamics.

The various propositions on how human resource management might be improved range from participative management, through job enrichment, self-managing work teams, organisational democracy and others through to Theory Z.

Bolman and Deal's primary criticisms of this frame seem to centre on the fact that it does not tackle the reality that *power and the politics of scarcity are fundamental barriers to increasing the congruence between individual*

and organisation. (1991:179) In terms of the integrative framework, this frame is below the structural frame.

The Political Frame

Bolman and Deal's (1991) five propositions summarising the political perspective echo the elements of the political "school" and the image of organisation as political system above. They are the concepts of *coalitions, enduring differences, the allocation of scarce resources, conflict and power,* and *bargaining.* The various forms of power are identified, and the point is made that, in the political frame, the focus is not on the resolution of conflict, but on the strategy and tactics of conflict. The important point is made that constructive politics is a necessary possibility if we are to create institutions that are both just and efficient.

The strength of this frame is seen by Bolman and Deal as the fact that it takes a realistic view of organisational dynamics. It is criticised for ignoring rational and collaborative processes and for being cynical and pessimistic. It will fit toward the rational/ linear paradigm in an integrative framework

The Symbolic Frame

The symbolic frame, and the idea of organisational culture, are dealt with above in the discussions of the cultural "school" of strategy and the image of organisation as culture. The idea of symbols, myths, rituals, ceremonies and war stories are elaborated by these authors. This perspective also explores the idea of the organisation as theatre in its structure and in its organisational process.

This frame is seen as providing a way for organisations to deal with chaos, ambiguity and uncertainty. The symbolic frame is seen as achieving reframing where instrumental issues offer little comfort. The catchcry of this frame could be the last words of the chapter: *Each day is potentially more*

exciting and full of meaning than the next. If not, we can change the symbols, revise the drama, develop new myths, or dance (1991:289).

The symbolic frame fits the non-linear paradigm in the integrative framework in Figure 2.2.(b)

Reframing

The application of these concepts of organisational frames to major change requires a careful choice and combination of actions consistent with different frames. The implications of change are set out in Figure 2.17.

Figure 2.17: Reframing Organisational Change

Exhibit 6. Reframing Organizational Change.

Human Resource:
Change causes people to feel incompetent, needy, and powerless. Developing new skills, creating opportunities for involvement, and providing psychological support are essential.

Structural:
Change alters the clarity and stability of roles and relationships, creating confusion and chaos. This requires attention to realigning and renegotiating formal patterns and policies.

Political:
Change generates conflict and creates winners and losers. Avoiding or smoothing over those issues drives conflict underground. Managing change effectively requires the creation of arenas where issues can be negotiated.

Symbolic:
Change creates loss of meaning and purpose. People form attachments to symbols and symbolic activity. When the attachments are severed, they experience difficulty in letting go. Existential wounds require symbolic healing.

Reproduced from: Bolman and Deal (1991) "Reframing Organisations:Artistry, Choice and Leadership." p 377

All of these frames, and all of these prognoses of change, are very pertinent to Catholic health and aged care, and to the Integration 2000 process.

Surges of Rational and Normative Ideologies
Normative and Rational Rhetorics.

Implicit, if imperfectly, in the literature on strategy *schools,* organisational images and frames is the notion of a steady progression through time from linear/rational (and earlier coercive) through learning to non/linear paradigms. Barley and Kunda (1992) challenge this notion and assert that American managerial discourse has been elaborated in waves that have alternated between normative and rational rhetorics. This tendency to alternate between the two rhetorics is seen as a product of the opposition between mechanistic and organic solidarity. Table 2.5. summarises this thesis

Table 2.5: The Succession of Managerial Ideologies since 1870.

Ideology	Era of Ascent	Tenor
Industrial Betterment	1870-1900	Normative
Scientific Management	1900-1923	Rational
Welfare Capitalism/ Human Relations	1923-1955	Normative
Systems Rationalisation	1955-1980	Rational
Organisation Culture	1980-Present	Normative

Source: Barley and Kunda (1992): "Design and Devotion: Surges of Rational and Normative Ideologies of Control in Managerial Discourse. p 364

The periods in the table are traced from the prominent nineteenth century industrialists who strove to improve the *conditions of the working men.* This was followed by the productivity push of scientific management driven by industrial and mechanical engineers. Then came the resurgence of welfare capitalism and human relations after World War I, focussing on improved entitlements and working conditions, followed by the post World War II surge in rational systems theory detailing the functions and principles of management. The final wave (in this article at least) was the surge in the popularity of culture as an organisational frame. Interestingly, the surge in reengineering, and the "use" of the Total Quality movement to rationalise and

downsize organizations would have followed this article closely, and developed another rational wave from 1992 to the present day, although there is some disenchantment with both reengineering and TQM (Total Quality Management). Arguably, this is because reengineering is pure Taylorism, down to the procedures used, and because TQM may be misapplied, or inadequately applied.

The rationale for the opposition between *mechanistic and organic solidarity and between communalism and individualism* is attributed to the suggestion that *American managerial ideology has evolved within the confines of a bipolar ideational structure* (1992:385).

Finally, the idea is floated by Barley and Kunda that the surge in rhetoric broadly follows waves of economic fluctuation, with expansion bringing a rationalist surge, and contraction bringing a normative surge. A comparison of economists' *long waves* and the surge in the different rhetorics appears to bear this out, except that the recent resurgence of rational rhetoric appears to be counter-cyclical, or perhaps counter long wave. Whatever the conclusion, the idea of waves of paradigms must be considered against the conventional wisdom, and against the integrative framework.

Strategy Through Different Mirrors

A complementary view to that of surges in opposing rhetorics is Bowman's (1995) history of strategy through the mirrors of

- institutionalists in the middle 1960s. Their focus was describing strategy issues from the inside out, offering rich descriptions, cases, histories and planning systems
- economists, in the late 1970s, exploring issues of industry market concentration, barriers to entry, cost and price structures, economies of scale, investment choices, vertical integration, profitability rates and growth patterns

- behavioural scientists in the 1980s, spilling into the 1990s, dealing with a broader spectrum from the firm to the industry, to the population of industries, focussing on the functioning and survival of the organisation, and the behaviour of its people.

Bowman revisits the very prescriptive, decades-old, description of the strategy process, and outlines the shift in emphasis over the last three decades

- *circa 1965, Strategy was the emphasis with the particulars of interest*
- *circa 1975, Environment was the emphasis, with industry analysis at its centre*
- *circa 1985, Implementation was the emphasis, with people being the focus*
- *circa 1995, Company is now the emphasis with its core competence of central concern* (1995:34).

The first two of these perspectives correspond in time to Barley and Kunda's period of rational rhetoric. They are linear and rational in their emphasis, so the match is appropriate. The third perspective is relatively normative, given Bowman's fairly classical approach. The final perspective is outside Barley and Kunda's range, but is again fairly normative. Generally, the contribution of this paper, in its shorter time-frame, has been to reinforce Barley and Kunda's classification of the two periods they cover. However, Bowman implies that the relative impact of the three *mirrors* follows a historical progression, rather than providing evidence of wave motion and surges.

Surfacing Assumptions

It is clear that policy-making is comprised of many problems and issues, which are highly interrelated, and difficult to isolate for separate treatment. Mason and Mitroff point out that these are the characteristics of complexity, which they define as: *The condition of being tightly woven or*

twined together (1981:5). These authors observe that much of complexity with which planners have to cope is organised, rather than disorganised. In other words, there is an illusive structure which gives pattern and organisation to the whole. Mason and Mitroff point out that organised complexity is difficult to tame. They discuss these problems of organised complexity, using Rittel's (1972) term, *wicked problems*. The properties Rittel has identified under which *wicked problems* can be distinguished from *tame problems* are *ability to formulate the problem, relationship between problem and solution, testability, finality, tractability, explanatory characteristics, level of analysis, reproducibility, replicability and responsibility*.

Most policy planning and strategy problems are seen as *wicked problems of organised complexity* (1981:13). Mason and Mitroff identify the following characteristics of these complex wicked problems as interconnectedness, complicatedness, uncertainty, ambiguity, conflict and societal constraints.

The two major implications for designing policy-making processes centre on the need for broader participation of affected parties and a wider spectrum of information from a diversity of sources. The holism inherent in the idea of organised complexity can be related to the inherent order of chaos theory and also to the holism of Capra's *bootstrap* approach. (1982:83) Mason and Mitroff further point out that there is a need to perceive the uncertain as an opportunity, not as a downfall. The criteria they (1981) identify for the design of real-world problem-solving methods, *Participative, Adversarial, Integrative* and *Managerial Mind Supporting* have an echo in the responses to questions on the way planning is conducted in Catholic health and aged care entities. These are at the core of what Mason and Mitroff call *Strategic Assumption and Surfacing and Testing (SAST) Concepts.* Of interest to Integration 2000 is the need in assumption surfacing to identify the key stakeholders in the process. Two of the steps in problem solving using the SAST process are what Mason and Mitroff call *Within Group Dialectic* and *Between Group Dialectic Debates* (1981:44, 50). Although not using such a

process as explicitly as set out by these authors, respondents to this research will be using similar approaches in their emergent planning.

A workshop has been designed to take people through a *SAST* exercise. While this may be seen as inconsistent with many of the features of the *wicked* problems it seeks to address, and might be seen as a linear approach to a circular problem, there is a degree of comfort for managers to have an orderly way of dealing with the disorderly world.

Perspectives on Learning

Learning and Strategic Conversation

De Geus (1997) asserts that focussing scenarios on a business purpose has made them effective in honing managers' judgement. This author also sees learning as the bridge between scenarios and action. De Geus combines some useful tools for foresight, notably scenarios, with the recognition that industry foresight is an intuitive learning process. He develops a number of insights into strategy, and, by implication, strategy formation. De Geus characterises strategy as something managers do, rather than something they have. He sees a *living company* moving, one step at a time, from birth to death with no one steering. This author's concept of memories of the future, building on the work of David Ingvar, (1985) may provide some ideas with which to identify and articulate the process which occurs when management insights are converted into strategies. Its findings are echoed in many of the responses on planning models in this research.

The message de Geus takes from Ingvar's research is that the more memories of the future that are developed, the more open and receptive managements will be to signals from the outside world. He relates memories of the future to step-by-step decision-making by making the point that developing the potential for future actions will increase the number of alternative steps available for the future. De Geus sees Ingvar's theory as

suggesting that *corporations can develop the sensitivity they need, by finding ways to build up an organisational memory of the future* (1997:48).

De Geus sees decision-making as four stages of *perceiving, embedding, concluding and acting* (1997:73), which are seen by various psychologists as the defining elements of learning (1997:75). He makes a case that a decision-making process, which accelerated learning, would rely on a skilful use of play. De Geus' serious argument for play (modelling, simulation) is that the alternative is to learn from experience, that is, to experiment with reality itself, which he describes as a pervasive *Rambo style of management* (1997:83). In the situation of comprehensive change being contemplated, it is reasonable to assume a need for the development of a learning environment rather than or, perhaps, as well as, the exercise of political muscle.

De Geus (1997:188) sees the art of managing as setting the context in which the rest of the organisation's members develop its ability to learn, which he equates to strategy.

Finally he sees the role of planners as helpers and enablers in the planning process. De Geus does articulate a plausible set of activities with which an organisation can maintain a sustainable competitive advantage without centralised steering, but he does not open Mintzberg's black box of strategy formation.

Peter Senge, (de Geus 1997) credits Arie de Geus with introducing him to the concept of organisational learning in the nineteen eighties.

Kees van der Heijden (1996) parallels much of de Geus' thinking. He focusses much more on the mechanics and organisation of scenario planning, while de Geus paints with a broader brush.

Van der Heijden (1996:239) introduces the idea of strategic conversation as part of the context of scenario planning. He defines this as the general process by which people influence each other and the longer term patterns in institutional action and behaviour. Earlier Van der Heijden uses the terms *strategy process* and *strategic conversation* interchangeably

(1996:viii). Later he states that organisations are systems of individuals linked together through a network of interconnections, largely based on conversation. In a discussion of the three paradigms of business thinking, this author quotes Morgan's comparison with well-known analogues in nature as follows

- the rationalistic paradigm suggests a machine metaphor for the organisation

- the evolutionary paradigm suggests an ecology

- the processual paradigm suggests a living organism (1996:24).

Van der Heijden sees organisational learning as involving a continuous attention to the balance between team cohesion and innovative divergence. Thus the deviation of emergent strategy from intended strategy becomes the driving force of the institutional learning loop. This deviation creates initial differentiation in views, which need to be brought together and arbitrated on the basis of rationality. In this way, all three schools of thought have a role in the organisational learning process. This concept of a complex learning situation involving the three perspectives is important to any description or analysis of strategy formation. It is particularly important for the project which is the subject of this research. Integration 2000 can be regarded logically as a very complex learning situation.

Van der Heijden quotes an integrative *learning loop* (1996:37) developed by David Kolb and relates it to strategy development. He sees the learning loop as describing the strategy development process in its integration of experience, sense-making and action. This mirrors de Geus' approach.

Van der Heijden describes the *Business Idea* (1996:56) as the idea acting as the driving force for success underlying every successful organisation. He makes the point that no two organisations have the same Business Idea. The essential elements of the Business Idea are the following drivers of business success

- *the Customer Value created*
- *the nature of the Competitive Advantage exploited*

- *the Distinctive Competencies which create the competitive advantage, in their mutually reinforcing interaction*
- *all this configured in a positive feedback loop, in which resources generated drive growth* (1996:160).

These elements, with minimal adaptation, should be applicable to organisations which are not entirely conventional for-profit businesses.

Van der Heijden sees the scenario planner as *the person (or the group of people) involved in promoting and facilitating the learning process.* Again this has echoes of de Geus, or vice versa. The author canvasses the idea of the analytical task *to "walk" the Business Idea mentally through the various scenarios, to study how it would stand up if any of these futures were to materialise* (1996:107). This could be a powerful concept for the subject of this research, and, indeed, may already be built, perhaps subconsciously, into the thought processes of many managers in Catholic health.

Van der Heijden defines Strategic Vision as *the Business Idea for the future* (1996:111). Establishing the fit between the Business Idea and scenarios of the future business environment is seen as part of the strategic planning process. Consideration of the Business Idea must play a part in any description of strategy formation, particularly for professional organisations, for whom the Business Idea itself might be very fluid, either by the nature of the organisations, or because of the extent of changes being undertaken.

Van der Heijden recommends a formal workshop, to conduct what he calls an *Innovation Search* (1996:287). Given the informality with which he has imbued the art of strategic conversation, in some environments an innovation search exercise might be inhibiting, or at least relatively unproductive as a tool for developing meaningful strategies. It could easily degenerate into an exercise in agenda orchestration, which characterises many consultant-driven *innovation* workshops. This idea of agenda organisation needs to be examined in the concept of strategy formation in Catholic health.

Van der Heijden's ideas, particularly the links between scenario planning, organisational learning, the Business Idea and Strategic Vision,

provide useful background to any analysis of the strategy formation process. They do not, however, describe or define the process itself.

Scenarios and Learning

Hamel and Prahalad do not decry the concept of the learning organisation. They see it as only half the solution. These authors see the installed base of thinking as an impediment to creating the future and talk about a *forgetting curve* (1994:61). It could be argued that seeing learning and unlearning, in the management sense, as two halves of the "problem" displays a narrow understanding of what its proponents see as organisational learning. Senge sees learning as *reflection, conceptualising and examining complex issues* (1990:304). This concept of learning seems to include the regeneration of strategy and the questioning of the installed base without using the terms "unlearning" or "forgetting." Managers learn and unlearn intuitively. Hamel and Prahalad's separation of the process, at best, will be irrelevant to them. At worst, it may lead managers into distracting exercises to codify a process, which for most is as natural as breathing, and features in most effective training and development inititiatives.

Hamel and Prahalad's concept of industry foresight is breathtakingly simple. If successful, it would answer the question "What is the business I am not in?" The unstated, and unfilled, need in the analysis is the need to predict, or form a view of the future. At the same time Hamel and Prahalad are fairly dismissive of scenario planning and technology forecasting (1994:82)

De Geus provides a short history of *the tools for foresight* (1997:36-54) from the 1930s to the present day, making three points. Firstly, he asserts that the future cannot be predicted, and even if it could be, he would not dare act on the prediction. Secondly, focussing sophisticated scenarios on a business purpose has made them effective in honing managers' judgement. And, thirdly, the bridge between scenarios and action is learning. De Geus seems to be combining some useful tools with the recognition that industry

foresight is, at best, an intuitive learning process. Hamel and Prahalad do not seem to offer a process, which will deliver foresight, particularly foresight which is correct, or even useful. Their anecdotal evidence could imply serendipity, sensible use of tools such as scenarios, manipulation of the industry and its customers by powerful players or picking winners with the benefit of hindsight.

Transformation and Change

Levels of Uncertainty

Courtney, Kirkland and Viguerie (1997) analyse and classify levels of uncertainty about the future, from level one, a clear-enough future through level two, alternative futures, and level three, a range of futures, to level four, ambiguity. They put forward a range of strategic postures to deal with each level of uncertainty. These authors define these postures as *shaping the future, adapting to the future* and *reserving the right to play.* Within the postures, they see a portfolio of actions, which they define as *no-regrets moves, options and big bets*.

It could be argued that Catholic health in Australia has moved from a period of so-called clear-enough future, to level three, a range of futures, given the internal pressures of declining religious and the external pressures of the funding and regulatory environment. With the advent of Integration 2000, some players might see the sector moving enough into uncharted territory to be facing ambiguity. Courtney, Kirkland and Viguerie claim ambiguity is a transitory state, which tends to migrate toward one or the other levels over time. This view would probably be debated by those people who take a quantum view of modern organisations. Irrespective of the finer points of this debate, it is clear that linear formal planning models may be limited in their ability to handle a range of futures, let alone full-blown ambiguity.

Perspectives on Change

Collins and Porras (1995) point to the ideological nature of the highly visionary companies described in their study. These companies significantly outperformed nearest rivals over their entire existence. Collins and Porras develop this idea further with the concept that vision consists of two major components

- the yin of *core ideology*, consisting of *core values* and *core purpose*
- the yang of the envisioned future, which consists of a *10-30-year BHAG (Big, Hairy, Audacious Goal)* and *vivid description* (1996:66).

Gerald Arbuckle echoes some of the sentiments expressed here with his concept of *splitting* (2000:14), whereby, as a form of social defence, people isolate different elements of experience. He relates splitting to the inner structure of myths, each of which contains polar opposites, e.g. the rights of the individual and the common good. Arbuckle points out that, if the polar opposites are allowed to interact, the tension between them will be creative.

In similar vein, Collins and Porras present these ideas as preserving the core and stimulating progress, resulting in continuity and change. They make the point that truly great and successful organisations understand the difference between *what should never change and what should, between what is genuinely sacred and what is not* (1996:66). They see core ideology as defining who you are, rather than where you are going. The idea of core ideology suggests that strategic planning processes must accommodate the reflection necessary to define core ideology. Formal, linear, planning models may not be adequate for this task.

Are these core ideologies statements of a philosophy of business? Eileen Shapiro quotes the Ritz-Carlton hotel chain's motto of: *ladies and gentlemen serving ladies and gentlemen* (1995:18). Can this, and other ideological statements (including the American Declaration of Independence) be seen as business philosophy? Do they fit Russell's (1996) concept of a doctrine as to the best way of living (or conducting business), particularly if

they are related to Whiteley's (1997b) PATOP model, discussed later in this chapter.

The idea and development of a core ideology could be crucial to the project being undertaken. Core ideology will need to accommodate the doctrinal stance of the sponsor Church, the caring priorities of the constituent bodies, and a hard edge to flourish in a very turbulent and competitive marketplace.

It is reasonably clear that CHA can identify key core values. The Directions Statement articulates seven values, and respondents to this research agree on most core values. They are driven by Catholic identity. These values are discussed in Chapters Four and Five.

Core purpose might be a little more elusive. Core purpose is the organisation's reason for being, its soul. Two very different statements of core purpose are Merck's *to preserve and improve human life* and Nike's *to experience the emotion of competition, winning and crushing competitors.*

The CHA Directions Statement sets out a vision, which, on reflection, is more a goal than a statement of people's idealistic motivations for working in and sustaining Catholic health. However, one of the stated values is *Enrichment of Life.* This reads like a very useful statement of core purpose, because it is, in the words of one respondent in another context *what most religious order members get out of bed for.*

At this stage in the Integration 2000 process, time might be spent defining, or agreeing, a core purpose for Catholic health. This is not a criticism. The Integration 2000 process has carried a very diverse sector well down the road towards integration. Clearly, the people driving it are themselves driven by an implicit reason for being, or perhaps several reasons for being.

In many ways, Integration 2000 is driven by a vision-level BHAG (Big, Hairy, Audacious Goal), namely to integrate Catholic health, aged care and welfare within ten to thirty years. It may need to be made more specific and compelling. This is the role of a vivid description. Collins and Porras

assert that *passion, emotion and conviction are essential parts of the vivid description* (1996:74). Passion, emotion and conviction are building up within the sector, hopefully in the most constructive sense. The step of articulating a vision-level BHAG and a vivid description of the envisioned future of Catholic health should not be beyond the dreamers who have helped Integration 2000 to come this far.

Collins and Porras (1996) make the point that the visionary companies displayed a remarkable ability to achieve the most audacious goals. The secret of success does not lie in setting less demanding goals.

Nor does the difference lie in *better* strategy. As the authors point out, visionary companies often realised their goals by an organic process of *let's try a lot of stuff and keep what works* (1996:76), rather than by formal strategic plans.

Collins and Porras give a timely long-term warning, which might be appropriate to Catholic Health Australia. The warning here about the need for constant reinvention, even after ambitious futures are reached, is reinforced with a warning about the *We've Arrived Syndrome,* (1996:76) the lethargy that might come once the organisation has achieved one BHAG and fails to replace it with another. Kotter (1995) makes the point that improvements achieved must become a trigger for more change. Catholic Health Australia, when it negotiates successfully the transition to an integrated sector, must look for other mountains to climb. It must preserve its strong core, and stimulate further progress.

Abrahamson (2000) warns of the problems of large scale, brutal change, which usually creates initiative overload and organisational chaos. He recommends a combination of major changes, interspersed with smaller, organic change, so that organisations achieve and maintain dynamic stability. He describes the processes of what he calls *tinkering* and *kludging.* The ability to decide when to change rapidly and when to shift down to tinkering and kludging is seen by the author as pacing. Mintzberg et al would fit this into their configurational school.

Essentially, Abrahamson is suggesting an adaptive approach to change. He asserts that the nature of change itself is changing. The implications for this research and for Integration 2000 are probably multi-faceted. Critics of the pace of change in the Integration 2000 process must recognise that, given the comprehensive changes already put in place and still to come, pacing, even if it is implicit, will be necessary to sustain dynamic stability. In a thinly veiled dig at Collins and Porras, Abrahamson says

> *To be sure, achieving dynamic stability is more difficult than ramming big, hairy audacious changes through an organisation, in the same way that it is more difficult to end a war with negotiation than with an atomic bomb* (2000:75).

The sub title to the article by Goss, Pascale and Athos is *Risking the Present for a Powerful Future.* (1993:97) Many of the concepts they explore are appropriate to the Integration 2000 process, despite being geared to individual organisations. They make the point that incremental change is not enough today. In so doing, Goss, Pascale and Athos characterise downsizing, de-layering and reengineering programmes as incremental.

They assert that, when a company reinvents itself, it must alter the underlying assumptions and invisible premises, that is, its basic context. Integration 2000 is not incremental change. It does involve a change in mindset and context for all of Catholic health and aged care. And this is not easy. These authors quote Mort Meyerson, Chairman of Perot Systems, to describe the implications of a reinvention exercise

> *The journey to reinvent yourself and your company is not as scary as they say it is; it's worse. You step into the abyss out of the conviction that the only way to compete in the long haul is to be a totally different company. It's a sink-or-swim proposition* (1993:99).

Goss, Pascale and Athos make the point that context colours everything in the organisation. Their analogy of IBM, where the context made entrepreneurship an oxymoron, may highlight a danger for Catholic Health Australia and its member entities. If the sweeping reinvention inherent in

Integration 2000 is not matched by a fundamental change in the context in which Catholic health operates, the mismatch will be debilitating. So far, at least in what respondents have stated to the researcher, there appears to have been a substantial change in mindsets within Catholic health.

These authors introduce the concept of being, as well as doing. In other words, when context is fundamentally altered, actions are altered accordingly, because the foundation on which people construct their understanding of the world is changed. As they point out

> *Context sets the stage; being pertains to whether the actor lives the part, or simply goes through the motions* (1993:101).

This may be, and probably already is, a crucial distinction in the handover of the Catholic health care mission from religious who have literally dedicated their lives to that mission, to lay groups who must bring the same dedicated commitment to the task.

The issue of executive reinvention, raised by Goss et al, is very important to Catholic Health Australia and Integration 2000. Senior executive teams in Catholic health, notably CEOs, will not simply need to institute major change within their systems and facilities. They will need to operate within a different network of governance and mission trusteeship.

The example from Ford, quoted by these authors, showed that traditional rivalry between two divisions was not overcome by having one answerable to the other, but by realigning the flows of communication across the divisional chimneys. The researcher has first hand experience of the bureaucratic chimneys that existed in Ford. They would have had, and may still have, counterparts in the competition and barriers to communication between orders and elements of Catholic health. This situation has already been alleviated, not by sweeping structural changes, but by a dramatic increase in cross-communication.

Kotter has outlined eight generic steps in organisational transformation, and reviews the consequences of failing to implement any of the steps (1995:61). Although his ideas are geared to individual business

organisations, some of them seem to strike responsive chords with the transformation being sought by Catholic Health Australia in the Integration 2000 process. It is appropriate to examine Kotter's steps and reflect on their implications for Catholic Health Australia and Integration 2000.

1. Establishing a Sense of Urgency. To achieve transformation, people must be driven out of their comfort zones. Given the pressures on Catholic health and aged care in recent years, there should be, or there should have been, some sense of urgency about the need to consolidate. The sale of the Sacred Heart Hospital seems to have been a trigger which has engendered a strong sense of urgency, if not panic.

2. Forming Powerful Guiding Coalitions. Kotter makes the point that one or two people cannot drive large-scale radical transformations. He sees successful transformation going beyond the scope of one or two top managers. These people may often trigger the development of wider-ranging coalitions. In Catholic Health Australia, the mechanism of gathering Owners and Leaders together and encouraging them to accept authority has clearly established a very powerful coalition, although the initial ideas may have been driven by a much smaller group.

3. Creating a Vision. Kotter would probably concede that Catholic Health Australia has a working picture of a consolidated future which drives the process. Whether the vision is strong enough or clear enough may be open to debate.

4. Communicating the Vision. Communicating the vision and teaching new behaviours by the example of the guiding coalition is arguably a strength of the Integration 2000 process. Although the communication process in Integration 2000 is a level removed from the operating management of facilities, it is comprehensive and is acknowledged as competently orchestrated. One result is reported as a dramatic increase in inter-system and inter-facility communication.

5. Empowering Others to Act on the Vision. Empowerment at the macro level in this initiative is effected through the National

Stewardship Board, The National Commission and extensive communication. It may be too early to assess success here, but the infrastructure appears to be appropriate to the empowerment of systems and facilities.

6. Planning for and Creating Short-Term Wins. In the quest for the broad sweep of collaboration envisaged, it is important that worthwhile smaller, shorter-term results are identified, facilitated and celebrated. There have been several examples where, at the very least, the moral imperative of Integration 2000 seems to have encouraged cooperation and collaboration. Examples are the St Vincent's Mercy Private Hospital, the joint venture between the Holy Spirit Sisters and the Sisters of Charity in Brisbane, and examples of larger Catholic aged care entities coming to the assistance of smaller stand-alone operations, often those looking after elderly religious. Perhaps in the broad sweep of the grand plan, these smaller, but significant, initiatives are not highlighted sufficiently.

7. Consolidating Improvements and Producing Still More Change. Over the next five to fifteen years, Catholic health can expect to be consolidated under some form of umbrella. Success with this venture must not become a signal to relax the pressure for change. There will always be new mountains to climb in Catholic health, whether they are total amalgamation of health care, aged care, welfare and, perhaps, education, or a dramatic new way to open all Catholic hospitals to uninsured people, or a total realignment of facilities and the care they offer.

8. Institutionalising New Approaches. Failure to anchor changes in the culture of Catholic entities could cripple the benefits of Integration 2000.

Kotter's eight steps are rather more conservative than the five steps set out by Goss et al, who (1993) emphasise more the deliberate risk-taking necessary to achieve reinventions. They see contention and conflict as

potentially positive despite the dangers. Particularly they assert that participants in reinvention need to learn to disagree without being disagreeable. Given the disparate nature of the key players in this reinvention of Catholic health, an ability to harness contention is probably a required competence for members of the Secretariat and of the National Stewardship Board.

The final paragraph of Goss et al's article is worth quoting in full

Those who climb on the reinvention roller coaster are in for a challenging ride. The organisation encounters peaks and troughs in morale, as initial euphoria is dampened by conflict and dogged task-force work. Morale rises again as alignment among stakeholders occurs - then recedes in the long and demanding task of enrolling the cynical ranks below. Reinvention is a demanding up and down journey-an adventure, to be sure. And it is destined to be that way (1993:108).

In a recent Harvard Business Review article (Wetlaufer 1999), reporting an interview with Jacques Nasser, CEO of Ford Motor Company, and quoting Tichy in an inset (1999:82), some insights are addressed which are relevant to this research.

Mr. Nasser (1999:78) likens the changes at Ford as a change in *"our DNA",* which he sees (1999:87) as even more subtle than a change in culture. Given the paradigm shift involved in Integration 2000, this is not an unreasonable analogy.

The Ford approach of using teaching to change an organisation may be appropriate to the Integration 2000 process. Mr. Nasser sees the use of stories to create a different folklore about what is possible. The idea of developing a folklore through a new set of stories could be appropriate to a sector which is undergoing such change.

Tichy (1999) makes the point that change is hard, necessary and bound to be resisted. All of these factors, in varying degrees, are likely to apply to the Integration 2000 process. He introduces what he has dubbed the *teachable*

point of view, which is driving change at many organisations, including Ford. Tichy sees the alternative point of view as the antidote to the *black box* in people's heads, the box that conceals the origins of good ideas and important insights. This has echoes of Mintzberg's (1994) impenetrable black box of strategy formation.

Chaos/Quantum and Strategy
Chaos/Quantum/Complexity

Chaos theory has a serious place in management as well as science. It offers a plausible explanation of turbulence, and, at the same time, a rationale for managing strategically in a turbulent environment. Chaos theory, the study of non-linear relationships, and random fluctuations, is seen by some physicists, according to Gleick as a science *of process rather than of state, of becoming rather than being* (1987:5). This is an important concept to the dynamics of strategy. Mintzberg et al state that

> *a chaotically run organisation, in other words, is self-subversive; it welcomes instability and seeks to create crisis as a means of transcending its limits. It is in a state of permanent revolution* (1998:223).

This slightly extreme view describes an organisation operating to the metaphor of *dissipative structures,* the term used and described by Jantsch (1980:41). Mintzberg et al seem to imply some threat in chaos, and this may be valid. However, people capable of operating in dissipative mode are arguably bringing the learning school towards its natural pinnacle. Stacey's approach to managing in a far-from-equilibrium environment is detailed later in this chapter.

Modern science has raised a number of issues and insights, which are helping to put the turbulent business world into some perspective. Quantum physics has brought recognition of indeterminism, which scientists claim has always been there. It will change forever perceptions of the nature of life, and

people's attitudes to being and reality. Pagels (1984) asserts that indeterminism implied the existence of physical events that were forever unknowable and unpredictable. *S-matrix theory*, or the *bootstrap* approach, noted by Capra (1982), asserts that nature cannot be reduced to fundamental building blocks of matter, but has to be understood entirely through self-consistency. The universe is seen as a web of related events. In organisational terms, this visualises much more relational interactions with all elements of the business environment. In a not-for-profit, caring environment, these relational interactions will be complex and not always consensual.

The chaos concept of sensitive dependence on initial conditions is noted by Wheatley (1994:126), echoed in Gleick's *butterfly effect* (1987:8) and reflected in Stacey's concept of *positive feedback* (1993:150). The butterfly effect recognises that the flap of a butterfly's wings in Tokyo will affect a tornado in Texas.

The underlying orderliness of chaos theory is manifested in the idea of *strange attractors*, which Pagels describes as *what a solution to an equation is drawn into* (1988:76). The concept of *fractals* is important to these considerations. Fractals are the underpinnings of the order which emerges in chaos, not from quantitative measurement of discrete parts of a system, but from the concept of *the shape of the whole --- how it develops and changes, or how it compares to another system* (Wheatley 1994:129).

Wheatley outlines a quantum concept which is particularly apt to this research, and to the realities of Catholic health and aged care. This is the idea that the concept of "think globally, act locally" expresses a quantum perception of reality. The Newtonian view is one of working with the system you know and creating incremental change, which will build up enough momentum to affect the larger society. A quantum view would see the local entities working with the *movement and flow of simultaneous events within that small system. We are more likely to become synchronised with that system, and thus to have an impact* (1994:42). This impact comes from sharing in the unbroken wholeness that has united them all along. The idea of

*working with the system any place it manifests because unseen connections will create effects at a distance, in places we never thought, i*s a very apt one to Catholic health. In a statement, which could be written expressly for the Australian Catholic health and aged care scene, Wheatley writes

> *This model of change --- of small starts, surprises, quantum leaps --- matches our experience more closely than our favoured models of incremental change* (1994:43).

Are there initial conditions in Catholic health and aged care, to which the sector would be sensitive enough for the profound changes, which are required, to occur? The deep-seated philosophy and values of compassion, collaboration and sense of community underpin the order-based sector, especially in health care. Added to this are such conditions as a decline in the order-based infrastructure and value system, and a much less benign economic and legislative environment. So there are the fundamental philosophical underpinnings which should drive the sector towards the ideals of Integration 2000. At the same time, other conditions could hinder, or, at least, distort, the unfolding of the desired future shape of Catholic health, aged care and welfare.

In management, Whiteley (1997a) conceptualises values as *strange attractors*. Values are a crucial component of strategy in the organisations under review in this research. Much more than in for-profit organisations, values are the driving force for not-for-profit health entities. It is reasonable to argue that values in Catholic health and aged care entities are much more deep-seated and instinctive.

Whiteley (1997a) has examined the core concepts of an organisational design to accommodate the ideas of quantum, chaos, wholeness, strange attractors, fractals and turbulence. She sees quantum as a fusion of opposites into an indivisible whole. The reciprocity of order and chaos, with unpredictability as a prerequisite, is one of the concepts she elaborates, as is the idea of humans as indivisible wholes, combining an orderly, particle-like nature with a more intuitive, wave-like nature. The concept of indivisible

wholes has an echo in Catholic philosophies and values in health care. Whiteley sees values as strange attractors, and fractals as part of the development of self-replicating ways of organising. She also borrows from the physical sciences the idea of iterations of small disturbances accumulating until, at a critical value, turbulence is reached.

Wheatley sees fractal organisations as having learned to trust in natural organising principles

> *They trust in the power of guiding principles or values, knowing that they are strong enough influencers of behaviour to shape every employee into a desired representative of the organisation* (1994:132).

Arbuckle (2000:117) quotes Wheatley on the subject of participation in this new world

> *Participation, seriously done, is a way out from the uncertainties and ghostly qualities of this non-objective world we live in. We need a broad distribution of information, viewpoints and interpretations if we are to make sense of the world* (1994:64).

Wheatley's (1994) references to Prigigone and Stengers' work on dissipative structures and entropy (1984) are a key, at least in metaphor form, to the way organisations will need to deal with the future. The concept supplements Whiteley's work (1997a). Dissipative structures operate as open systems, exchanging entropy with the environment, so that, rather than ebb away, new forms are constantly emerging, forms better suited to the demands of the environment. Instead of the equilibrium of closed autopoietic systems, dissipative structures represent a state of non-equilibrium. In Jantsch's words

> *The dynamic existence of non-equilibrium systems is not only characterised by continuous oscillation and self-renewal, but also by the impossibility of ever achieving stability.* (1980:41)

The idea of the *edge of chaos* is fundamental to *complexity theory*, which describes where systems can most effectively change (Brown & Eisenhardt 1998). Systems with more structure than found on the edge of chaos are too rigid to move. Systems with less structure are too disorganised.

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Brown and Eisenhardt see complexity theory in terms of how order springs from chaos. Complexity theory is seen as focussing managerial thinking, inter alia, on the trade-off of less control for greater adaptation, and they introduce the idea of organisations staying poised on *the edge of chaos* (1998:14). By contrast, *evolutionary theory*, the older, Darwinian view of change, has organisations remaining at the *edge of time,* where the past and future are connected. Brown and Eisenhardt's fundamental argument is that superior performers *are able to combine these two change processes and constantly reinvent themselves* (1998:14). They draw the physical analogy of *dissipative equilibrium,* or *orderly disequilibrium*, in which attractors are the *stable equilibria to which dissipative structures are drawn* (1998:29).

A small example will illustrate the profundity of the change required in value systems. Capra (1982) notes that today's materialistic culture places a low value on high entropy work, repetitive *ordinary work,* where the tangible evidence of the effort is most easily destroyed (cooking, cleaning, cutting lawns, etc.). This is in contrast to more spiritual cultures. Capra claims that the high status accorded to such work comes from a profound ecological awareness, and that

> *doing work that has to be done over and over again helps us to recognise the natural cycles of growth and decay, of birth and death, and thus become aware of the dynamic nature of the universe* (1982:246).

This small example captures some of the nature of the value shift needed for a dissipative structure to function in a turbulent environment. What of the turbulent environment in which this holistic, dissipative structure will operate? Concepts from the physical sciences offer a clue. Capra's bootstrap philosophy implies that nature cannot be reduced to fundamental entities, like fundamental building blocks of matter, but has to be understood entirely through self-consistency. The universe is seen as a dynamic web of interrelated events. In organisational terms, this visualises much more

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relational interactions with all elements of the business environment, and may fit the concepts espoused in Integration 2000.

The Gaia hypothesis provides a rationale for the nature of this business environment. Put simply, this states that the way the biosphere regulates itself *can be understood only if the planet as a whole is regarded as a single living organism* (1982:307). At any level, we (or anything) are parts of larger systems that continually renew themselves. This implies that all parts of the universe in which an organisation operates need to be dealt with continuously and intuitively.

Arbuckle, in discussing the implications of chaos theory, has developed seven guidelines

- *think in Systems*
- *foster Participative Decision-Making*
- *recognise What is Unknowable*
- *value Diversity and Conflict*
- *recognise Vision and Values as 'Strange Attractors'*
- *recall that Culture is Resistant to Change*
- *recognise that Culture is a Defence against Anxiety.* (2000:115-126).

Chaos And Bounded Instability

Stacey (1993) relates chaos theory, dissipative structures and self-organisation to the business context. He develops a concept of chaos in human systems as the simultaneous presence of opposing ways of behaving. He introduces the concept that stable equilibrium and *explosively unstable equilibrium* (1993:213) are not the only endpoints, or *attractors* of systems subject to non-linear feedback loops. Stacey envisages a third choice, a state of *bounded or limited instability far from equilibrium in which behaviour has a pattern, but is irregular.*

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Non-linear feedback loops, chaotic dynamics and positive feedback imply that what Stacey calls *today's dominant paradigm* (1993:233) is applicable only to the short-term development and control of organisations. In a company with chaotic dynamics, there would be visible and tight, short-term controls, accompanied by the activities of creating and developing the amplifying feedback from small signals. In human systems, Stacey sees self-organisation as

- *the spontaneous formation of interest groups and coalitions around specific issues*
- *communication about these issues*
- *cooperation, and the formation of consensus on, and commitment to, a response to these issues* (1993:242).

His chaos theory develops the idea of webs of non-linear feedbacks, far-from-equilibrium states, dissipative structures, irregularity, self-organisation and creativity. Some of the conclusions he draws together include

-the two-way communication between human organisations and the environment

-the autonomous flipping from dominant positive to dominant negative feedback loops which result from the fact that the loops have a non-linear structure

-The organisation as a system, which causes small changes to escalate into large consequences

-The pervasive connection of an organisation to other organisations and people such that it does not simply adapt to its environment, but that its managers take part in creating that environment.

Although far removed from Stacey's paradigm, Hamel and Prahalad's (1994) somewhat arguable concept of industry foresight and more robust (1994) idea of strategic architecture find an echo in this idea of creating the environment. Their habit of retrospectively backing winners contrasts with

Stacey's more sanguine view on the fate of grand visions, which is characterised by

- *the distance in time and space between cause and effect*

- *the complex systemic nature of the organisation*

- *the need for managers to draw analogies between a specific present situation and others they have encountered before*

- *the fundamental pervasiveness of contradiction and paradox in organisational life*

- *the consequent need for firms to rely on self-designing forms of organisation and control*

- *the fact that managers may not be able to direct the detail of what happens*

- *the need for many strategic decisions to be made through political processes* (1991:12).

The idea of cause and effect is seen as unworkable. Instead, those people he calls *extraordinary managers* will recognise patterns in what is happening, and make creative choices in relation to them. Stacey characterises extraordinary management as: *the use of intuitive, political, group learning modes of decision-making and self-organising forms of control in open-ended change situations* (1993:302). This concept of extraordinary management can be regarded as another *school* of strategy formation, placed at the very bottom of the integrative framework.

Nonaka (1988) mirrors Stacey's views that organisations can and do behave as *dissipative structures* (1993:231) when he asserts that the key to self-renewal of an organisation lies in its ability to manage the continuous dissolution and creation of organisational order. He points to the necessity to allow freedom among the constituent units in an organisation to generate creative conflicts between them and maintain the capacity to take in chance information.

What are the implications for Catholic health care? Stacey (1991) makes the point that top managers cannot control the strategic direction of the

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business in the sense of a captain steering a ship. He sees a need to create the conditions in which unpredictable creativity may occur, and further makes the point that chaos focuses attention on the importance for strategic direction of intuitive thinking, insight, judgement, common sense, reasoning by analogy and experience. The need to contend with the ambiguities of a chaotic world will change completely the nature of managing and operating organisations. The role of senior managers will be much more a matter of setting the context, dealing with the more intractable ambiguities and taking part in the creative process. This change alone will require the relational, networking mindsets, and the "outside-the-box" creativity essential for success in this environment. The environment within which the organisation will operate will be (is) not a fragmented aggregation of elements, but a living, organic, whole. An emergent/learning model of strategy formation sits as comfortably as any with this holistic idea.

This concept of organisation will require a profound shift in values, and a much more relational style of working and managing. It is a vitally necessary shift. The alternative is decay without renewal. The analysis of planning models within Catholic health suggests that some of this shift is happening in this sector.

PATOP Analysis/Autopoiesis

Whiteley (1997b) has developed a theory of the organisation which is a good starting point for any application of quantum and chaos concepts to current organisations. The PATOP (Philosophy, Assumptions, Theory of Organising, Processes) model sets out to align the basic assumptions of an organisation, "the organisation story", with the theory of organising and the processes. Figure 2.18. illustrates the PATOP model.

Fig. 2.18. The PATOP Model

Philosophy   **P**

Assumptions   **A**

Theory of the Organisation

ALIGN THEORY WITH PRACTICE

Theory of

TO

Organising

Practices   **P**
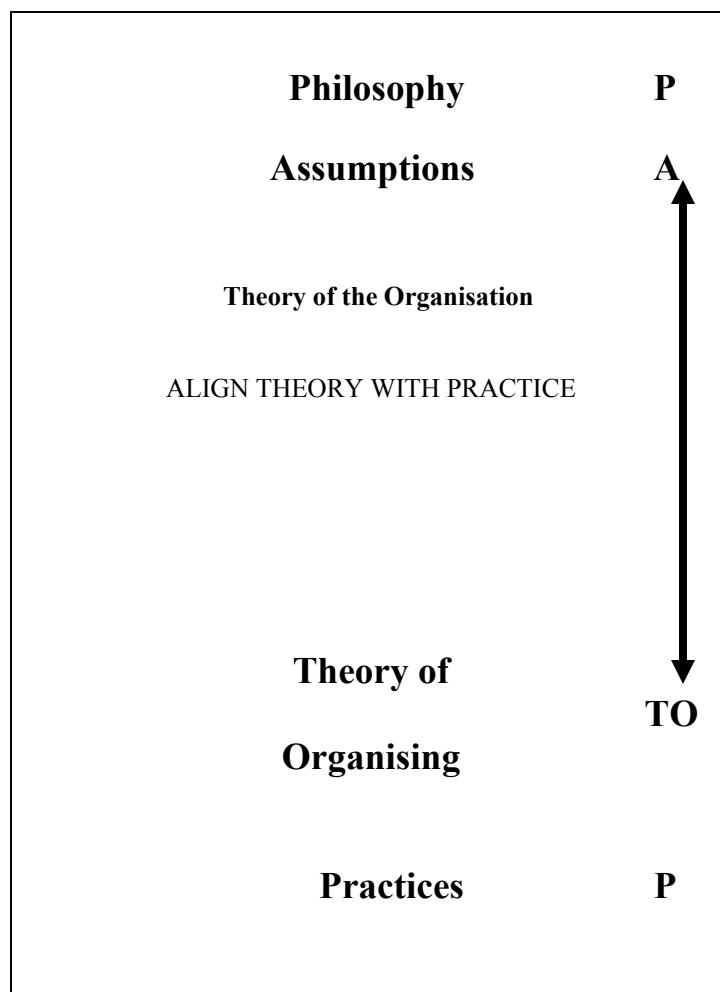
Based on Figure One: Whiteley, A., "Critical Skills for Decision Making, AHRI Conference, 1997

As Whiteley points out, the vision statement is the nearest to a philosophical statement, with the task of articulating *the true nature of the organisation at the ontological level* (1997b:31).

Whiteley sees the philosophy, values and assumptions as the foundations of the organisation, while she calls the theory of organising and practices, the edifice. Figure 2.19 illustrates this concept.

Fig. 2.19. Edifice and Foundation

EDIFICE AND FOUNDATIONS

EDIFICE

• Theory of Organising
• Practices

FOUNDATIONS

◆ Philosophies
• Assumptions
• Values
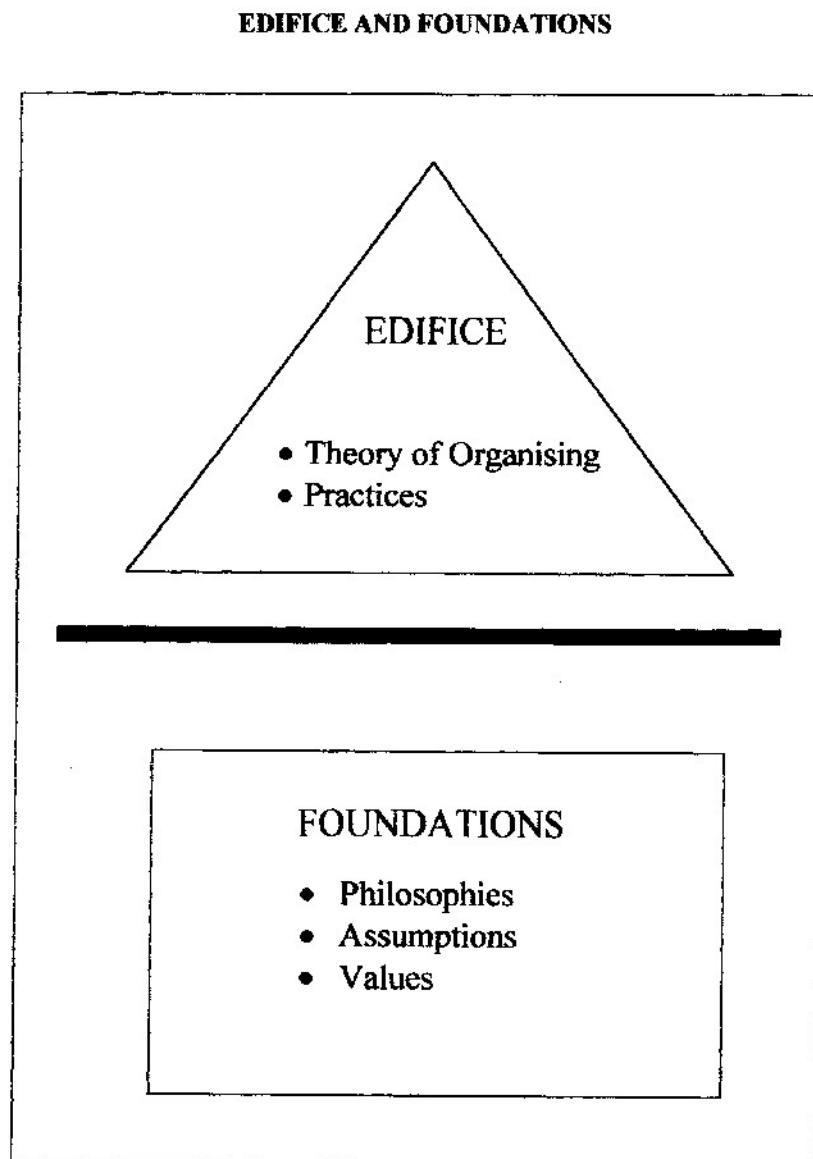
Adapted from Whiteley, A (1997) "Critical Thinking Skills for Decision Making." p 5

The bar between the edifice and the foundation is deliberate and deserves attention. Whiteley has highlighted (1997b) the reality that questioning and adaptation tend to focus on the edifice or the foundation and not both in harmony. Generally, the focus is on the edifice, on management practices, on theory of organising, on process, and less often on the fundamental values, assumptions and philosophies, which really define the organisation's soul. Fig 2.20 illustrates this tendency to validate, and not interrogate, the old foundations.

Fig. 2.20: Validating Foundations

VALIDATING FOUNDATIONS

(Human Resource Management Example)
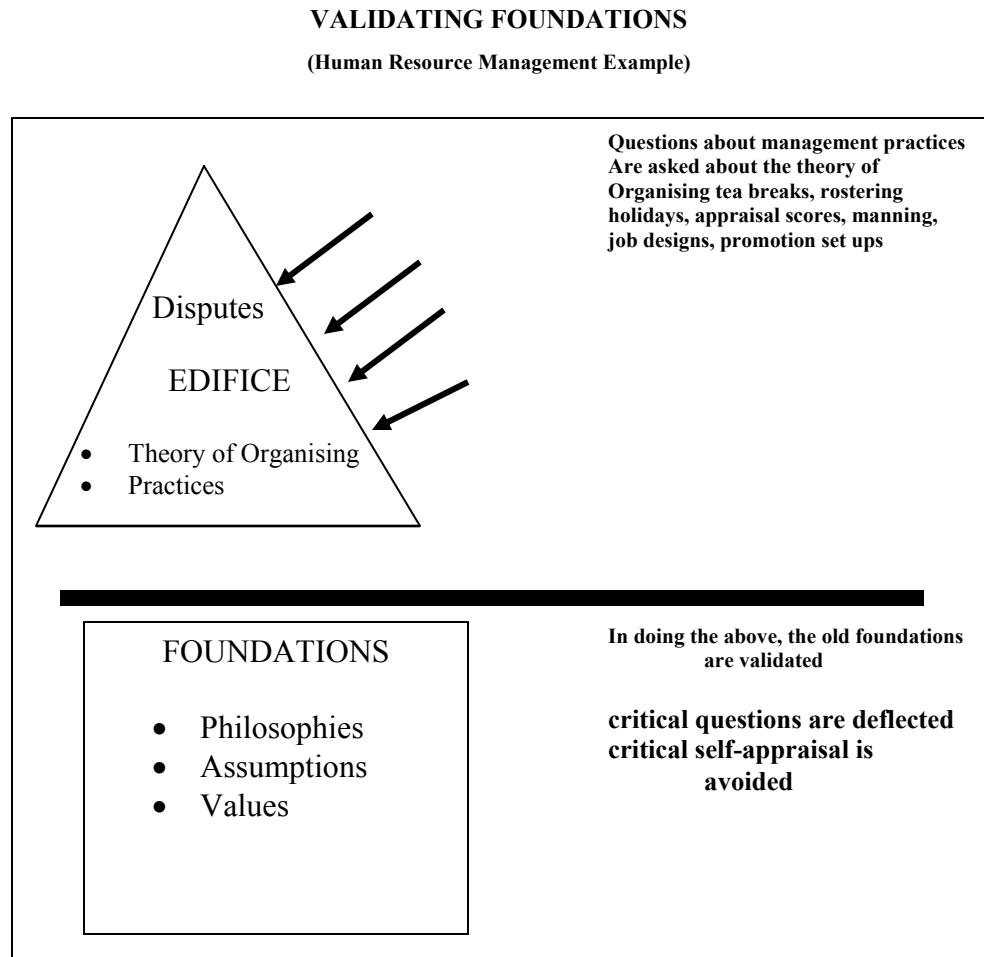
Based on Figure 3: Whiteley, A., (1997), Untitled Paper, Curtin University of Technology.

An outcome of this predilection for the edifice will be what Whiteley calls (1997b) *decision implementation drift.* When management practices, processes and organising theories are the focus of interrogation, there will be a tendency for misalignment between the foundation, the values, assumptions and philosophies and the way these are operationalised.

Surface questioning of processes rather than deep questioning of assumptions and values, may be counterproductive. The reverse is not usually true. A misalignment because fundamental values and assumptions are being questioned deeply, need not be a bad thing. It will tend to herald realignment of processes with a new, purposeful value system. This drift will tend to be short-lived. Decision implementation drift is illustrated in Fig. 2.21

Fig. 2.21. Decision Implementation Drift

DECISION IMPLEMENTATION DRIFT

P1

A1

DI? D2?

TO 2

decisions could
be part of drift

P2
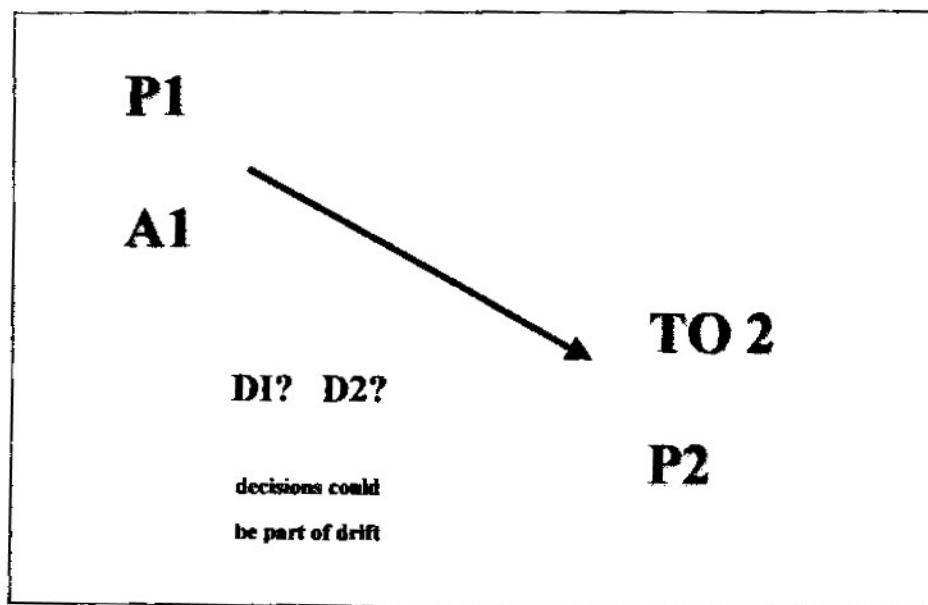
Adapted from: Whiteley, A. "Critical Thinking Skills for Decision making. 1997 p 5

Autopoiesis

Whiteley (1998b) has included the idea of autopoiesis as an adjunct to her PATOP model. Autopoiesis, on reflection, seems to be a natural outcome of the focus on the edifice. Whiteley quotes Zeleny's (1981) definition of autopoiesis as follows

> *We maintain that there are systems that are defined as unities, as networks of productions of components that (1) recursively, through their interactions, generate and realise the network that produces them: and (2) constitute, in the space in which they exist, the boundaries of this network as components that participate in the realisation of the network. Such systems we have called autopoietic systems* (1981:21).

Whiteley simplifies this definition by pointing out that the autopoietic-like organisation is in

> *a world of its own, surviving in spite of outside requirements and pressures, rather than in harmony with them …………………In other words, there will be an attempt to organise the environment so that it can play its part in the organisation's self reproduction activity* (1999:41).

The interaction between the environment and the processes in a closed autopoietic system is illustrated in Fig.2.22

Fig. 2.22: The Closed Autopoietic System

THE CLOSED AUTOPOIETIC SYSTEM

Selects from the environment what it needs to keep going

Change is embraced as long as the result is to preserve the status quo

Designs internal systems to support **the status quo**
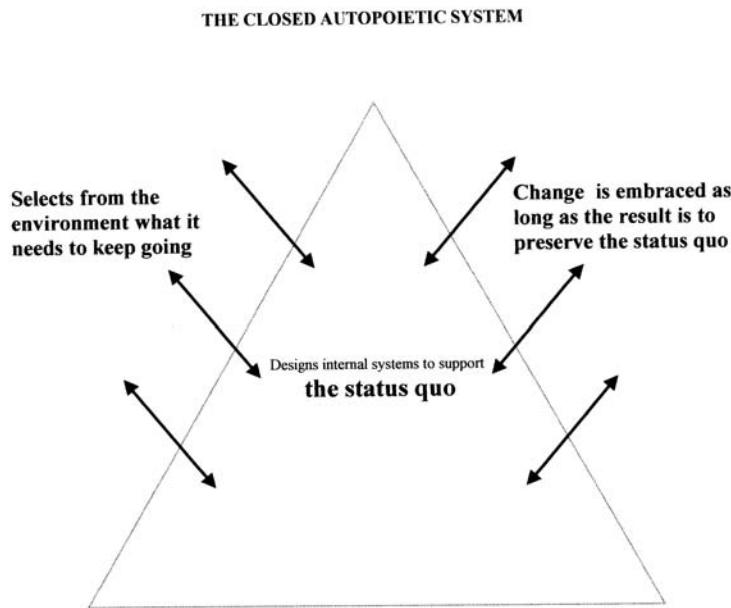
Source: Whiteley (1998) "A Phoenix or a Feather Duster." Page 7

This is a system with a strong bias towards equilibrium, and a predisposition not to change.

Zeleny claims that the theory of autopoiesis has become a living, flexible, adaptive philosophy, because it

is capable of unifying the three traditional parts of philosophy through its comprehensive treatment of identity (logic), autonomy (ethics) and their (dialectical) relationship (aesthetics) (1981:2).

In business, it seems reasonable to identify autopoiesis, *self-production* (Zeleny 1981:4) as at least some of the philosophical underpinning of what Stacey calls *today's dominant wisdom* (1993:97), geared to reducing the level of surprise, to increasing the level of predictability and thereby improving the ability of those at the top to control the long-term destiny of the organisation. Stacey (1993) suggests that this approach leads to failure rather than success in rapidly changing and highly competitive conditions.

He further makes the point that the idea of the group or the management team may itself be a retreat into group-think. Stacey sees

managers, faced by high levels of strategic uncertainty and ambiguity, retreating into the *'mother figure'* of the team for comfort, and, in so doing, failing to deal with the strategic issues. Stacey is addressing the way organisations will need to cope with a chaotic environment. He goes on to say that the desire for cohesion may well be a neurotic phenomenon. Does this fly in the face of Integration 2000?

Stacey (1993:16) relates to the thinking in Whiteley's (1997b) PATOP model when he argues for replacing the distinction between short-term and long-term management horizons with a distinction between management that is conducted within a given set of beliefs, and management that is about changing that set of beliefs. Again, both of these authors provide insights which will affect the formation of strategy, but they do not address the nature of the process.

The model in Figure 2.20. fits the current orthodoxy for many, and probably most, organisations. The work of Hammer and Champy (1993) and Champy (1995) on process reengineering and reengineering management does not challenge this orthodoxy. Despite the drastic rethinking and inevitable downsizing, it operates very much as a revisiting of Taylorism. The flow charts and analytical tools used in process reengineering exercises bear an uncanny resemblance to classical methods study documents, particularly those concerned with so-called Clerical Work Measurement. As such, it does not ask the deep questions, but concentrates on the edifice, the operational.

The Boston Consulting Group document, (Berke, Milan et al. 1994) "Reengineering and Beyond" is a very impressive outline of all of the implications of thoroughgoing reengineering. It is a seventy two-page distillation of the important concepts and the detailed techniques of process reengineering and management's role in the process. In addition to the mechanics of reengineering, it addresses a myriad of related issues, such as behaviours and culture change, "soft" management issues, such as trust, Porter's value chain, sensitivity to the emotional dynamics of change, a blue print for the period beyond reengineering and others.

For all of this, the focus is operational. Even the reference to senior management's view of what the company will be and how it will operate in the future is an operational, and not a philosophical, vision. The role of consultants in reinforcing the orthodoxy is addressed in Chapter 5

What is the environment in which these autopoietic organisations seek to operate? The strategy literature identifies elements of the environment with which each organisation must interact. Johnson and Scholes use *PEST analysis* (1997:93) as a checklist, identifying Political/legal, Economic, Sociocultural and Technological (PEST) components of the organisational environment. Porter's *diamond* (1990:72) and his *five forces* analysis (1985:4) are consistent with PEST analysis. Andrews (1996:51) adds ecology and industry to this list.

The metaphor of autopoiesis can be applied to the orthodoxy of today's organisations. Even with the changes inherent in comprehensive reengineering, most organisations are intent on maintaining equilibrium and resisting fundamental changes to the values, philosophies and assumptions, which define them. They focus almost exclusively on questioning the operational aspects of the theory of organising and processes, without spending enough time aligning values, assumptions and philosophies to a turbulent world. Their interactions are linear, and assume a definable environment. This can be illustrated by Figure 2.23, which attempts to show how a closed autopoietic system, or the current orthodoxy, might interact with its various environments.

2.23: Current Orthodoxy--Environmental Scan

CURRENT ORTHODOXY
ENVIRONMENTAL SCAN
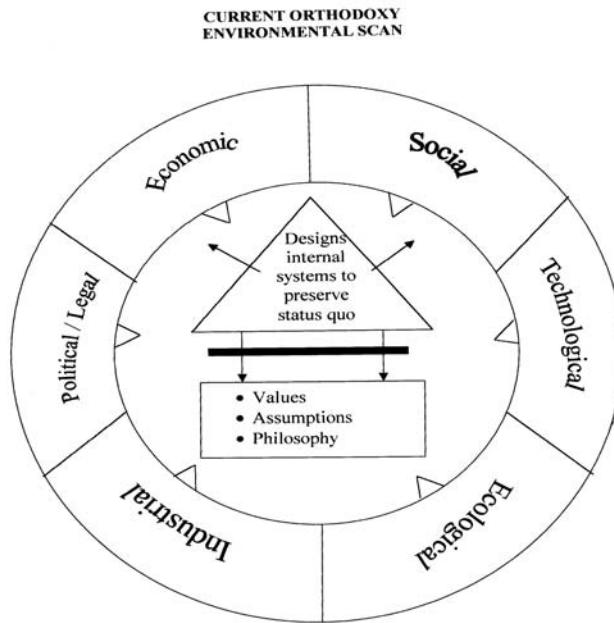
Reproduced from researcher's DBA assignment.

According to Mintzberg, *planning has generally garnered its greatest support when conditions have been relatively stable* (1993:36). He makes the point that *planning is so oriented to stability, so obsessed with having everything under control, that any perturbation at all sets off a wave of panic and perceptions of turbulence* (1993:37). This carries more than a suggestion of autopoietic behaviour.

The PATOP model of an organisation might fit a world of dissipative structures, non-equilibrium, relational webs, and an environment which functions as a single living organism. It is impossible to represent all the nuances faithfully in a model. Figure 2.24 attempts to highlight the key features, which are as follows:

- the organisation, modelled on the PATOP concept, is seen at the centre of a web. "Centre" is a relative term in a universe seen as a dynamic web of interrelated events

- the relationship between the Edifice (Theory of Organising, Processes) and the Foundations, (Philosophy, Assumptions) is osmotic

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- the dissipative structure is reflected, (very inadequately), by the ellipse (D) and arrows, illustrating entropy exchange (EE)

- the circle attempts to capture the notion that, in addition to the osmotic relationship, which is really deep, pervasive communication, the Edifice and Foundations will be interacting with each other as the exchange of entropy takes place.

Other features not captured by the model, but present nonetheless, are Whiteley's (1997a) concepts of

-quantum, the fusion of opposites into an indivisible whole

-chaos, and the reciprocity of order and chaos

-humans as indivisible wholes

-core values as strange attractors

-fractals

-turbulence.

Figure 2.24: The Web…………

THE WEB AT THE CENTRE OF THE WEB AT THE …

E: Edifice

F: Foundation

EE: Entropy Exchange

D: Dissipative Structure

W: Web
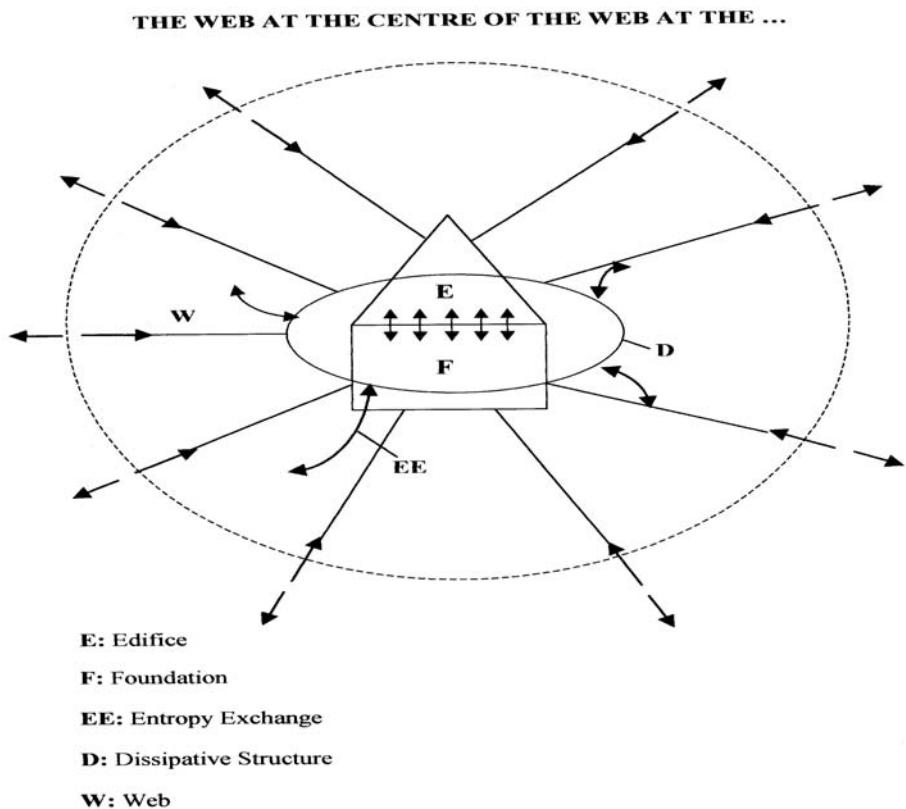
Reproduced from researcher's coursework assignment.

A static pictorial model will never do justice to what will be required of a quantum organisation. It can only hope to contribute to some understanding of the enormity of the value shift involved. It can also help people to develop some understanding of the contribution quantum and non-linearity can make to theories of the organisation. Finally, this model suggests that the PATOP model is simple, consistent and suitable for organisations of the future.

If we apply the PATOP model to an attempt to understand how organisations should become dissipative structures, it is clear that there will need to be a profound value shift, and that assumptions and philosophies must be constantly interrogated at the deepest level. The interaction between the edifice and the foundations must be holistic and non-linear. Interaction is not the deliberate pouring of portions of interaction up or down the structure. The flow of thought must go all ways and must address philosophies, assumptions, theory of organising and processes holistically.

Planning Assumptions

Espoused Theory/Theory in Use

Argyris and Schon (1975) have developed the concepts of espoused theories and theories-in-use, which are pertinent to this research. In this context, Whiteley refers to *a tension between espoused and received change strategies* (1999:48). Espoused theory is passed from senior corporate management to the key players who make decisions and implement plans. Espoused theory passes through the lens of people's previous beliefs, expectations and attitudes to become *"received espoused",* which triggers behaviour and action**.**

Argyris and Schon address a number of issues of professional competence and practice, which are pertinent to this research. They explore (1975) the concepts of professional paradigms and artefacts, which would bear directly on the formation of strategy.

The Industry/The Third Sector

An important element of a description of strategy formation will be a definition of the industry, or industries, which will emerge from this project. In such a diverse environment, a theory of strategy formation is unlikely to be universally applicable. A useful outcome of this work should be a coherent description of this field, and the industries, which may emerge.

It might be useful to discuss how these organisations might fit into what is termed in the United States, the *third sector*. Anheier and Seibel (1990:7), in their edited collection of papers on this issue, describe the *third sector* as designating all organisations which are neither profit-oriented businesses nor governmental agencies or bureaucracies. This is a wider term than the American *non-profit sector,* and is the subject of a great deal of discussion, much of which is summarised in this text.

James (1990) points out that, in the US, the term *non-profit* is associated with organisations which qualify for tax exemption and tax-deductible donations. She points out that, even without this special status, non-profit organisations share the characteristic that they do not have owners who are entitled to receive the profits of the organisation in the form of dividends or capital gains. This is a distinguishing feature of the organisations covered by this research.

James (1990) asserts that the non-distribution restraint tends to make consumers trust nonprofits to maintain high quality standards. At the same time, the absence of someone with a *property right* removes the incentive to keep the organisation free from sloth and waste. This waste could be the more serious waste of entering costly ventures without searching, even cynical, financial appraisal. The researcher's previous consulting company was ostensibly a for-profit business, but ownership was vested in a trust for the benefit of staff. The reality was that, while most units ran very profitably, somebody, somewhere found a "black hole" into which to pour most of the group's profits. With current changes in ownership structure, to give staff a

direct stake, the firm has already become a much more focussed and valuable business.

James (1990) also points out that the entrepreneurship for non-profit provision of education, health and social services, historically, has come from religious (or other ideological) groups. Again, this pattern is reflected in Australia.

James raises questions which she sees at the forefront of research on the non-profit sector, namely

- *does the delegation of production responsibility to nonprofits increase the variety and choice available to consumers, raise the quantity and cost of services and decrease their costs …… or does it mean more waste, less accountability and equity ……*
- *if subsidies are given …… should the nonprofits correspondingly be subject to social controls over their activities ………*
- *what are the probable economic consequences of alternative public policies toward nonprofits* (1990:25)?

These questions are at the forefront of this research. Non-profits in Australia have been operating in a funding environment, which has attempted to be economically rational, and has succeeded in putting considerable pressure on the non-profit health and aged care sectors.

Simon, in considering legal policies affecting the non-profit sector, poses three broad questions

-what roles are appropriate for the non-profit sector to perform?
-what methods should the state use to encourage the non-profit sector to perform such roles?
-what regulatory controls should be placed on non-profit sector relations with the government and business sectors and with charitable donors (1990:31)?

He sees considerable overlap in these questions. This overlap would be reflected in Australia.

Anheier (1990) addresses the questions of explanations for the existence of nonprofit organisations, and the factors which influence their organisational behaviour.   He quotes Hansmann's (1980) classification of nonprofit organisations by the characteristics of source of income and organisational control.   These, together with organisational examples are tabulated below in Table 2.6.

Table 2.6: Classification of Nonprofits

Organisational Source of Control Income	MUTUAL	ENTREPRENEURIAL
DONATIVE	Mutual-Donative (Common cause Associations)	Entrepreneurial-Donative (Charities)
COMMERCIAL	Mutual-Commercial (Country Clubs)	Entrepreneurial- Commercial **(Hospitals)**

Source: Anheier, in Anheier and Seibel (1990): The Third Sector: Comparative Studies of Non-Profit Organisations.

This classification should fit the organisations under study in this research.

Badelt (1990:53) makes the point that the literature largely ignores the existence of other institutions outside the *"public-private"* dichotomy, for example, the private non-profit organisations. His paper addresses the theory of institutional choice under the headings of

- the range of possible institutions which may exist to meet a certain goal in society
- an explanation of how institutions are formed
- a comparative analysis of the performance of different institutions.

Badelt (1990: 54) identifies three elementary institutional types*, Private Market Organisations (PMOs), Government Organisations (GOs) and Nonprofit Organisations (NPOs),* which are privately owned and characterised by the non-distribution constraint.

Two rationales for NPOs are identified

-the *failure performance approach,* (1990:55) where the existence of NPOs is explained by the failure of other institutional arrangements

-the *transaction costs approach,* which explains institutions by the costs of alternative contractual arrangements.

Badelt (1990) states that both approaches assume that institutions emerge as a result of choice processes. He makes the important point that the question of who actually makes the choice is hardly touched. Most existing theories of institutional choice, according to Badelt, seem to treat the process as a typical free-market process, interpreted as reaching equilibrium solutions. The theories do not make it clear whether it is the consumer who can make a choice, whether the producer has options as well, or whether both choices have indirectly entered the equilibrium. In the absence of perfect competition, these are very relevant questions. Badelt poses, among others, the question of whether patients actually have the power to determine the institutional type in which hospital services take place.

Hansmann discusses what he calls *'commercial' non-profits* (1990:65). These are non-profit organisations that receive little or no income from donations, but rather derive all or nearly all of their income from prices they charge for goods and services they produce and sell. He points out that they account for most of the (US) nation's hospital care, and have large shares of other important service industries, such as nursing care for the elderly, day care for children and primary medical care. This pattern is reflected in Australia.

Hansmann (1990) asserts that the development of nonprofits might not come from the crude protection from opportunism afforded by the non-distribution constraint. He puts forward two alternative explanations. Firstly, commercial nonprofits could be simply historical anachronisms. He takes the example of hospitals, and points out that donatively supported nonprofit firms came to dominate the hospital industry in the US. Health technology and financing techniques have rendered donative funding largely unnecessary. The nonprofit hospitals have evolved from donatively supported to commercial nonprofits, perhaps as a result of institutional inertia.

The other alternative is that commercial nonprofits are often a response to tax exemption and other implicit and explicit subsidies that give them artificial cost advantages over their for-profit competitors .

Both of these rationales may have echoes in the Australian context.

Christopher Hood and Gunnar Folke Schuppert, discussing para-government organisations and government services, allude to the concept of *"minimum public power"* (1990:103). With regard to *"social"* functions (which include health care), they point out that the services typically do not have any of the features of public goods. While governments, as a policy decision, may pay for such services out of tax revenue, there is no transactional reason for any special measure of public power in the hands of the service delivery organisation, still less for "hands-on" control by the core of government. This means in turn that enterprises constituted as private or independent entities are likely to be able to provide services without institutional failure.

These considerations need all to be considered in the Australian context.

Seibel (1990)argues that the so-called t*hird sector* represents a niche for organisational behaviour with a low degree of responsiveness and efficiency, because, as he asserts, the *third sector* niche alleviates a dilemma of legitimacy in a democratic political system.

Seibel (1990), viewing the third sector as somewhat like an institutional hinge mitigating the crisis of the welfare state, asserts that research must analyse the micro-organisational conditionality of political function.

Susan Rose-Ackerman (1990) discusses the issues of control of non-profit agencies and their accountability to donors, governments and consumers. She points to ambiguities in the impact of government support when there are private funding sources other than charitable gifts. Important among these are fees and charges for mission-related services, for example, fees for hospital care and net revenue from projects designed to generate revenue. Rose-Ackerman points to the conflict over the possibility that the client mix required to remain solvent differs from the one mandated by the

mission. This is a crucial question for both Catholic health and Catholic aged care

Knapp, Robertson and Thomason quote Manser's Law(1974) *An agency's freedom and effectiveness in social action or advocacy are in inverse proportion to the amount of public money it receives* (1990:213). This may be an admonitory warning for Australian nonprofits seeking to shape a new or modified mission. In welfare and aged care it already operates strongly. The researcher has had small scale experience of Manser's Law operating in the welfare area.

Chapter 3

Theoretical Perspectives/Research Methodology

Theoretical Perspectives

Strategy formation and thought processes are, by definition, social undertakings. Strategy takes place in a social setting, and, therefore, theory-building would come within the social theory framework. Social theory is more than a century old. Comte coined the term *sociology* before the middle of the nineteenth century, and is regarded as its founder. (Burrell & Morgan 1979:42) Comte's *A General View of Positivism,* reprinted in a centenary edition (1848,1957), uses the term, for example. *In this respect the case of Sociology resembles that of Biology* (1848, 1957:66).

Burrell and Morgan (1979) were key writers in this area. Their text came in the latter part of the formative years of strategy theory [Ansoff (1965), Learned et al (1965, 1969), Ackoff (1970), Steiner (1969), Mintzberg (1973)]. Of particular use in this study are their suggested paradigms for the analysis of social theory. Burell and Morgan identify four paradigms, constructed from the subjective/objective assumptions about the nature of science, and assumptions about the nature of society, as in Table 3.1.

Table 3.1: Four paradigms for the analysis of social theory

THE SOCIOLOGY OF RADICAL CHANGE

	Radical Humanism **A**	Radical Structuralism **B**	
SUBJECTIVE	**Interpretive Sociology** **D**	Functionalist Sociology **C**	**OBJECTIVE**

THE SOCIOLOGY OF REGULATION

Adapted from Burrell and Morgan (1979, 1994): "Sociological Paradigms and Organisational Analysis: Elements of the Sociology of Corporate Life". p 22

The subjective-objective dimension can be illustrated by a model developed by Burrell and Morgan, and reproduced as Figure 3.1.

Fig.3.1: The Objective-Subjective Dimension

The subjectivist approach to social science		**The objectivist approach to social science**
Nominalism	← ontology →	Realism
Anti-positivism	← epistemology →	Positivism
Voluntarism	← human nature →	Determinism
Ideographic	← methodology →	Nomothetic
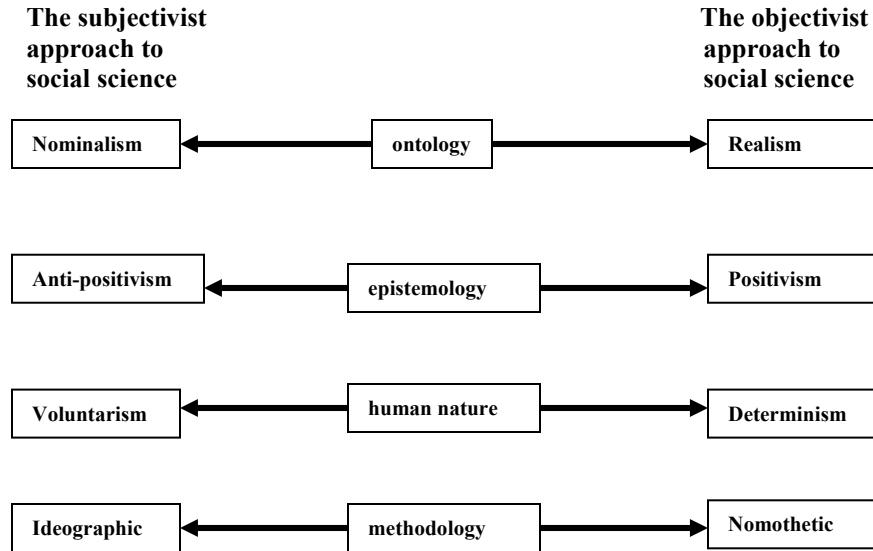
Figure 1.1   A scheme for analysing assumptions about the nature of social science
Adapted from Burrell and Morgan (1970, 1974) "Sociological Paradigms," p 3

If this model were adapted to include the more widely used term "constructivism" (instead of anti-positivism), it would fit more comfortably with discussion later in this chapter on the overall research methodology.

Burrell and Morgan make the point that their use of the term "paradigm" (Table 3.1.) is wider than that of Kuhn (1970). Kuhn's concepts of paradigm are grounded in science, where the absence of disagreements among the natural sciences about the nature of legitimate scientific problems, versus the extent of overt disagreements in the social sciences, led him to coin the word, meaning *universally recognised scientific achievements that for a time provide model problems and solutions to a community of practitioners* (1970:viii). Burrell and Morgan argue that social theory can be understood in terms of four distinct and rival paradigms grounded in basic assumptions in relation to the nature of science and society. They point out that *'paradigms,' 'problematics,' 'alternative realities,' 'frames of reference,' 'forms of life' and 'universe of discourse'* (1979:36), are all related, but not synonymous

conceptualisations. The four paradigms are also mutually exclusive, because they offer alternative views of social reality

A: Radical Humanism

By definition, the radical humanist paradigm seeks to develop a sociology of radical change from a subjectivist standpoint. It shares with the interpretive paradigm its view of the social world from a perspective which tends to be *nominalist, anti-positivist (constructivist), voluntarist and ideographic* (1979:32). The frame of reference of this paradigm emphasises the importance of overthrowing or transcending the limitations of existing social arrangements.

Burrell and Morgan characterise the sociology of radical change as having a basic concern to find explanations for the deep-seated structural conflict, modes of domination and structural contradiction which its theorists see as characterising modern society. Being on the subjective side of assumptions about the nature of science, radical humanism does not stress structural conflict and contradiction. These authors see a nascent anti-organisation theory in this paradigm, partly because the radical humanist paradigm in essence is based upon an inversion of the assumptions which define the functionalist paradigm. Figures 3.2 and 3.3 overleaf show how Burrell and Morgan locate the constituent schools of sociological and organisational theory within the four paradigms.

Figure 3.2: Sociological Theories.

THE SOCIOLOGY

OF RADICAL CHANGE

Radical Humanism   Radical Structuralism

Anarchistic
Individualism

Contemporary
Mediterranean   Russian
Marxism   social
theory

French
Existentialism

Critical
Theory

S
U
B
J   **O**
E   **B**
C   S   **J**
T   o   **E**
I   l   Conflict Theory   **C**
V   i   **T**
E   p   **I**
        s   **V**
        i   **E**
        s
        m   Integrative   Social
              Phenomenology   Hermeneutics   theory   system
                         Phenomeno-   theory
                         -logical   Objectivism
                         sociology

                                              Interactionism
                                              and social
                                              action theory

Interpretive Sociology   Functionalist Sociology

THE SOCIOLOGY

OF REGULATION

Adapted from Burrell and Morgan (1979) p 29

Figure 3.3:Organisation Theory

THE SOCIOLOGY

OF RADICAL CHANGE

Radical Humanism   Radical Structuralism

S U B J E C T I V E	Anti- 0rganisation theory	Radical Organisation theory	O B J E C T I V E

Pluralism

Ethnomethodology
And
Phenomenological
symbolic
interactionism

Theories   Social
Action   of   system
frame   bureaucratic   theory   Objectiv-
of   dysfunctions   -ism
reference

Interpretive Sociology   Functionalist Sociology

THE SOCIOLOGY

OF REGULATION

Adapted from Burrell and Morgan (1979) p 30

B: Radical Structuralism

This paradigm, by definition, locates the sociology of radical change from an objectivist standpoint, so will tend to be *realist, positivist, determinist and nomothetic.* It is committed to *radical change, emancipation, and potentiality, in an analysis which emphasises structural conflict, modes of domination, contradiction and deprivation* (1979:34). The focus on

'consciousness' inherent in radical humanism is here replaced by a focus on structural relationships within a realist social world. A common theme among theorists is the view that contemporary society is characterised by fundamental conflicts, which generate radical change through political and economic crises. Conflict theory emerges from some of the writing within this paradigm. As Burrell and Morgan point out, this paradigm has received very little attention in Britain and America, outside the realm of conflict theory.

C: Functionalist Sociology.

Again, by definition, the functionalist paradigm is firmly rooted in the sociology of regulation and approaches its subject matter from an objectivist point of view. It is concerned with providing explanations of the status quo, social order, consensus, social integration, solidarity, need satisfaction and actuality. Occupying an objective set of assumptions about the scientific world, the functionalist approach tends to be *realist, positivist, determinist and nomothetic.*

The functionalist, or positivist paradigm, extolled in the mid-nineteenth century by scholars such as Comte (1798-1857) and Durkheim (1858-1917), has as its basis the application of *scientific method* to human science. The scientific method reaches back for its origins to ancient Greece.

Positivists such as Comte (1848, 1957) and Durkheim (1938, 1966) applied the Newtonian scientific method to sociology. Comte saw the primary object of Positivism as twofold: *to generalise our scientific conceptions and to systematise the art of social life* (1848, 1957:3). Burrell and Morgan see Comte's point of view of the process of evolutionary transition of society through three stages of development*, the theological or fictitious, the metaphysical or abstract and the scientific or positive* (1979:41).

The basis of Durkheim's *Rules of Sociological Method.* (1938, 1966) was the concept of a *social fact.* His rules encompassed rules for the observation, classification and explanation of social facts, rules for

distinguishing between the normal and the pathological, as well as rules relating to establishing sociological proofs. Whereas Comte's work had an evangelical, and even political tone, Durkheim attempted to be more precise. He (1938, 1966: 10) defined a social fact in terms of the power of coercion, which it exercises over individuals, and also its diffusion within the group. In his preface to the Second Edition Durkheim noted parallelism between social facts and other phenomena of nature, a parallelism, which arises *because both are real things*. (1938, 1966:iv)

Over time, there have been influences from the German tradition, which attempts to bridge the gap between functionalist sociology and a more subjective tradition. Also there have been attempts to 'radicalise' functionalist theory. These influences are illustrated in Figure 3.4

Figure 3.4:Intellectual Influences on the Functionalist Paradigm.
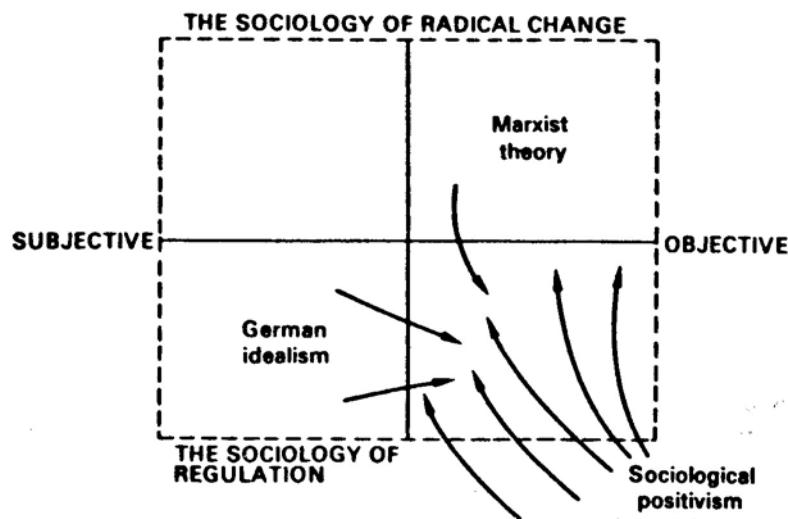
Reproduced from Burrell and Morgan (1979, 1994) p 27

These crosscurrents have given rise to the large number of sociological and organisational theories evident in Figures 3.2. and 3.3. This led Burrell and Morgan, in 1979, to assert that most organisation theorists, industrial sociologists, psychologists and industrial relations theorists approached their

subject from within the bounds of the functionalist paradigm. This hegemony is not as apparent today.

D: The Interpretive Paradigm.

Guba and Lincoln make the point that the central feature of the paradigm they call constructivism is its ontological assumption that realities, certainly social/behavioural realities, are mental constructs (1989:19). They reserve the term constructivist for the person working within this framework of personal constructs.

In its approach to social science, this paradigm tends to be nominalist, anti-positivist or constructivist, voluntarist and ideographic.

Morgan and Burrell elaborate on the interpretive paradigm as informed by a concern to understand the fundamental nature of the social world at the level of subjective experience. This understanding, or *verstehen,* was introduced by Dilthey, and elaborated by Weber (Burrell & Morgan 1979:83). It is the level of understanding of placing oneself in the role of the actor. It would not be entirely accurate, but not completely off the mark, to substitute the word "empathy' for *verstehen.* Burrell and Morgan make the point that the commitment of interpretive sociologists to the sociology of regulation is implicit rather than explicit, and that they are much more orientated towards understanding the subjectively created world *'as it is'* in terms of an ongoing process (1979:31).

The beginnings of the interpretive tradition can be traced to early German writers, who questioned the application of natural science paradigms to what Dilthey called the *human sciences.* In the so-called (erroneously) Althoff Letter he makes his recurring point that *All science, all philosophy is experiential. All experience derives its coherence and its corresponding validity from the context of human consciousness* (1882, 1989: Appendix, XIX 389). While Dilthey seeks to reconcile the natural sciences and the human sciences, he returns to the point that *nature is for us just what is in us. What*

nature may be in itself is here entirely irrelevant (1883, 1989:73). Again, as a response to the *French and English thinkers* who *have projected the theory of a unified science for the whole of this reality which they have called 'sociology,'* he asserts that *Social states are intelligible to us from within* (1883, 1989:87). This is echoed by modern writers, such as Schwandt, who points out that the constructivist philosophy assumes that *what is real is a construction in the minds of individuals* and that it is idealist (1994:128). The observer cannot (should not) be neatly disentangled from the observed in the activity of inquiring into constructions. In a later article (2000) Schwandt identifies three variants of the interpretivist philosophies, namely

- *empathic identification,* which requires grasping the actor's intent, or subjective consciousness from the inside
- *phenomenological sociology,* which is concerned with how the everyday, intersubjective world is constituted
- *language games,* whereby understanding systems of meanings is the goal of *verstehen* (2000:192).

Schwandt emphasises the point that the interpretivist point of view requires the inquirer to understand the *meanings that constitute the action* (2000:191).

Guba and Lincoln (1989) point out that

To fall back on the terminology of the philosophy of science, constructions come about by virtue of the interaction of the knower with the already known and the still-knowable or to-be-known (1989:143).

Guba and Lincoln (1994) acknowledge their commitment to constructivism. They have set out a comparison of four paradigm positions on selected practical issues (1994:112). Table 3.2 overleaf is extracted from this table, and compares the positivist and constructivist paradigms.

Table 3.2: Paradigm Positions on Selected Practical Issues

ISSUE	POSITIVISM	CONSTRUCTIVISM
Inquiry aim	Explanation, prediction and control	Understanding; Reconstruction
Nature of knowledge	Verified hypotheses established as facts or laws	Individual reconstructions coalescing around consensus
Knowledge accumulation	Accretion- "building clocks" adding to "edifice of knowledge; generalisations and cause-effect linkages	More informed and sophisticated reconstructions; vicarious experience
Goodness or quality criteria.	Conventional benchmarks of "rigour"; internal and external validity, reliability and objectivity	Trustworthy and authenticity and misapprehensions
Values	Excluded-influence denied	Included-formative.
Ethics	Extrinsic; tilt toward deception	Intrinsic;process; tilt toward revelation; special problems.
Voice	"disinterested scientist" as informer of decision makers, policy makers and change agents	"passionate participant" as facilitator of multi-voice reconstruction
Training	Technical and quantitative; substantive theories	Resocialisation; qualitative and quantitative; history; values of altruism and empowerment
Hegemony	In control of publication, funding promotion and tenure	Seeking recognition and input

Source: Guba and Lincoln (1994): "Competing Paradigms in Qualitative Research."
In Denzin & Lincoln (Eds.), *Handbook of Qualitative Research)*

Guba and Lincoln make the point that the first four issues are deemed especially important by positivists, and are the issues on which alternative paradigms are most frequently attacked. These pit the issues of rigour, generalisation, verification, prediction and control against understanding, consensus, constructs and authenticity. It could be argued that all of the elements of the positivist approach for these issues are anachronistic for "de novo" research. De novo research in the physical sciences no longer aspires to the espoused positivist objectives, because they are considered unattainable.

The fifth and sixth issues, values and ethics, are important to both paradigms. Perhaps Guba and Lincoln are showing their bias in their comment on the positivist position on ethics. However, these are critical issues in social research, particularly values. Ethics in research can hopefully be treated as a given. There may be problems, but ethical standards must be impeccable. It is difficult to see how far de novo questions can be examined in a value-free way. This statement itself may be a value judgement.

The last three of these issues are those deemed most important by constructivists. They represent areas on which the received view (positivist) is seen as particularly vulnerable.

There was an implicit suggestion in the research question, and in the primary objectives of the research, that strategy formation and thought processes were to be explored and interpreted. It is important to note that, in this particular environment, values take on a more important role in the whole process of strategy formation. For this reason, it is appropriate that this research follow the constructivist paradigm.

In choosing a methodological approach, or, more accurately, identifying theoretical support as a basis for the data collection and analysis used, some of the literature on phenomenology, symbolic interactionism and ethnomethodology has been reviewed. The three approaches seek to get inside the situation and understand people's personal constructs of "reality." Kelly's basic theory of personal constructs has, as its fundamental postulate, that *A person's processes are psychologically channelised by the ways in which he anticipates events* (1955:103).

The eleven corollaries to the fundamental postulate qualify it in terms of the fact that events are viewed as personal constructs, which is, as to be expected, compatible with the constructivist paradigm. Kelly agrees that the concept is real, *but its reality exists in its actual employment by its user, and not in the things which it is supposed to explain* (1955:106). He makes the point relative to learning theory that people vary their constructs in the light of their experience, the learning corollary. In seeking conditions favourable to the formation of new constructs, phenomenology, symbolic interactionism and ethnomethodology must be evaluated in the light of all the issues.

These three approaches fit as theoretical approaches within qualitative methodology. The three perspectives require methods of data collection and analysis which

- are non-quantitative
- aim towards exploration of social relations
- describe reality as experienced by respondents.

Burrell and Morgan (1979: 30) fit these all squarely in the interpretive (constructivist) quadrant in Table 3.3 above The main thrust of this research is

to explore the process of Integration 2000 and the planning orientations of key players in Catholic health in terms of their meaning to those key players.

Phenomenology

Edmund Husserl (1859-1938) is widely regarded as the founder and leading exponent of the phenomenological movement in philosophy. Husserl describes *transcendental phenomenology* as a philosophical science, *indeed, on closer view, the basic philosophical science* (1913, 1931:15). He sees parallelism between phenomenological psychology, which he views as a non-philosophical, positive science and the philosophical science of transcendental phenomenology. He describes the process of phenomenological reduction, the procedure of *époche,* in terms of setting all theses *out of action,* and *direct the glance of apprehension and theoretical inquiry to pure consciousness in its own absolute Being* (1913, 1931:§50). This is the level of basic understanding which is sought through transcendental phenomenology. Thus, an effort is being made to penetrate the essences, to use the methods of direct intuition and insight into essential structures to penetrate *the depths of consciousness .... in search of subjectivity in its pure form* (Burrell & Morgan 1979:233). This produces *a region of Being which is in principle unique, and can become in fact the field of a new science---the science of Phenomenology* (1913, 1931:33).

This orientation, as Burrell and Morgan point out, shows the external world to be an artefact of consciousness, with phenomena willed into existence by intentional acts. *Man is shown to live in a world created through consciousness* (1979:233). Burrell and Morgan see Husserl's approach as extremely subjectivist. By implication, they seem to be favouring Schutz's less transcendental approach.

Burrell and Morgan (1979) note that a general resurgence of interest in phenomenology (in the sixties) has increasingly exposed the questionable status of the ontological and epistemological assumptions of the functionalist

perspective. They also make the point that it is not an altogether coherent movement, and so does not lend itself to any straightforward definition.

The glossary in the collection of Schutz's work defines phenomenological reduction as **…**

> *the basic procedure of phenomenological method. Through 'bracketing,' of all judgements about the ontological nature of the perceived objects, etc., and by disregarding their uniqueness, that which is given in cognitive experience is reduced to the 'essentials' of its form* (1932-1967, 1970:321).

The same glossary discusses understanding (*verstehen*) in terms being the basis of all interactive intersubjectivity. Schutz's definition is quoted as *the experiential form of common-sense knowledge of human affairs.* The glossary goes on to define *sociological understanding* as the result of a sociologist's subjective interpretation of the phenomena of human conduct which he/she studies.

In a discussion of the relationship between phenomenology and the social sciences, Schutz makes the point that this cannot be done by analysing concrete problems of sociology or economics, such as social adjustment, or the theory of international trade, with phenomenological methods. All social sciences take the inter-subjectivity of thought and action for granted. The question is asked

> *how can methods for interpreting the social interrelationship be warranted if they are not based upon a careful description of their underlying assumptions and their implications?* (1932-1967, 1970:56).

Schutz goes on to make the point that these questions cannot be answered by the methods of the social sciences, but require a philosophical analysis. The method of phenomenological reduction also *makes accessible the stream of consciousness in itself as a realm of its own in its absolute uniqueness of nature* (1932-1967, 1970:59). As Burrell and Morgan point out, Schutz is *concerned to throw light upon the way in which we come to know the lived experience of others* (1979:245).

Phenomenology occupies the middle ground within the interpretive quadrant of the four paradigms of social theory. Schutz, in Natanson (1966), in some final remarks, refers to phenomenological psychology and the application of phenomenology to social research. He makes the point that concepts of meaning, of motives, of ends and of acts presuppose a self-interpretation of the observer or partner. Burrell and Morgan note that Schutz in his attempt to develop a *'phenomenology of the social world'* (1979:243) comes down from the realm of philosophical discourse to something approaching a sociological perspective. Genuine understanding is seen as *possible in face-to-face 'we-relations',* dependent on direct exchange and interaction. Schutz's idea of understanding the concept of others is seen as a process of typification whereby interpretive constructs are applied to apprehend the meanings of what people do. Burrell and Morgan see the typifications as being learned through our biographical situation and handed to us through our social context.

Morgan and Smircich (1980: 494) tabulate assumptions and research methods across a continuum from subjective approaches to objective approaches. An extract from their table, showing the subjectivist end of the continuum, is set out as Table 3.3.

Table 3.3. Network of Basic Assumptions

Core Ontological Assumptions	Reality as a Projection of Human Imagination
Assumptions About Human Nature	Humans as transcendental beings
Research Methods	Phenomenology

Extracted from Morgan and Smircich (1980): "The Case for Qualitative Research." p 494

In this paper, ethnomethodology is seen as the appropriate research method one step to the right in this continuum.

Miles and Huberman note that phenomenology has been called *a method without techniques* (1994:2), but that it has been advanced along with the shared craft of qualitative analysis. In describing the orientation of their

work, the authors affirm the existence of the *subjective, the phenomenological, the meaning-making at the centre of social life* (1994:4).

Miles and Huberman make the point that many social anthropologists and social phenomenologists avoid approaching social processes with explicit conceptual frames, because the processes are too complex and exotic. Instead they prefer a loosely structured, emergent, inductively *grounded* approach. However, these authors make the very pertinent point that

> *a loose, inductive design may be a waste of time. Months of fieldwork and voluminous case studies may yield only a few banalities…………Not to lead with your conceptual strength can be simply self-defeating* (1994:17).

Taylor and Bogdan (1998) use a rather broader definition of phenomenology. They see the two major social science theoretical perspectives as positivism and phenomenology. In other words, what they regard as the phenomenological perspective, Burell and Morgan (1979) would term *interpretive*, and other writers would call constructivist. According to Taylor and Bogdan, phenomenologists view what people say and do as a product of how they define their world.

Patton has tabulated the various perspectives in qualitative inquiry. The entry for phenomenology reads

Perspective:	*Phenomenology.*
Disciplinary Roots:	*Philosophy.*
Central Questions:	*What is the structure and essence of experience of this phenomenon for these people?* (1990:88)

Patton makes the valid point that a major source of confusion lies in discussing qualitative research as one approach. He states that the term *phenomenology* is viewed sometimes as a paradigm (as, clearly, in Taylor and Bogdan), sometimes as a philosophy or as a perspective and even as synonymous with qualitative methods or naturalistic inquiry. The concept in phenomenology that there is no separate, or objective reality for people, but

only what they know their experience is, raises two implications (Patton, 1990). The first is knowing what people experience and how they interpret the world. The second is that the only way to really do this is to have the experience, hence the need for participant observation. This leads to the dilemma that a phenomenological perspective can be a focus on what people experience and/or a methodological mandate to actually experience the phenomenon. In the first case, interviews could be used without actually experiencing the phenomenon being investigated. The second requires participant observation. In this research, interviews were the main vehicle of inquiry. Attendance at the Conferences and informal discussions offered a level of participation. However, the main thrust of this research was a focus on what people experience, rather than actually experiencing the phenomenon. The idea of typifications discussed above is relevant in this context.

Symbolic Interactionism

Symbolic interactionism has a long and chequered history and a varied literature. Denzin (1992) dates its birth with the publication of William James's *Principles of Psychology* (1890), John Dewey's article *The Reflex Arc Concept in Psychology"* (1896), Charles Horton Cooley's *Human Nature and the Social Order* (1902) and G. H. Mead's 1910 essay *What Social Objects must Psychology Presuppose.* Symbolic interactionism is characterised as *simultaneously interpretive and analytic, structural and interactional .... both a theory of experience and a theory of social structure* (1992:3).

Schwandt (1994) refers to symbolic interactionism as a social psychological theory, and claims that it is difficult to summarise briefly, because of the many theoretical and methodological variants of the position. He describes the Blumer-Mead version of symbolic interactionism as regarding human beings as purposive agents. Blumer's three fundamental premises are

first, human beings act towards the physical objects and other beings in their environment on the basis of the meanings that those things have for them ………second, …… these meanings derive from, or arise out of, the social interaction that one has with one's fellows ……third,…… these meanings are established and modified through an interpretive process used by the person in dealing with the things he encounters (1969:2).

While questioning the view that social action should be treated merely as the medium through which determining factors produce behaviour, Blumer asserts that

social interaction is a formative process in its own right …… people in interaction ...are directing, checking, bending and transforming their lines of action in the light of what they encounter in the actions of others (1969: 53).

He takes issue with Parsons' *"quaint notion"* that social interaction is a process of developing *complimentary expectations.* Parsons expresses this sentiment in terms of the importance of the attitudes of others in motivating acceptance of value-orientation patterns

with their legitimation of the renunciations which are essential to the achievement of a disciplined integration of personality. Without this discipline the stability of expectations in relation to their fulfilment which is essential for a functioning social system would not be possible (1952:33).

Symbolic interactionism is seen, not as the manipulation of the method of inquiry, but in the examination of the empirical social world. The empirical social world is identified as

the actual group life of human beings. It consists of what they experience and do, individually and collectively, as they engage in their respective forms of living (Blumer, 1976:35).

Burrell and Morgan (1979:30) place *symbolic interactionism* and *ethnomethodology* squarely in the interpretive quadrant of their matrix of

regulation-change/subjective–objective dimensions (Figure 3.3. above). They (1979:81) quote Blumer's (1969) presentation of symbolic interactionism as being essentially concerned with the meanings, which underlie the process of interaction. While this may have much in common with a phenomenological approach, the emphasis of this research is more on the meaning of phenomena rather than on interaction itself.

Patton's entry identifying the disciplinary roots and central questions of symbolic interactionism is:

Perspective	*Symbolic interactionism*
Disciplinary roots	*Social psychology*
Central Questions	*What common set of symbols and understandings have emerged to give meaning to people's interactions?"* (1990:88)

This may have relevance for this research project, and the role of symbols should not be ignored. However, if a research programme is to be pigeonholed as having allegiance to this or that perspective, this research might be difficult to label as symbolic interactionism.

Ethnomethodology

Harold Garfinkel, who coined the term, makes the point that *recognisable sense, or fact, or methodic character, or objectivity of accounts are not independent of the socially organised occasions of their use,* but, in fact, are features of the socially organised occasions of their use. He sees the central topic of his studies as: *the rational accountability of practical actions as an ongoing, practical accomplishment* (1967:3). Garfinkel defines ethnomethodology as *the investigation of the rational properties of indexical expressions and other practical actions as contingent ongoing accomplishments of organised artful practices of everyday life* (1967:11).

Ethnomethodology can be described as asking the question *How do people make sense of their everyday activities so as to behave in socially acceptable ways?* (Patton 1990:73). Ethnomethodologists are seen as elucidating what *a complete stranger would have to learn to become a routinely functioning member of a group, a program or a culture* (1990:74). They stray from non-manipulative qualitative research and *"violate the scene"* by doing something out of the ordinary to observe naturally how people make sense of new or unexpected happenings. A feature of this is the objective, almost experimental stance of the researcher. Garfinkel asserts that his studies are not, properly speaking, experimental, but are demonstrations, designed as *aids to a sluggish imagination* He claims that they *produce reflections through which the strangeness of an obstinately familiar world can be detected* (1967:38).

Garfinkel sees this as an attempt to

detect some expectancies that lend commonplace scenes their familiar, life-as-usual character, and to relate these to the stable social structures of everyday activities. On the idea of *violating the scene* he says *Procedurally it is my preference to start with familiar scenes and ask what can be done to make trouble* (1967:37).

Ethnomethodological studies set out to redress an imbalance in the literature, where

Although sociologists take socially structured scenes of everyday life as a point of departure, they rarely see, as a task of sociological inquiry in its own right, the general question of how any such common sense world is possible (1967:36).

Taylor and Bogdan describe some of the devices Garfinkel has experimented with, and make the point that he *uses his experimenters to uncover what is seen but usually unnoticed, the commonsense world of everyday life* (1998:118). They make the point that ethnomethodology refers, not to research methods but rather to the subject matter of study. These authors see the task of ethnomethodologists as examining how people apply

abstract cultural rules and commonsense understandings in concrete situations to make actions appear routine, explicable and unambiguous. Patton's entry tabulating the disciplinary roots and central questions of ethnomethodology is:

Perspective: *Ethnomethodology*

Disciplinary Roots: *Sociology*

Central Questions: *How do people make sense of their everyday activities so as to behave in socially acceptable ways?* (1990:88)

The emphasis on intervention, on exploring tacit knowledge and the creation of *programmatic self-awareness that would, in principle at least, facilitate program change and improvement* (1990:75) does not sit entirely comfortably with the aims and available methods in this research.

Fundamental Research Paradigms

Before examining a model, which shows how the research question drives that choice, it is appropriate to examine some of the background and antecedents of the two fundamental research paradigms.

Methodology can be defined in terms of *the way we approach problems and seek answers* (Taylor & Bogdan 1998:3). Taylor and Bogdan see debates over methodology as debates over assumptions, purpose, theory and perspective.

Tarnas (1991) points out that Aristotle built on principles already worked out by Socrates and Plato, that the observable world was concrete, but brought new clarity, coherence and innovations in how to empirically describe all earthly phenomena. Methods of doing this included deduction and induction, the syllogism, and the other instruments of analysis set out in Table 3.4.

Table 3.4.: Aristotle's Instruments of Analysis

Analysis of Causation	Material Efficient Formal Final
Basic Distinctions	Subject-Predicate Essential-Accidental Matter-Form Potential-Actual Universal-Particular Genus-Species-Individual

Categories of Substance	Quantity Quality Relation Place Time Position State Action Affection

Source Tarnas (1991): "The Passion of the Western Mind." p 60

Tarnas asserted that most scientific activity in the West until the seventeenth-century was carried out on the basis of Aristotle's fourth-century B.C. writings, and, *even when moving beyond him, modern science would continue his orientation and use his conceptual tools* (1991:68).

Tarnas has described two very general sets of assumptions which contain the principal elements of the Greek conception of reality. The basis of positivist thinking can be read into phrases such as

- *a rational analysis of the empirical world is therefore possible*
- *genuine human knowledge can be acquired only through the rigorous employment of human reason and empirical reason*
- *the causes of natural phenomena are impersonal and physical, and should be sought within the realm of observable nature* (1991:70).

These (1991) stress the visible, tangible and the particular. Tarnas sees Aristotle's legacy as predominantly one of logic, empiricism and natural science. He sees its perpetuation across the centuries. For example, he describes how, in the medieval period, the Christian religion took precedence

over philosophy. Eventually, it seems, the rational/empirical view was too attractive to resist, because, with the coming of the modern era, philosophy began to assert its independence as a force in the intellectual life of the culture. Francis Bacon (1561-1626) was regarded as the originator of the saying *"Knowledge is power"* (Russell 1996:526). What is meant, it seemed, was that scientific knowledge was power. Russell saw Bacon as the first of a long line of scientifically minded philosophers who emphasised the importance of induction as opposed to deduction. Tarnas (1991) saw him as redirecting the European mind toward the empirical world, and as a potent intermediary whose visionary ideal persuaded future generations to fulfil his programme of the scientific conquest of nature for man's welfare and God's glory.

Russell (1996:542) reports that Descartes (1596-1650) continued the argument for a world made possible through rational thought. In counterpoint, the physicist Newton, advocated empirical observation. The two, rational thought and empirical observation, were a powerful synthesis, establishing the philosophical foundation and articulating the epochal defining statement of the modern self.

Tarnas (1991) asserts that Newton systematically employed a practical synthesis of Bacon's inductive empiricism and Descartes' deductive mathematical rationalism to bring to fruition the scientific method first forged by Galileo. The modern understanding of the physical universe was as mechanistic, mathematically ordered, completely material. This was the foundation of the scientific method, and of the application of positivism to the study of the social sciences.

To these perceptions must be added the thinking of philosophers such as Hume and Kant, dubbed as the beginnings of *The Transformation of the Modern Era* (Tarnas 1991:325). This thinking highlighted problems for perceptual investigations, for which the constructivist paradigm offers a solution, or, at least, an accommodation.

Hume articulated *philosophy's paradigmatic skeptical argument, one that in turn was to stimulate Immanuel Kant to develop the central*

philosophical position of the modern era (Tarnas, 1991:340). Tarnas asserts that Hume made a distinction between sensory impressions and ideas: Sensory impressions are the basis of any knowledge, *and they come with a force and liveliness that make them unique. Ideas are faint copies of these impressions* (1991: 337). He saw cause as the accident of *a repeated conjunction of events in the mind.* This reliance on sensory experience, rather than ideal apprehension, as the standard of truth attacked the basis of empirical science with the assertion that man could have no certain knowledge.

Kant introduced the idea of *a priori* cognition, which had at its heart the notion, as Tarnas (1991) asserts, that the world that man perceived and judged was formed in the very act of its perception and judgment. Kant explained

> *It is, therefore, at least a question requiring closer investigation. And one not to be dismissed at first glance, whether there is any such cognition independent of all experience and even of all impressions of the senses. One calls such cognitions a priori, and distinguishes them from empirical ones, which have their sources a posteriore, namely in experience* (1781, 1998).

Tarnas (1991) describes Kant as confronting the seemingly irresolvable dialectic between Humean skepticism and Newtonian science to demonstrate that human observations of the world were never neutral, never free of priorly imposed conceptual judgments.

> *The mind can know with certainty only that which it has in some sense already put into its experience* (1991:346).

Tarnas points to Kant's connection with the concepts, which inform much of constructivist inquiry. Relativity theory and quantum mechanics showed that the fundamental Kantian *a prioris,* space, time, substance and causality, were no longer applicable to all phenomena, thus undermining Kant's Newtonian convictions. At the same time, quantum mechanics supported the validity of Kant's view that nature described by physics was not nature itself, but man's relation to nature. This made explicit concepts

fundamental to constructivist inquiry. Because scientific knowledge is a product of human interpretive structures, and because the act of observation (the observer) is bound up with what is observed, the truths of science are neither absolute nor unequivocally objective. This idea, founded in Kant's critique, was now explicit.

Comte (1848, 1957) saw theology as depending exclusively on the affective nature, which has contributed to its ultimate decline. He made the point that metaphysicians, in spite of their claims to absolute truth, have never been able to supersede theology in questions of feeling, and have been even more inadequate in practical questions. On the other hand, Comte saw the positive spirit as growing more and more theoretical and extensive, but never losing the practical tendencies from which it derived its source (1848, 1957:11). He further made the connection between himself and Bacon and Descartes, asserting that, since their time, the positive spirit was destined to supersede theological and metaphysical principles altogether. Comte saw himself as introducing the positive scientific method to the study of social phenomena.

Smith summarised the features of the positivist school of thought in terms of separation of the observer and observed, where social scientists can adopt the role of an observer of an independently existing reality (1983:7). This implied that social investigation is value-free, and that social scientists should eliminate all bias and preconceptions, not be emotionally involved with, or have a particular attitude toward the subject and move beyond commonsense beliefs. Smith made the point that this approach confines itself to discussing *what is,* that which is objective and avoid the *what should be,* which is subjective. The fundamental touchstone of this approach was the concept of an objective reality.

Constructivist inquiry acknowledges the value-ladenness of human inquiry. It recognises that the observer and observed are inseparable from each other and from the outcomes (the subject-subject relationship). No attempt is

made to generalise, and findings *('reality')* are seen as constructs of the perceptions of the social actors as they interact.

This approach echoes the new science and quantum physics, and, by implication, Kant's ideas on man's relation to nature. As Capra points out

modern physics has not only invalidated the classical ideal of an objective description of nature but has also challenged the myth of a value-free science (1982:77).

Burrell and Morgan (1979:6) distinguish between the *ideographic* and *nomothetic* theories in what they refer to as the *methodological debate*. This is illustrated above in Figure 3.1. The ideographic approach is based on getting inside situations and analysing insights and impressions. This lends itself to qualitative techniques. The nomothetic approach is seen as laying emphasis on systematic protocol and technique It is epitomised in the approach of the natural sciences, using quantitative data analysis techniques.

Sarantakos provides a historical perspective on *positivism* (1993:3)*,* introduced into social research by Comte in the nineteenth century. The emphasis in positivism was to introduce empiricism and scientific methods into social research. As mentioned above, Comte's position emphasised shifting the domain of social research from philosophy to science, and from speculation to the gathering of empirical data.

Cassell and Symon enlarge this definition of the positivist paradigm

The assumption behind the positivist paradigm is that there is an objective truth existing in the world which can be revealed through the scientific method where the focus is on measuring relationships between variables systematically and statistically (1994:2).

The emphasis is on quantification and measurement, which is reliable, valid and generalisable. Cassell and Symon make the important point that, in the positivist approach, theory is deduced as a result of testing hypotheses.

Smith (1983) points out that several points developed from Comte's general school of thought are of contemporary importance to the quantitative perspective. The first is the separation of the knower and that, which is, or can

be, known. This implies that social scientists can adopt the role of observer of an independently existing reality. Furthermore, this would imply that social investigation was a neutral, value and context-free, activity using a neutral scientific language to discuss the *what is?* of the social world (objective) and avoid the *what should be* (subjective).

This parallel with the observer–observed link in physical scientific discovery finds an almost eerie resonance with the final words of Wheatley

> *So we must live with the strange and the bizarre, even as we climb stairs that we want to bring us to a clearer vantage point. Every step requires that we stay comfortable with uncertainty and confident of confusion's role. After all is said and done, we have to muddle our way through.. But in the midst of muddle - and I hope I remember this - we can walk with a sure step. For these stairs we climb only take us deeper into a universe of inherent order* (1994:151).

These words find an echo in Patton's (1990) comparison of Gleick's (1987) precepts and assumptions about chaos, and their implications for qualitative inquiry on human systems.

Thus constructivism is interactive, value–laden, context-specific, situational, and seeks consensus rather than proof, plausibility rather than confirmation.

Heron and Reason (1997) add to Guba and Lincoln's (1994) basic anatomy of an inquiry by adding the question of *axiology* or what is intrinsically worthwhile. They put the axiological questions in terms of the ultimate purpose of human inquiry, and answer it as changing the world. This echoes the penchant of positivists who seek to change the world. Comte went so far as to posit

> *two camps: the camp of reaction and anarchy which acknowledges more or less distinctly the direction of God: the camp of construction and progress, which is wholly devoted to humanity* (1848, 1957:444).

No doubt this ambitious vision, to be intrinsically worthwhile, has a pre-eminent place in human endeavour. Whether the quality of social research

will always be enhanced by building an analysis of the axiological question is debatable. The axiological question is, arguably, either an implicit given in all human endeavour, or a non-vital embellishment to a programme of inquiry.

A Research Model

The model in Figure 3.5 (Whiteley, 1998a) expresses the assertion that the research question, that is, the researcher's perspective on what he/she wants to know, will drive the choice of research anatomy. It draws together quite neatly many of the concepts which are vital to the debate between the positivist and constructivist anatomies.

Fig. 3.5: A Research Model.
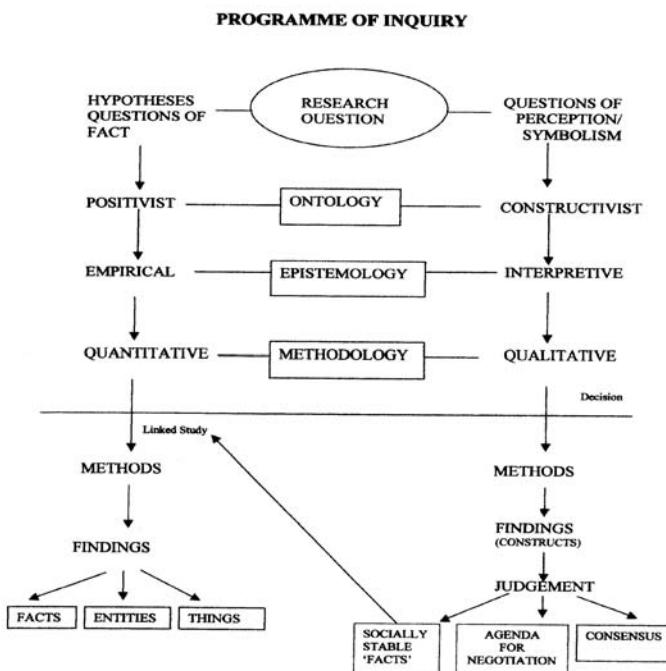
Source: Whiteley (1998): A Research Model, Perth, WA,Curtin University of Technology Seminar

The model follows the anatomy of inquiry set out by Guba and Lincoln (1989), and reflects Morgan and Smircich's (1980) assertion that qualitative research is an approach rather than a set of techniques, and that its use is governed by the nature of the social phenomena to be explored. The research

question itself drives the fundamental choice between the positivist paradigm on the left, or the constructivist paradigm on the right. If the research question is a hypothesis for verification, or a question of verifiable fact, it assumes that there is, as Cassell and Symon point out, *an objective truth* (1994:2).

This directs the researcher to a positivist ontology. In turn this requires an empirical epistemology. The methodology will be quantitative. Once these criteria are established, <u>and not before</u>, a research design can be formulated. The methods used will be formal, and value free. The analysis will be statistical or quasi-statistical and the findings will seek to establish or verify facts, or to describe the nature of real entities (things).

If the research question seeks to discover perceptions or theories, to decode and interpret the meanings of phenomena to persons in their normal social context, then this dictates a constructivist ontology. In turn this requires an interpretive epistemology and a qualitative methodology. The methods used will be interactive, non-directive, context-driven and value-laden. The findings will be plausible constructs, open to significant judgment by the researcher. The outcomes will consist of *rich* descriptions outlining the level of consensus reached, or delineating an agenda for further negotiation. Thus a theory may be '*grounded,*' conclusions advanced, or future directions outlined. It is conceivable that the findings will include items about which there is strong enough consensus to warrant quantitative verification. Whitely describes these as *socially stable 'facts'*. These could be the subject of a linked study using quantitative methods to provide statistical, or quasi-statistical verification.

This model highlights a very important principle, which is honoured more in the breach than the observance. This is that there can be no such person as a qualitative researcher or a quantitative researcher. If we are driven by our research questions, then there are researchers who are directed to a quantitative or a qualitative methodology by their research perspectives. It is not possible to choose a methodology and apply it to a research question. The research question itself chooses the fundamental anatomy of the inquiry.

If the research perspective drives the choice between a constructivist and a positivist approach, then the debate must centre on the objectives of contemporary social research, the nature of *reality*, the importance of context and the place of values in each programme of inquiry.

Smith (1983:6) uses the terms quantitative and qualitative research in a discussion, which is appropriate to this debate. He examines how each perspective responds to three questions (researcher's order)

- *what is the goal of investigation?*
- *what is the relationship between facts and values in the process of investigation?*
- *what is the relationship of the investigator to what is investigated?*

Smith (1983:11) sees the ultimate purpose of a quantitative approach as the development of laws, which describe in neutral scientific language how an independently existing reality really operates. By definition, these laws are universally applicable. In a world in which the existence of the basic building blocks of matter can only be established to the point of probability, this attitude to reality, especially in social research, is arguably unrealistic.

Smith (1983:12) asserts that the purpose of investigation from the interpretive perspective should be *verstehen,* or interpretive understanding. A basic definition of *verstehen* centres on achieving a sense of the meaning that others give to their own situations through an interpretive understanding of their language, art, gestures and politics. *Verstehen* explores meaning in terms of both the *what* and the why of the activity. The interpretation will be expressed in the language of the situation, rather than in a neutral scientific language. It is interesting that, despite this comment, and the fact that a case is often made for the hegemony of the constructivist paradigm, we still write all theses in the third person, that is, in neutral language. This point was brought to the researcher's attention by the first supervisor of this research.

From a realist (positivist) perspective, *the facts must dominate and will lead where they may* (Smith 1983:10). This approach requires results undistorted by the particular dispositions of, and the particular situations

surrounding the investigator. Aspects of situations are counted, but only as some category of variable (e.g. confounding, intervening). Thus the influence of social content and values must be removed from the inquiry, or accounted for as some class of variable. This, according to Smith, will tend to produce inhuman research. This view may only be plausible in particular research contexts. In others, it may be considered as reverse snobbery.

Smith points out that, in the idealist-interpretive approach

our view of the world and our knowledge of it are inevitably based on our interests, values, dispositions, and so on (1983:10).

This is consistent with the idea that findings in this research pattern are constructs, which are subject to the values of both the researcher and the researched.

On the other question of the relationship between investigator and investigated, Smith outlines the two contrasting approaches. Positivist social sciences are seen as conducting research to eliminate bias and preconceptions, to avoid emotional or attitudinal involvement with the subject and to use neutral scientific language that would rise above content-bound and value-laden everyday language. The relationship of observer to observed in this perspective, can be described as subject-object.

As a means of nailing down a clear hypothesis, this may be acceptable. However, in a world where even the purest of physical science embodies an inextricable link between observer and observed, and where *hard* facts are giving way to *softer* perceptions of reality, this approach appears sterile, if not counter-productive.

The interpretive school, according to Smith (1983:8) believes the relationship of investigator to subject as *subject-subject*, and that what is investigated is not independent of the process of investigation. He sums this up as follows

To idealists, instruments do not have a standing independent of what they are designed to measure. To realists, instruments are a way to

achieve an accurate reflection, or measurement of an independently existing object (1983:9).

The realists may be reflecting on an unachievable outcome.

Guba and Lincoln (1989:59-61) have identified a number of practical considerations, at least in education evaluation, in which the conventional (positivist) methodology falls short, namely

- *conventional methodology does not contemplate the need to identify stakeholders and to solicit claims, concerns and issues from them.* This implies that conventional researchers see no reason to discover who the persons or groups are who may have constructions about states of affairs, or what they believe to be the case. This approach turns its back on constructs of reality, and assumes, controversially, that there is a *real* reality out there. For de novo research, this is suspect.

- *the positivist paradigm serves a 'verification,' rather than a 'discovery,' posture.* This is not an adequate basis for de novo research. Without discovery, hypotheses are not grounded, but arise as a creative invention. This is not efficient.

- *conventional methodology does not take account of contextual factors, except by physically or statistically controlling them* Context stripping will generate conclusions, which are generalisable only into other contextless situations, and what are these?

- *conventional methodology does not provide a means for making evaluative assessments on a situation-by-situation basis.* Guba and Lincoln's examples from medicine and teaching exaggerate this failing. However, in the modern world of social investigation, the practical use of time and context-free statistical assertions is suspect, particularly if the basic research question itself is an ungrounded attempt at a time and context-free topic for inquiry.

- *conventional methodology's claim to be value-free makes it a dubious instrument to use in an investigation intended to lead to a judgment about some entity.* This statement is applied, by the authors, to education evaluation. However, it can be argued that it will apply in most, if not all, instances of basic social research. The absence of value judgements is untenable in most, if not all, social research arenas.

Morgan and Smircich support these views when they point out that social scientists using positivist, quantitative approaches are

attempting to freeze the social world into structured immobility and to reduce the role of human beings to elements subject to the influence of a more or less deterministic set of forces (1980:498).

They go on to point out that, as the ontological assumption that the world is a concrete structure is relaxed, the dominant methods become increasingly unsatisfactory, to the point of being inappropriate

Guba and Lincoln (1989:65) raise three serious issues at the philosophical level in support of the constructivist paradigm, namely

1. *the theory-ladenness of facts and the factual indetermination of theory* They make the point that adherents of the conventional paradigm claim that they can, in a neutral, objective way, put questions directly to nature and receive nature's undistorted responses. They raise the requirement that separate theoretical and observational languages can exist within which propositions can be cast (theoretical) and empirically tested (observational). If, as these authors assert, separate observational and theoretical languages are, in principle, impossible to formulate, then empirical tests cannot be relied upon to provide unimpeachable evidence about nature, or the laws that drive it. This undermines the claim that the conventional paradigm can represent nature *as it really is* or *as it really works.*

2. *the value-ladenness of facts.* Guba and Lincoln state that the conventional paradigm itself is not value-free, and that human

values enter an inquiry at many points starting with the nature of the problem selected for study. *Thus nature cannot be viewed as it really is……but only as seen (constructed) through some value window. This will make the conventional mode of inquiry a political activity.* If this is so, they assert that *the constructivist paradigm which openly acknowledges and seeks out political input is vastly superior to a paradigm that denies any possibility of political input because of its putatively value-free nature.*

3. *the interactive nature of the knower-known dyad.* This is a fundamental issue in the debate. The conventional paradigm rests on the premise of *subject-object* duality. Guba and Lincoln remind us that it is more than 60 years since Heisenberg and Bohr propounded the Uncertainty Principle and the Complementarity Principle (Heisenberg, 1977). These established the interaction between inquirer and object, and the concept that the findings depended as much on the nature of the questions asked and on the order in which they were asked, as on any intrinsic properties of a *real* reality *out there*. In the physical sciences this situation has arisen because the smallest possible measuring regime requires an entity which impacts on the object of the measurement. Perhaps this is still a question of measuring protocols. For the foreseeable future, the dyad is a robust concept. In social research, there is really no alternative to a human investigator becoming involved in the inquiry and bringing his/her language and values to the table.

Morgan and Smircich (1980) make the point that a preoccupation with methods on their own account gives the illusion that it is the methods themselves, rather than the orientations of the human researcher, that generate particular forms of knowledge (1989:63).

Whiteley's model (1998a) offers two paradigms, positivist and constructivist, which respond to the nature of the research question. It implies that the two paradigms can co-exist, and, indeed, must co-exist, if this model

is to be a valid anatomy of the ontological, epistemological and methodological decisions to be made in deciding on a research design. Much of the foregoing discussion raises considerable doubt as to the usefulness or validity of the positivist approach, in the way it is currently articulated.

Guba and Lincoln assert that a shift from the positivist to the constructivist paradigm is required, because they believe in the necessity of such a shift. In their words, *What we are asking for is the rejection of a basic belief system. Therein lies the rub* (1989:75).

On the other hand, Erickson believes that competing paradigms can co-exist. He cites the survival of Newtonian physics which can be used for some purposes, despite the competition of Einsteinian physics and Quantum which have superseded it. This is a good analogy, especially valid in the social sciences. In Erickson's words

Especially in the social sciences, old paradigms don't die ; they develop varicose veins and get fitted with cardiac pacemakers (1986:120).

Erickson's assertion that the interpretivist model is unlikely to supersede the conventional, made in 1986, may be debatable in 2001. There are many arguments for the dominance of the constructivist paradigm over the positivist within one brand of social science research, that is, the one concerned with human inquiry. The question is should we, as Guba and Lincoln recommend, reject the entire positivist basic belief system?

If the links to the physical sciences, forged with the development of the "scientific method" for the social sciences, are to be maintained, then the answer is "yes". In the physical sciences, Newtonian physics has been rejected. But, as Bohm points out, it *is valid in a limited domain (velocity small compared with light) and only to a limited degree of approximation* (1980:82).

He goes on to make the point that quantum theory, although very different in its basic structure from classical theory, still contains classical theory as a limiting case, valid approximately in the domain of large quantum numbers. A more telling comment is that

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Agreement with experiments in a limited domain, and to a limited degree of approximation, is evidently no proof... that the basic concepts of a given theory have a completely universal validity (1980:82)

If this argument is applied to social research, it is questioning the generalisability of research grounded in a positivist paradigm. The very open-ended constructivist inquiry confines its claims to validity within the context of the research setting, and in the form of the perceptions of the actors. It establishes no laws, but may attempt to provide grounded theories. It is fraught with all the limitations of human interaction, communication barriers, values and culture. At the same time constructivist inquiry enjoys the richness of description only available to an involved, often participant, observer. The analogy with quantum science is compelling.

The positivist approach does operate in a domain limited by the language of the inquiry, the detachment of the observer, the stripped context, and the absence, or downgrading of values. On Bohm's analogy, and indeed, in real life, its claims to generalisability and thus universal validity are limited.

However, as with the physical sciences, the positivist approach can be applied in a limited domain. What domain? Every thing and hypothesis proposed for verification by a positivist approach is a product of judgment, which compromises its value-free, context-free status from the beginning. If every hypothesis or theory in social research was a product of a constructivist inquiry into a research question, then the resultant positivist study would have some approximate validity in human science. Provided the results, and particularly their generalisability, are treated with some caution, then they could be useful.

In terms of the choice of social theory and social organisation appropriate to the selected paradigm, as set out in Figures 3.2 and 3.3, to the extent that this research can adopt a labelled theoretical perspective, it was phenomenological in that it sought to reach an understanding of the perspectives of the key actors. The arena is somewhat broader than the

interpersonal issues usually covered by this approach, so its application will be different, and somewhat limited.

Some last words from Silverman

The worst thing that contemporary quantitative research can imply is that, in this post-modern age, anything goes. The trick is to produce intelligent, disciplined work on the very edge of the abyss (1993:211).

The remainder of this chapter will address the ontology, epistemology, methodology and research method applicable to this specific research project.

Ontology

The fundamental perspective of this research is an understanding of the process of strategy formation, as it is perceived by the key protagonists. This will drive a constructivist, rather than a positivist, ontology. Guba and Lincoln (1994) see the aim of constructivist inquiry as understanding and reconstruction of the constructions that people (including the inquirer) initially hold, aiming toward consensus but still open to new interpretations as information and sophistication improve. Denzin and Lincoln make the point that

> *the constructivist paradigm assumes a relativist ontology (there are multiple realities), a subjectivist epistemology (knower and subject create understandings), and a naturalistic (in the natural world) set of methodological procedures* (1994:13).

Epistemology.

The epistemology of this thesis will be interpretivist, because it seeks, in Cohen and Manion's view, *an inner view of social reality, (and) is much more involved* (1981:36). The research seeks not only to describe a process, but to discover whether and where the process exists. Erickson (1986)

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highlights the distinction between behaviour, the physical act, and action, which is the physical behaviour plus the meaning interpretations held by the actor and those with whom the actor is engaged in interaction. Smith (1983) asserts that, from this perspective, agreement is reached, not through an external referent, but through a process of justification that is inescapably bound up with values and interests. This highlights the assertion that strategy formation is almost certainly a value-laden phenomenon,

Guba and Lincoln make substantially the same point when they label the epistemology under a constructivist paradigm as *transactional and subjectivist* (1994:111). The investigator and the object of investigation are assumed to be interactively linked so that *'findings' are literally created as the investigation proceeds.*

Methodology

The methodology used in this research will be qualitative. The research question itself militates the fundamental choice between the positivist or the constructivist paradigm. This research question seeks to discover perceptions or personal theories to decode and interpret the meanings of phenomena to persons in a specific social context. The methods used have set out to be interactive, non-directive, context-driven and value-laden. The findings will be plausible constructs, open to significant judgement by the researcher. Gummesson (1991:3) goes further with his assertion that the personality of the scientist is a key research instrument. The outcomes will consist of *rich* descriptions outlining the level of consensus reached, or delineating an agenda for further negotiation.

In this research, the key principles to be considered are working philosophies, insights, core values, mission statements and vision statements at organisation and industry level. Argyris and Schon's (1975) concepts of theory-in-use and espoused theory are important to this part of the project.

Denzin and Lincoln (1994) make the point that qualitative research is *multi-method in focus*, and *involves the studied use of a variety of empirical*

materials. They see qualitative researchers employing a wide range of interconnected methods, hoping always to get a better fix on the subject matter at hand. They make the point that *qualitative researchers believe that rich descriptions of the social world are valuable,* asserting that quantitative researchers *"are less concerned with such detail* (1994:6). In their tabulation of the research process, Denzin and Lincoln list a range of research strategies, including *case study, participant observation, phenomenology, ethnomethodology* and *grounded theory* (1994:12).

Grounded Theory/Grounded Research

The use of grounded theory, at least as a framework, has been examined here. Glaser and Strauss see grounded theory as the enterprise of *furthering the discovery of theory from data* (1967:1). They introduce the concept of *comparative analysis* (1967:21) as a strategic method for generating theory. Later Glaser and Strauss detail the *constant comparative method* of qualitative analysis (1967:101). They introduce the concepts of *theoretical sampling* and *theoretical saturation* (1967:45). An inadequate theoretical sample is easily spotted by the inadequacies of the theory generated, whereas other (statistical) researchers tend to accept technical sophistication uncritically. Glaser and Strauss identify and discuss the four interrelated properties necessary for the practical application of grounded sociological theory. The theory must

- *fit* the substantial area in which it will be used
- *be understandable* by laypersons working in the area
- be sufficiently *general*
- allow the user partial *control* over the structure and process of daily situations as they change over time (1967:237).

Strauss and Corbin define the grounded theory approach as *a qualitative research method that uses a systematic set of procedures to develop an inductively derived grounded theory about a phenomenon*

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(1990:24).   If strategy formation is regarded as a phenomenon, in the qualitative sense, then the methods of grounded theory may be applicable.

Strauss and Corbin make the point that, underlying the grounded theory framework, is the assumption that *all of the concepts pertaining to a given phenomenon have not yet been identified* (1990:37), or are poorly understood, in the particular context in question.   This limitation made it difficult for this research to be conducted true to purist grounded theory principles.

The grounded theory concepts include open coding to break down and categorise data, axial coding to put data back together by making comparisons between categories, and selective coding to select the core category and systematically relate it to other categories.   This framework has relevance to this research, at least as a systematic template for the process of inquiry.

The ideas of *conceptual density* and *conceptual specificity* (Strauss and Corbin, 1990:141), while they may impose some constraining conditions on the research method, are consistent with the approach likely to be needed to explore the issues thoroughly.

The use of *theoretical sampling* in grounded theory (Strauss & Corbin 1990:176) and the concept of *theoretical saturation* (1990:188), sit comfortably enough with this research. The concepts to be explored, and the particular interests of the key stakeholders required purposive sampling, which was aided by the structures in place.

Whiteley (2000:21) describes how, in a waterfront study, an interview schedule had been constructed on the basis of data gathered during preliminary fieldwork. This had uncovered, inter alia, the three overlays of organisational structures and cultures, the industry/organisational overlay and the impact of the Enterprise Bargaining Agreement. This leads to a comment on *forcing*

> *In Glaser (1998) terms this could be construed as forcing the data into fairly definitional categories of meaning.   In symbolic interaction terms it could be construed as "situating the interaction"* (Woods

1992) *that is, being aware of perspectives present within different contexts* (Whiteley 2000:22).

Glaser (1998) discusses how forcing the data can be reduced, using suspension of knowledge, continued study of the data, conceptualisation and constant comparison. These steps have occurred in this research, but, on Glaser's notions of what forcing is, it is difficult to assert that this data has not been forced.

Glaser identifies forcing through preconceived theoretical codes and asserts that this forces empirical generalisations, which merely describe a substantive area, rather than generate a grounded theory *with theoretical completeness* (1998:84).

The elements of forcing in this research are the defined meta categories, such as strategy formation, strategy models (which were predefined), philosophy, values and defined future options. While the research was used to generate theoretical perspectives, these were channelled by these categories.

This research is not generating hypotheses so much as understanding a process, which is defined enough in itself to force the data. Glaser makes the point that focussing on codes stifles *bloodhound sampling* (1998:85). Operating with the bulk of the sample four hours' flying time away from the researcher in itself has limited bloodhound sampling.

Glaser alludes to the problem of students forcing the data and worrying that they will find nothing, whereas students using grounded theory *just discover what is going on without encountering such hurdles* (1998:86). If a student using grounded theory also finds nothing, they may well jump that hurdle by forcing the theory. Glaser himself (1998) describes situations where grounded theories themselves are forced. One form of forcing which Glaser identifies is the wrestle between phenomenology and grounded theory. Whiteley's (2000: 22) notion of *grounded research* seems to offer some resolution of the dilemma of research, which gleans so much from a grounded

research approach, but cannot fulfil all of the requirements of true grounded theory.

Taylor and Bogdan (1998) share De Vault's (1995) caution against taking Glaser and Strauss's grounded theory too literally. They highlight the importance of being sensitive to unstated assumptions and unarticulated meanings.

This research fits this definition of forcing, for the reasons set out above. As suggested by Whiteley (2000) this research methodology should be termed grounded research rather than grounded theory.

Data Collection Method

Where a study focuses on the meaning of a particular phenomenon to the participants, King (1994) recommends the use of qualitative research interviews. Within the framework of grounded theory/grounded research protocols, the medium of one-to-one information gathering should be qualitative research interviews.

Steyaert and Bouwen (1994) identify three contexts for group methods of organisational analysis. These are group discussions convened by the researcher, work group contexts and intervention contexts. It was not practicable for the researcher to convene group discussions, or be involved in any intervention contexts. The limited group exposure is detailed below. The sample chosen meant that the one-to-one interviews, successfully negotiated, were the practical limit of involvement that could be reasonably expected. The use of a reasonably large and very comprehensive sample of opinion leaders in Catholic health should have alleviated this deficiency.

A flow chart of the data collection method is set out in Appendix Ten (on the last page of Volume Two). Consistent with the basis of the research, the main data collection medium was one-to-one qualitative research interviews, which necessitated an interview guide. In turn, this required some familiarisation with Catholic health, Integration 2000 and some of the key issues being addressed. This familiarisation was achieved in two ways. The

consultant, who had been engaged by ACHCA to address the review of Catholic health, made his Sydney office files available, in his absence. On the same day the researcher then met with the consultant and the Executive Director of ACHCA at Sydney Airport for an informal briefing. This meeting occurred in February 1999.

In late May, contact was made at ACHCA headquarters in Canberra with the Executive Director and other members of his staff. The purpose of this visit was to identify key issues, to understand what documentation and reference material was available in the ACHCA library, and to make a decision on the composition of the sample. Sample composition is discussed below. This visit provided most of the background from which the interview guide was developed.

At the end of May 1999 and the beginning of June 1999, ACHCA/CHA held its Annual Conference in Melbourne. This was attended by over three hundred delegates and marked the establishment of CHA, and the formal installation of the Stewardship Board and the National Commission. Attendance at this gathering, as an observer, provided more familiarisation with the Catholic health and aged care sector. It also provided useful documentation in the form of conference papers. More importantly, it permitted the researcher to meet all but three members of the Stewardship Board and the National Commission, and request their cooperation. There were no refusals.

During June, an interview guide was developed and applied to members of the Secretariat with a view to proving it for more general application. Two very minor modifications were made and the guide was used for the remainder of the fieldwork. The interview guide is set out at the end of this chapter. The timing and location of interviews are detailed in the flow chart. Because of the distances involved, the fieldwork ran to May 2000. All interviews were audiotaped. Again, all respondents cooperated with the taping.

The interview tapes were transcribed, and tape copies with the transcripts were returned to all respondents, with a request for any necessary editing. Twenty three transcripts and tapes were returned requiring the editing of twenty two transcripts. Editing was minor, and was generally confined to clarifying recording problems. The edited transcripts were then prepared for coding and analysis.

Group Contact

No normal work context groups were attended. The researcher attended the 1999 National Conference of Australian Catholic Health Association in Melbourne, which saw the official and highly symbolic commissioning of the new entity, Catholic Health Australia, its Stewardship Board and National Commission. He also attended the 2000 National Conference, held in June in Brisbane. He attended, as an observer, a meeting convened in Perth by the National Commission to discuss regional arrangements. The meeting was chaired by the Deputy Chairman of the National Commission, and was attended by the Executive Director. These were the only group contacts made. One interview was conducted with two participants.

Researcher Participation

In the context of qualitative research methods, the level of participation of the researcher can vary. Waddington (1994:108) identifies four levels of participation, namely the *complete observer*, the *observer-as-participant,* the *participant-as-observer* and the *complete participant.* The researcher's background as a management consultant meant that the interviews were conducted in a style, which fell between complete observer and observer-as-participant. The researcher's stance in the three group involvements was very much as a complete observer.

Triangulation

Documentation review has provided for triangulation of results. It also provided a more comprehensive understanding of the mechanics of Catholic health and aged care and its issues. Among the main sources of documentation have been ACHCA/CHA files and archives. The website of the Catholic Health Association (USA) has been a valuable source of background information.

With a targeted sample of this size, there was an element of triangulation within the interview transcripts themselves. In one notable case, two totally divergent views of a negotiation were tendered. Neither could be corroborated without breaking anonymity and, perhaps, opening up disagreements. The information was not critical to the total outcome, so has been ignored, other than as an indication that collaboration is far from complete.

Sample Selection.

The sample has set out to cover the matrix of viewpoints shown in Table 3.5. In some cases individuals belonged to, and could answer for, more than one group. The national/regional classification refers to responsibility within Catholic Health.

Table 3.5: Matrix of Viewpoints

	National	Regional
Church Authorities	1	4
Owners/ Leaders	4	6
CEO's/ Managers	11	24
Regional Entities	N/A	9
Secretariat Members	5	N/A

Other classifications which emerged during the research were:

Lay:	**26**	**Religious:**	**22**
Male:	**25**	**Female**	**23**
Secretariat:	**5**		
Congregation	**17**		
Diocesan	**4**		
Non-CEO	**12**		
CEO:	**10**		
ACT:	**5**		
NSW:	**13**		
Vic.:	**11**		
Queensland:	**9**		
SA:	**4**		
WA:	**6**		

The sample sought to canvass the viewpoints of the key stakeholders involved, and was purposive. It was guided by the model of the Integration 2000 process, which is set out in Chapter Two. The following groups were targeted

- National Stewardship Board. All, except for one member, of the Stewardship Board were interviewed.

- National Commission. All members of the National Commission were interviewed.

- Secretariat. All five senior members of the Secretariat were interviewed.

- Stewardship Steering Committee. Eight of the nine members of this Committee were interviewed.

- CEOs. The CEOs interviewed covered three of the "big four" national operators, as well as Catholic Health Care Services (ACT and NSW) and key facility CEOs in health and aged care.

- Regional entity representatives. Although regional entities were inactive or marking time during the course of the research, it was possible to interview key regional players in every state.
- Experienced players. Some people were identified as having extensive experience in Catholic health or the Integration 2000 process, but who did not fit any other sample categories. This was a small, but very significant, group of respondents.

Access to members of the Secretariat was provided by the Executive Director. At the 1999 National Conference, members of the Secretariat introduced the researcher to those members of the Stewardship Board and the National Commission who were present, nineteen of twenty-two. This was an invaluable aid to access. All other respondents were contacted by phone. An introductory letter, outlining the research was sent to each respondent. For Board and Commission members, who were contacted personally at the Conference, the letter requested an appointment, and was followed up by phone. For most other respondents, the letter was confirming an appointment made by a telephone contact. A sample introductory letter is attached as Appendix Eight. No person contacted refused to be interviewed, and all respondents were very accommodating of the researcher's complex logistics. Two respondents were interviewed in the Qantas Club lounge of Sydney airport. All other interviews were conducted in the respondent's office. In all, forty-eight mainstream interviews, and one supplementary, were held. Given that all but six of the respondents lived outside of Western Australia, the logistics were quite complex, and entailed six separate trips from Perth. In all but one trip, more than one eastern state was visited, usually three or more.

Sample Composition/Access Conditions

The organisations investigated covered a range of activities and business profiles within the health and aged care sector. The phenomena studied have included the perceptions of strategy formation in these settings in

a context of strategic change. As a condition of access, the researcher has undertaken to edit the outcomes of this research into a simplified paper to be made available to Catholic Health Australia and the research respondents.

Interview

The framework of grounded research protocols would normally call for qualitative research interviews. King, (1994:15) describes the following characteristics of qualitative research interviews as

- *a low degree of structure imposed by the interviewer*
- *a preponderance of open questions*
- *a focus on 'specific situations and action sequences in the world of the interviewee'* (Kvale:176) *rather than abstractions and general opinions.*

This is contrasted to the structured interview, with its closed questions, boxes to tick and the emphasis on quantification. King goes on to describe what he calls *structured open response interviews* (1994:16*), which he characterises as

> *generally not structured enough to allow detailed statistical analyses and hypothesis testing, but not flexible enough to allow exploration of anything beyond surface meanings.*

The conditions under which structured open response interviews are considered most appropriate include

1. *where a quick, descriptive account of a topic is required, without formal hypothesis testing*
2. *where factual information is collected, but there is uncertainty about what and how much information participants will be able to provide*
3. *where the nature and range of participants' likely opinions about the research topic are not well known in advance, and cannot easily be quantified.*

The fact that categories and some sub-categories were imposed rather than emergent has moved the interviews used in this research from a pure qualitative research interview towards a structured open response interview.

Mishler (1991) asserts that an interview is *discourse shaped and organised by asking and answering questions* (1991:vii). His four propositions as to the essential components of an interview must guide the conduct of interview-based research. They are

1. *interviews are speech events*

2. *the discourse of interviews is constructed jointly by interviewers and respondents*

3. *analysis and interpretation are based on a theory of discourse and meaning*

4. *the meanings of questions and answers are contextually grounded* (1991:ix).

Mishler notes the *gap between asking and answering in naturally occurring conversations and the same process transformed into a systematic research procedure* (1991:2). He cautions against suppression of the contextual grounds of meaning, asserting that the *result is an array of decontextualised responses* (1991:5)

The initial briefings and attendance at the 1999 National Conference of ACHCA/CHA made it possible to construct a coherent open response interview guide. The conduct of the interviews was extremely flexible, and did not hold rigidly to the sequence and form of the guide.

The coding of transcripts of such free flowing discourse was aided by the use of the N-Vivo software for data management. The approach taken attempted at all times to take account of context in the choice of bundles of meaning for coding. N-Vivo facilitated the management of wide ranging data and the confirmation of meanings coded to nodes. This is discussed later in this chapter.

All interviews were conducted on a one-to-one basis, except that one interview had two respondents, who complemented each other. Wherever

possible, interviews were conducted in the respondent's office, to provide a relaxed environment. Two interviews were held in conference rooms in the Qantas Club Lounge at Sydney Airport. The initial briefings described above gave the researcher the necessary background to engage in relevant small-talk and put respondents at their ease.

Interview time ranged from forty-five minutes to two and a half hours, with an average just over one hour. All interviews were audio-recorded and transcribed. As mentioned above, the transcript and a tape copy were mailed back to each respondent, and comments/corrections requested. Some respondents offered useful supplementary insights. Glaser (1998: 108) asserts, among other things, that taping neutralises and undermines the power of grounded theory methodology to delimit the research as quickly as possible. Effectively this is an assertion that taping cripples the research as grounded theory. On the other hand, it might be argued that taping has the potential to greatly strengthen the research. Using transcripts coded into N-Vivo format permits easy coding and the development of concepts, categories and sub-categories. This is not a parsimonious approach, and it may be wasteful for a researcher looking to home in on a core category and a single theory. The aim of this research has been to understand the perspectives of the respondents on a range of issues, however widely those perspectives might have ranged.

Data Analysis Strategy

The hierarchy of meaning which was used in the coding process can be identified broadly as grounded research, in that it used some of the coding protocols of grounded theory, but, as mentioned previously, there is enough forcing of the data to mean that this is far from pure grounded theory. The hierarchy used was guided by Whiteley's paper (2000) on grounded research, with an added term to fit the outcomes better. The four levels of the hierarchy were *concepts, categories, sub-categories* and *utterances*, or collections of meaning. In a completely unforced situation, sub-categories and categories would emerge from the statements, bundles of meaning, or

utterances. Concepts will then be developed from categories. Then, in Whiteley's words, *a relationship can be detected and connections made within and between categories, often resulting in a rearrangement of the former categories* (2000: 24). In this research, an interview guide was developed and used with each respondent. This meant that the concepts and some of the categories were imposed on the research. In some cases, categories were forced, and in some, they were emergent. The sub-categories and the utterances were emergent. Two examples will illustrate the situation.

Example 1.

5. Strategic Issues: Concept------Imposed

⇧

5.1-5.11 Mission-Regional Issues: Categories-------All Emergent

⇧

Statements (Utterances): All Emergent

Example 2.

1.   Integration 2000 Process: Concept------Imposed

⇧

1.1   Distinctive Features: Category-------Imposed

⇧

1.1.1 Consultant: Sub-Category------ Emergent

⇧

Statements (Utterances): All Emergent.

Some of the concepts and categories in the Interview Schedule emerged, in the sense that they were identified during initial discussions with

the Executive Director, the consultant and Secretariat staff prior to the interview stage. The logic of the Interview Schedule was as follows:

Question One:
1. INTEGRATION 2000 AND STRATEGY FORMATION

1.1 What were the distinctive features of the Integration 2000 Process, in terms of converting the insights and thoughts of Owners, Leaders and Managers into formulated strategy?

1.2 What does Integration 2000 mean to you?

1.3 In your view, how did Integration 2000 evolve?

The basis of the research was to explore how insights and thoughts of key players were converted into formulated strategy, so this element was imposed. The terms Leaders and Owners came from the discussions and to that limited extent are emergent. The question on meaning was imposed, but the question on evolution was used because the discussions made it clear that there were some key elements and triggers in the evolution of Integration 2000.

Question Two
2. CHA's ROLE

2.1 What has CHA's role been in the thinking behind the Integration 2000 process?

2.2 What is CHA's role in the Catholic health sector?

2.3 How effectively is that role being fulfilled?

2.4 What might be done differently?

This question was largely imposed. CHA and its predecessor ACHCA, were clearly key players in the process, and their role forms an integral part of the process. The discussions shaped the idea of exploring role, but did not influence the shape of the questions, which are self-evident once the topic is chosen.

Question Three

3, Philosophy/Assumptions

3.1 What do you understand by the terms "a Catholic philosophy" and "Catholic values?"

3.2 How does the structure of Integration 2000 stand up alongside the philosophies and values of Catholic health and aged care?

One objective of the research was to make a judgement as to how well the Integration 2000 stood up in terms of the edifice of theory of organising being supported by the foundation of the philosophies and values of Catholic health and aged care (Whiteley's PATOP model). This question was directed at that objective.

Question Four

4. Planning Agenda

4.1 What has been your organisation's planning agenda over the last five to ten years, i.e. how involved have you been in planning?

4.2 What has been the impact of the planning done over the last five to ten years? How have the organisation and its members handled planning?

4.3 What sort of organisation is it today?

> *-Diocese managed?*
>
> *-Order managed?*
>
> *-Professionally managed?*
>
> *-Nationally integrated?*

-Regionally integrated?

-Stand-alone?

This question was designed as a prelude to Question Six, which explored the planning models used. The dynamics of the interview were designed to use a general question about planning agendas and their impact, together with a semi-demographic question about organisation, to prepare respondents to be more thoughtful and specific in their responses to Question Six. In a different way, Question Five supported this approach.

Question Five

5. Strategic Issues

What are the strategic issues facing Catholic health and aged care?

This question was another step in the dynamics of preparing respondents to discuss their strategy models. It also served an important purpose in identifying the perceptions of key players as to what were the key issues. The preliminary discussions had identified many of the issues which came up. This helped the researcher to understand the issues when they were raised, and, while not leading respondents, to move the interview along.

Question Six

6. Planning Models

Could we just look at a couple of models? This is what can be called the formal planning model.
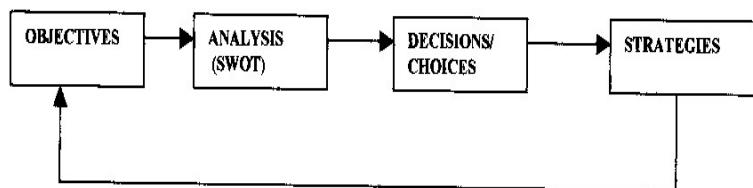
If you use this, even some of the time:

- *Who sets objectives? When? Where? How?*
- *How is the analysis handled? By whom?*
- *Who makes what sort of decisions/choices?*

- *Who formulates strategies? What form do they take?*

    How much of your planning broadly follows this model?

This is a much more emergent/ learning model
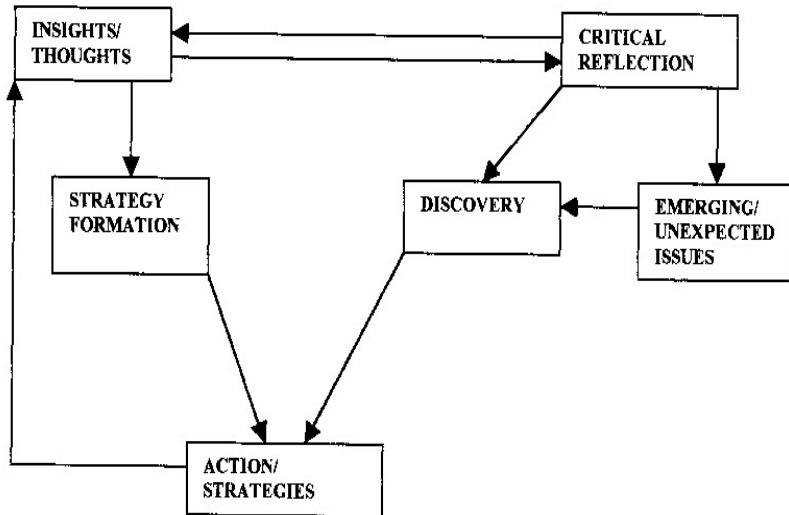
If this is the way you "do strategy," even some of the time:

- *Whose insights and thoughts are influential?*

- *Who undertakes the critical reflection? Where? How?*

- *How do emerging/unexpected issues become evident? Who detects them?*

- *Who formulates strategies? What form do they take?*

How much of your planning broadly follows this model?

These are just two sets of possibilities.   Do you formulate your strategies in other ways? Could you describe your process?

All of these questions were developed specifically to explore basic research questions on the way strategy forms. The models were developed by the researcher from the literature and in conjunction with his supervisor.

Question Seven

7, The Future of Integration

7.1 What is the future of Integration in Catholic health and aged care?

7.2 How many of the following options are likely?

> *-Amalgamation within the order or organisation (e.g. Mercies or Southern Cross Homes going fully national)*
>
> *-Amalgamation between Catholic orders or Catholic organisations*
>
> *-Amalgamation with other non-profits, maintaining Catholic identity*
>
> *-Amalgamation with other non-profits, not maintaining Catholic identity*
>
> *-Amalgamation with investor-owned operations, maintaining Catholic identity*
>
> *-Amalgamation with investor-owned operations, not maintaining Catholic identity*
>
> *-Government contracts and other arrangements*

All of the headings were developed from the preliminary discussions, so had some emergent elements to them. On the other hand, the interview dynamics required that the researcher prompt, or try to prompt all of these options, which returned the questions to becoming imposed concepts and categories.

Question Eight

8. Wrap-Up

What other issues should be raised which might help with my research?

This question elicited emergent issues, which were bundled with the responses to Question Five.

Although the Interview Guide imposed much of the structure of categories and concepts, the responses did not always follow the sequence of

the guides. Introductory remarks, and general questions to set the ground often gave rise to comments on parts of the research objectives, which were then pursued out of order to establish and maintain rapport with the respondent.

Data Management

Analysis was conducted using the Qualitative Solutions and Research Pty Ltd most recent software, NVivo, as an aid to managing data. NVivo has three systems, documents, nodes and attributes, for managing data. The facility for managing documents in sets was also a useful data management and analysis tool.

Interview transcripts were imported into an NVivo project file, and text reports were produced, which indexed each document into paragraphs for easy retrieval and transfer. Printouts of these text reports were used to identify phrases and words representing meanings. From these, concepts, categories and sub-categories were assembled into tree nodes, which provided a hierarchy of meaning. Each interview was as free flowing as the circumstances required. The power of those parts of NVivo used in this research came from the ability to gather wide-ranging responses scattered through the discussion back into the framework of the interview guide. The pieces of meaning were assigned to nodes in the tree structure and node coding reports prepared.

A useful feature of this coding regime was that the unit of meaning could be represented by a passage, a phrase, or even a word. When retrieved it could be expanded by wrapping it in the enclosing paragraph, or fifty characters on either side, or even the entire interview. This feature was very useful in confirming that the coding was correct. The node and document browsers permitted recoding and rearrangement of the node structure as ideas crystallised. Each node was converted into a node coding report and stored in

the Results file along with the document text reports. This permitted easy access from the Windows file into this paper.

The document set function could be used to identify different groups, for example Male/Female, Lay/Religious, and so on. Sets were used to report on coding from a node which belonged to a set of documents. The attribute function available within NVivo was not used, as the set facility suited the purposes of this research.

Again these coding reports were saved in the Results file and were available to be pasted into Appendices One to Seven. The findings in Chapter Four were able to range across different questions, using these Appendices. Appendix Nine contains extracts from the node coding reports and set coding reports, assembled in the sequence of the interview guide. NVivo has the facility to produce simple models of the node structure, and these have been used throughout the analysis.

The tree nodes were reviewed and rearranged many times during the analysis. This resulted in the numbers on the models not being consecutive, and in disagreement with the consecutive numbers assigned in the appendices. It was felt that the numbers would be useful to provide an audit trail. Consequently, a parallel template project was set up to reflect the node numbering in the appendices, and to provide an easy audit trail.

Rigour.

How can the quality of this piece of qualitative research be defended as rigorous? A common thread runs through much of the writing on this topic. Guba and Lincoln's work provides a worthwhile reflection of the main bodies of opinion.

Guba and Lincoln (1994) in a table setting out paradigm positions on selected practical issues include the entries set out in Table 3.6. overleaf

Table 3.6. Constructivism: Practical Issues.

Issue	Constructivism
Inquiry Aim	Understanding, reconstruction
Nature of Knowledge	Individual reconstructions coalescing around consensus.
Knowledge Accumulation	More informed and sophisticated reconstructions; vicarious experience.
Goodness or quality Criteria	Trustworthiness and authenticity and misapprehension.
Voice	"Passionate participant" as facilitator of multi-voice reconstruction

Source: Guba ans Lincoln (1994) "Competing Paradigms in Qualitative Research."

In an earlier work, these authors elaborate on the quality criteria and add a third, namely, *the nature of the hermeneutic process itself* (1989:233). While their topic is evaluation, they do make the point that the criteria will apply to *any constructivist inquiry* (1989:233).

Under the heading of trustworthiness, the issue of credibility requires that there is isomorphism between constructed realities of respondents and the constructions attributed to them. A number of techniques to verify this isomorphism are described. They include

- *prolonged engagement.* This refers to the extent to which the evaluator (or researcher) is involved at the inquiry site, to build up the rapport and trust necessary to provide an understanding of the context and the culture. Contact with the Secretariat, extensive travel throughout the Catholic health and aged care environment in all states of Australia, and attendance at the National Conferences in 1999 and 2000 have contributed to satisfying this criterion.

- *persistent observation.* Depth was added to the prolonged engagement by the number and range of respondents. This is detailed above. A version of this research, with much more open questions, applying strict grounded theory principles might have reached theoretical saturation on a limited number of hypothetical conclusions with a much smaller sample. The approach taken has widened the scope of the research at the expense of the requirement to manage a very large field work component and analyse a mountain of data.

- *negative case analysis.* A range of views emerged in this research, and hence there was some variety in the constructions people placed on different issues. These were reviewed and highlighted, not so much with a view to focusing on the one correct answer, but with a view to understanding the differences, and drawing appropriate insights.

- *progressive subjectivity.* The issue of monitoring the researcher's developing construction was facilitated by the use of N-Vivo software. The identification of categories and sub-categories was itself a progressive and iterative process. The audit trail to track this process exists in the document text reports and the node coding reports. The models developed by the software feature heavily in Chapter Four below. They provide a vehicle for evaluating the unfolding insights.

- *member checks.* This was not an evaluation exercise, so there was no need for a mechanism to agree an evaluation result and negotiate appropriate action. However, each transcript and recording was returned to each respondent for their comments and editing. The fact that minimal editing was required was gratifying, as were the additional insights which came to some respondents on reflection, and which they were willing to share. The very powerful image of the women at the foot of the Cross epitomising the unique value system of Catholic health and aged care was one such added insight. Attendance at the two National Conferences, the visits to Canberra, and the extensive interview process itself, constituted very extensive member checking.

Trustworthiness also requires an understanding of *transferability.* Guba and Lincoln sum up the concept of transferability in constructivist research as follows

> *The constructivist does not provide the confidence limits of the study. Rather, what he or she does is to provide as complete a data base as*

humanly possible in order to facilitate transferability judgments on the part of others who may wish to apply the study to their own situations (1989:242).

These conditions have been met with this research, and appropriate comments made. For example, two findings might merit research outside the context of this research. The views on the application of an emergent strategy model merit testing in other environments. To a lesser extent, the notion that major strategic transformation needs, or is driven by, some sharp trigger (*vide* the sale of Moreland) would be a useful insight with which to approach transformational strategic change.

The trustworthiness criterion also requires *dependability.* This refers to the stability of the data over time, and could be construed as contradictory in the shifting sands of qualitative inquiry. The important technique for understanding the shifts, which have occurred as the inquiry emerges, is the documentation of the logic of process and method. This is covered by the retention of N-Vivo archival records.

Confirmability refers to the assurance that data, interpretations, and outcomes of inquiries are not simply figments of the evaluator's (researcher's) imagination. Again this requires that the raw data can be tracked to its source. The Appendices to this Thesis contain much of the raw data, and the N-Vivo archival records contain the rest.

Another criterion identified by Guba and Lincoln is the *Hermeneutic Process as its Own Quality Control* (1989: 244). This refers to the process itself, and in the context of this book, is mainly applicable to the hermeneutic/dialectic process which results in negotiation of, and action on, the outcomes of evaluation exercises. For this research the key issues are the limitations, which might inhibit the process. These are outlined overleaf.

The final set of criteria centre on *authenticity.* This centres on whether the intent of the inquiry method was achieved. Authenticity criteria include *fairness, ontological authenticity, educative authenticity, catalytic authenticity*

and tactical authenticity. These last four are geared to action on evaluation, and are less relevant to this research.

The issue of *fairness* is crucial to this, and to any, qualitative research process. Fairness refers to the extent to which the constructions and their underlying value structures are solicited and honoured within the process.

The two techniques applicable are *stakeholder identification* and *open negotiation of recommendations and the agenda for subsequent action.* The first of these is more important in this context.

The identification of all potential stakeholders was greatly facilitated by the new governance structure of Catholic Health Australia, which delivered almost half of the sample, and the assistance of the Executive Director and some respondents in developing a quality sample of significant players in this sector.

Although the idea of negotiation of the agenda is more geared to evaluation and action, there was negotiation and consideration of the issues which gave rise to the Interview Guide. This was achieved by contact with the Secretariat, with the consultant and by attendance at the first Annual National Conference of ACHCA/CHA in 1999, before the project was formulated.

Limitations

There were two limitations which might be seen to introduce some bias to this research

- the researcher's background. The researcher is an experienced management consultant/strategic planning practitioner. This had the potential to introduce some bias in the conclusions and, perhaps, in the way respondents were prompted (led?). A conscious effort was made at all times to avoid any of these biases
- strongly purposive sampling. The sample was selected around the Integration 2000 process. While, as indicated above, it provided a comprehensive coverage of key players representing the important

viewpoints, the sample was nonetheless contrived, and hence open to potential bias. This was partly offset by ranging beyond the Stewardship Board, the National Commission and the Secretariat staff. However, the additional respondents still had some hallmarks of a contrived sample. The nature of the research, using qualitative interviews, narrowed the range of respondents who could be tapped.

These two limitations were substantially offset by

1. other elements of the researcher's background. He is Catholic, primary school educated in a country convent school, and secondary school educated in a Marist Brothers' boarding school. The rapport, or even the type of rapport, that this gives with lay and religious Catholics, as well as with people who spend their working lives in a Catholic environment, is difficult to explain, but is a very important element in gleaning meaning and perception from the key actors. Consulting experience has probably contributed positively to the smooth running of the field process and his ability to understand the issues. He has a background of having been immersed in the myriad of secular management approaches, and the objectivity which this should bring

2. effective use of theoretical sampling. Strauss and Corbin define theoretical sampling as *sampling on the basis of concepts that have proven relevance to the evolving theory* (1990:176). In pure grounded theory, the theoretical sample will emerge during the evolution of categories. The aim of theoretical sampling is to sample events and incidents that are indicative of categories. In this research, all of the concepts and some of the categories were in place. As sub-categories and some categories emerged during the

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analysis, the coding could be adapted to reflect what was, effectively, a theoretical sample.

Ethical Issues

As part of candidacy approval, the researcher has agreed, in writing, to observe all ethical protocols consistent with Curtin guidelines. The storage of raw data will comply with Curtin regulations.

Chapter 4

Findings

Introduction

The interviews, within the limits of a free-flowing qualitative discussion, followed the structure of the Interview Guide. The results, set out as concepts, categories and sub-categories are attached in Appendices One to Seven. The analysis in this chapter is geared to the strategic objectives of the research, identified in the candidacy. The concepts, categories and sub-categories, in the order of the Interview guide, are set out for reference in Table 4.1 overleaf

Table 4.1. Tentative Concepts in accordance with Interview Questions

*The numbers represent a software protocol and are for identification and audit purposes only

No	Concepts	Categories	Sub-Categories
1	**Integration 2000 Process**	1.1.Distinctive Features *	1.1.1 Consultant 1.1.2 Communication 1.1.3 Leaders/Owners 1.1.4 Survival 1.1.5 Moral Imperative 1.1.6 Why Compete? 1.1.7 Talk vs Action 1.1.8 National Systems
		1.2 Meaning	1.2.1 Structure/Process 1.2.2 Expression of Ministry 1.2.3 Handover 1.2.4 Continuum of Care 1.2.5 Cooperation
		1.3 Evolution	1.3.1 Environment Pressure 1.3.2 US Precedent 1.3.3 Moreland 1.3.4 Meetings/Conferences
2	**ACHCA/CHA Role**	2.1 Integration 2000	2.1.1 Guide/Facilitate 2.1.2 Champions
		2.2 Catholic Health	2.2.1 National Voice 2.2.2 Coordinate/drive 2.2.3 Advocacy/Policy 2.2.4 Peak Body/ Forum
		2.3 How Effective?	2.3.1 Effective 2.3.2 Less Effective
		2.4 What Different?	2.4.1 Regional Issues 2.4.2 Consultants 2.4.3 Boards
3	**Philosophy/Values**	3.1 Understanding?	3.1.1Gospel values 3.1.2Poor/Marginal 3.1.3 Image of God
		3.2 How Stands Up?	3.2.1 Well 3.2.2 Not so Well 3.2.3 Question Mark
4	**Planning Agenda**	4.1 Agenda	
		4.2 Impact	
		4.3 Organisation Features	4.3.1 Governed 4.3.2 Managed 4.3.3 Incorporation
5	**Strategic Issues**	5.1 Mission 5.2 Handover 5.3 Aged Care 5.4 Financial stewardship 5.5 Declining Religious 5.6 Lay Leadership 5.7 Charism/Culture 5.8 Private Hospitals-nfp 5.9 Catholicity 5.10 Ownership 5.11 Regions	

No	Concepts	Categories	Sub-categories
6	**Planning Models**	6.1 Formal	6.1.1 When Used?
			6.1.2 Objectives
			6.1.3 Analysis
			6.1.4 Choices
			6.1.5 Strategies
		6.2 Emergent	6.2.1 When Used?
			6.2.2 Insights
			6.2.3 Reflection
			6.2.4 Issues
			6.2.5 Strategies
		6.3 Organisation Development	
7	**Future Shape**	7.2 Orders Joining	
		7.2 Orders Collaborating +	
		7.3 Collaboration non-Profits +	7.3.1 With Catholic Identity
			7.3.2 Without Catholic Identity
			7.3.3 Qualify -
		7.4 Collaboration for-Profits-	7.4.1 With Catholic Identity
			7.4.2 Without Catholic Identity
			7.4.3 Qualify+
			7.4.4 Tax Status
		7.5 Collaboration Government+	
		7.6 Consolidation	7.6.1 CHA Inc
			7.6.2 Federal/Regional
			7.6.3 Systems
			7.6.4 Governance
			7.6.5 Embedding church
			7.6.6 CHA Role

Emergent Concepts

The categories and sub-categories which resulted from the interviews suggested some regrouping to better reflect the priorities of the discussions. These regroupings are set out in Table 4.2 overleaf. The original concept, category and sub-category numbering has been preserved to sustain a seamless audit trail back through the N-Vivo nodes to the interview text reports. Responses are not numbered in the extracts in this Chapter. The Appendices have responses numbered according to a protocol to preserve anonymity.

Table 4.2 Concepts regrouped from Interviews, according to respondents' sense-making.
(∗The numbers represent a software protocol and are for identification and audit purposes only)

Concept Label	Original Concepts	Categories	Sub-Categories
A Evolution/ Role	**1.Integration 2000 Process**	1.3. Evolution ∗	1.3.1 Environment Pressure 1.3.2 US Precedent 1.3.3. Moreland 1.3.4. Conferences/Meetings
	2.ACHCA/CHA Role	2.1. Integration 2000	2.1.1.Guide/Facilitate 2.1.2.Champions
		2.2. Catholic Health	2.2.1. National Voice 2.2.2 Coordinate/ Drive 2.2.3. Advocacy/Policy 2.2.4. Peak Body/Forum
		2.3. How Effective?	2.3.1. Effective 2.3.2. Less Effective
		2.4. What different?	(2.4.1. Regional Issues) 2.4.2. Consultants 2.4.3. Boards
B Structural Changes: Compatibility	**I.Integration 2000 Process**	1.1. Distinctive Features	1.2.1. Consultant 1.2.2. Communication 1.2.3. Leaders and Owners 1.2.4. Survival 1.2.5. Moral Imperative 1.2.6. Why Compete? 1.2.7. Talk vs Action 1.2.8. National Systems
		1.2. Meaning	1.2.1. Structure/Process 1.2.2. Expression of Ministry 1.2.3. Handover 1.2.4. Continuum of Care 1.2.5. Cooperation
	3 Philosophy/Values	3.1. Understanding	3.1.1. Gospel Values 3.1.2. Poor/Marginalised 3.1.3. Image of God
		3.2. How Stands Up?	3.2.1.Well 3.2.2. Not So Well 3.2.3. Question Mark
	5. Strategic Issues	5.2.Handover 5.5. Declining Religious	

C Planning/Strategy Formation	**4. Planning Agenda**	4.1.Agenda 4.2. Impact	
	6. Planning Models	6.1. Formal	6.1.1. When Used 6.1.2 Objectives 6.1.3. SWOT Analysis 6.1.4. Decisions/ Choices 6.1.5. Strategies
		6.2. Emergent	6.2.1. When Used 6.2.2. Insights 6.2.3. Reflection 6.2.4. Unexpected Issues 6.2.5.Strategies
		6.3. Organisation Development	

Concept Label	Original Concepts	Categories	Sub-Categories
D Strategic Issues	**5. Strategic Issues**	5.1.Mission (5.2. Handover) 5.3. Aged Care 5.4. Financial Stewardship (5.5. Declining Religious) 5.6.Lay Leadership 5.7.Charism/Culture 5.8. Private hospitals/NFP 5.9. Catholicity (5.10. Ownership) (5.11. Regions)	
E Governance/ Management	**4. Planning Agenda**	4.3. Organisation Features	4.3.1. Governance 4.3.2. Management 4.3.3.Incorporation
	5. Strategic Issues	5.10. Ownership	
	7. Future Shape	7.6. Consolidation	7.6.4. Governance
F Regions	**2.ACHCA/CHA Role**	2.4. How Different?	2.4.1. Regional Issues
	5. Strategic Issues	5.11. Regions	
	7. Future Shape	7.6. Consolidation	7.6.2. Federal/Regional
G Future Shape	**7. Future Shape**	7.1 Orders Joining - 7.2 Orders Collaborating + 7.3 Collaboration Nonprofits +	7.3.1 With Catholic Identity 7.3.2 Without Catholic Identity 7.3.3 Qualify -
		7.4 Collaboration For Profits -	7.4.1 With Catholic Identity 7.4.2 Without Catholic Identity 7.4.3 Qualify + 7.4.4 Tax Status
		7.5 Collaboration Government + 7.6 Consolidation	7.6.1CHA Inc 7.6.2(Federal/Regional) 7.6.3 Systems 7.6.4 (Governance) 7.6.5Embedding Church 7.6.6 CHA Role

CONCEPT LABEL A: EVOLUTION/ ROLE

The first strategic objective identified during candidacy was to:

Chart the evolution of change strategies, in a not-for-profit health sector, from a more fragmented to an integrated sector model.

Analysis of perceptions of this issue centred around Part Three of Question One of the interview guide (Evolution) and all of Question Two (ACHCA/CHA Role). The process of Integration was explored in Question One by, inter alia, a discussion as to how the process evolved, particularly in terms of what and/or who triggered it.

Question Two explored the past and future role of ACHCA/CHA in terms of

- *the role of ACHCA/CHA in the Integration 2000 process*

- *their role in Catholic health in general.* This sub-question also explored whether Integration 2000 was the only, or the main focus of ACHCA/CHA, or whether there is, and has been, a legitimate role in the wider spectrum of Catholic health.

- *the effectiveness with which the defined roles are carried out*

- *ideas on what might have been done differently, or what might be done differently in the future.*

The evolution of the process of Integration 2000, and the role played by ACHCA/CHA in that evolution, relate naturally enough to be considered as one Concept Label

A sub-category, which emerged during discussion on what might have been done differently, was the issue of regional organisation, which is more sensibly discussed under Concept Label F. It is shown in brackets in the appropriate place on this table to signal this fact. Figure 4.1. illustrates the components of Group A and their interrelationships.

Fig. 4.1. Group A. Evolution/Role

Integration 2000 Process (1)   ACHCA CHA Role (2)

What Different (2 4)

Evolution (1 3)   Integration 2000 (2 1)   How Effective (2 3)

Catholic Health (2 2)
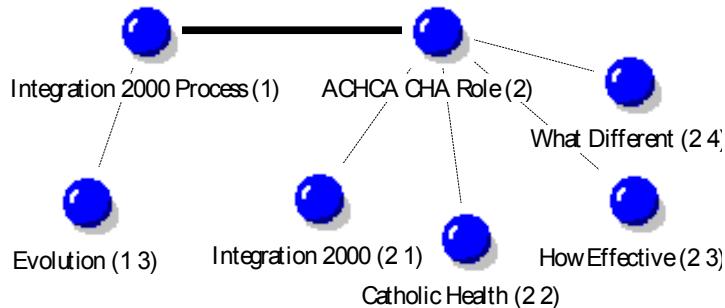
(The numbers in brackets represent a software protocol and are for identification and audit purposes only.)

Evolution

Figure 4.2 illustrates the sub-categories which emerged from the discussion of how the Integration 2000 process evolved.

Fig. 4.2.Integration 2000 Process: Evolution
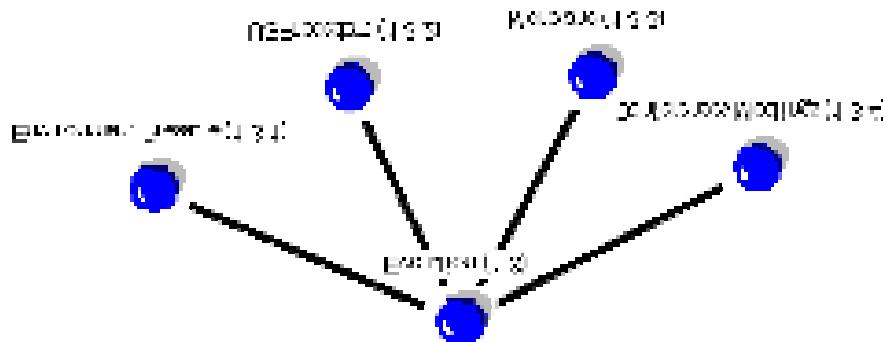
Evolution-General

General comments from two of the respondents as to how the process evolved focussed on their perceptions of the main triggers for Integration 2000

//Oh, It was kicked off by the ACHCA Council//I think, even the health care environment in the country//So an opportunity for leadership would be another one//

Moreland

While other triggers to the Integration 2000 process were identified, and are detailed below, by far the most frequently identified was the sale by the Sacred Heart Sisters of their private hospital in Moreland Road, Coburg, to Hospital Corporation of Australia, a Mayne Nickless subsidiary. Following Whiteley's (Whiteley 1998a) model on research paradigms, this is a response, which might be robust enough to be explored as a socially stable *'fact'* and be the subject later of a confirming parallel study. Twenty three of the forty six respondents to this question identified this event as a critical trigger.

While Victorian respondents were more acutely aware of the significance of Moreland, it was mentioned by people in every state. The event was seen in the following terms

//the last thing we really want to see is a diminution of a Catholic presence in Catholic health care//Certainly a trigger that shook the sector to its bootstraps//the origins of Catholic Health might actually be at Moreland Road in Melbourne //It was a wake-up call to the rest of Australia //That was a pivotal historical moment. //the sudden flare that lit up the scenery, //galvanised Catholic health in this country//

Environment Pressure

The environment was seen as putting pressure on Catholic health, particularly the acute private hospitals, to consolidate. The pressure is seen to come from two main sources. The perceived economic-rationalist approach by governments and health funding bodies is making Catholic health entities feel very vulnerable, especially stand-alone operations in both health and aged care. In addition, for-profit health chains are seen as a threat to the viability of Catholic health entities. This was expressed as

//substantive changes in the way health funding occurs in Australia//I think they're trying to eliminate the smaller operations//pressure from the for-profit group// economic rationalism //The Association was formed in 1974-5

after the establishment of Medibank. The Catholic system had been taken by surprise//The Kennett government//well, I don't agree that the problem is survival. We've got a five hundred-year history in the Church//

While the existence of pressure was acknowledged, reactions covered the continuum from fear for actual survival through to optimism. In terms of the question being addressed in this research, the trigger of environmental pressure is a key factor in the need for Catholic health to consolidate.

US Precedent

One of the triggers for the way in which Integration 2000 was shaped was a process in Catholic Health in the United States, called New Covenant.

//the Americans were running a process called New Covenant, the time was ripe for us to run something similar//And what I like about Catholic health care integrations [in USA] is their recognition of the importance of the regions//we would have to adopt similar strategies//the use of the term in Australia, the "Leaders and Owners" That's where it came from//

Conferences/Meetings

Extensive consultation and meetings, including initial gatherings of Leaders and Owners, the National Conferences between 1996 and 1999, and the meetings of the Stewardship Steering Committee have all contributed to the Integration 2000 process.

//Now, we had Conferences and the theme of the Conference was promoting that//varying levels of movement towards integration. They went for the most radical//the Leaders and Owners took control of the process, at that May '96 Conference//

The general perception is that meetings and conferences have been crucial elements of the evolution of Integration 2000 and that they have been organised competently

The Role of ACHCA

Responses were separated, so that the perceptions of laity and religious could be compared. There is general consensus that ACHCA, and now CHA, have played a major role in the sector. Although respondents were asked to distinguish between ACHCA/CHA's role in the Integration 2000 process and Catholic health in general, (*"What is ACHCA/CHA's role in Catholic health in general, or is Integration 2000 the main game?"*) most responses indicate that Integration 2000 pervades the whole Catholic sector.

Integration 2000

Most lay and religious respondents saw the secretariat's role as critical to the success of Integration 2000. Religious responses were more guarded. General comments reflected this

Lay comments included

//Integration 2000 has become the core business//been fairly integral// //to be fair, without them we wouldn't have Integration 2000//

Religious comments included

//Very strong//We're waiting to hear that//role given it by the Leaders and Owners That supports the role of the Commission and the Board//Been huge. Been the primary role//shouldn't underestimate the role that -------has played//

Responses follow two main threads which are connected, but which are worth dealing with separately. Figure 4.3 illustrates the two elements.

Figure: 4.3. ACHCA/CHA Role: Integration 2000
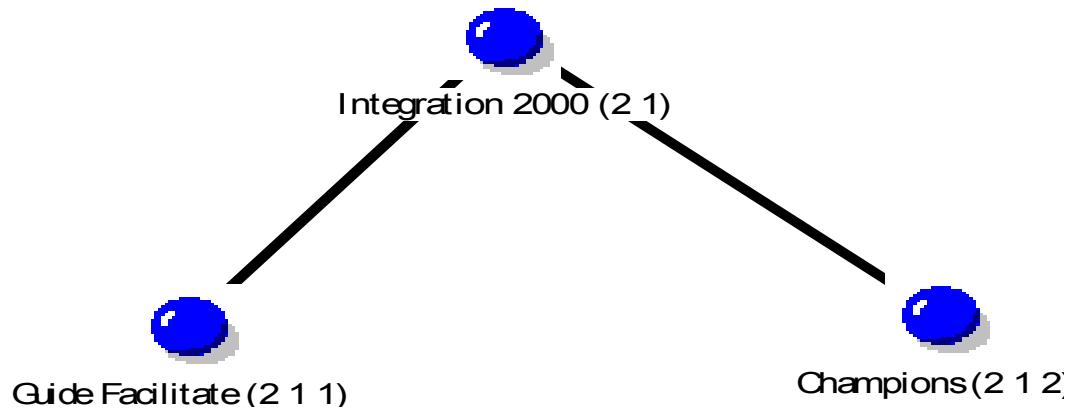
The two threads are that of ACHCA as a facilitative driving force and that of the part played by individual champions of the process

Guidance/Facilitation/Driving Force

Religious responding to this line of questioning see ACHCA and CHA more as the drivers of the process than simply facilitators. Most religious echoed the following sentiments

//they've been the drivers of it, actually//was driven by the National Board, rather than by the national office//they facilitated the conversations. They also funded it. The National Conference every year has helped that sort of vision//probably not the driving force, but certainly the supporting structure behind the whole thing//they were a catalyst//

Lay respondents saw the role as rather more facilitative. Fewer lay respondents saw the role as one of leadership.

//to support, to try and help the sector to identify the issues. Very much a facilitator//a guiding vehicle//We've promoted it, probably nurtured it, very actively//Very much the broker//assisting in pushing the process and managing the process//vital. I think it's been the lead player//

Champions

The undertaking to preserve anonymity precludes naming champions of the Integration 2000 process. When respondents were canvassed as to who played key roles in Integration 2000, there was a strong response which indicated that secretariat staff and, down through the years, a small body of committed people have championed the Integration 2000 process. These have put in, and still put in, a great deal of time, effort and resources into making the process succeed. While this thesis cannot recognise them individually, their identity is well known in the sector. There are issues on which not everyone agreed, but there seemed to be a degree of comfort with the performance of the champions on whom this process has relied.

Catholic Health

Most respondents see Integration 2000 as the main game, but were still willing and able to discuss an ongoing role in the general Catholic sector. This is best summed up by

//they're quite influential//No, I think Integration 2000 is the Catholic Health Association//Catholic Health Australia has to become the main game. Integration 2000 has been a tool//It's not the main game at present, because it hasn't happened. It's still just talk//

Again, Integration 2000 now pervades the Catholic health scene. It is notable that there were fewer significant responses to this question. This was partly because the discussion of Integration 2000 and Catholic health tended to run together, and partly because Integration 2000 is receiving the most attention.

Figure 4.4 illustrates the main headings under which ACHCA/CHA's role in Catholic health was discussed.

Fig. 4.4: ACHCA/CHA Role
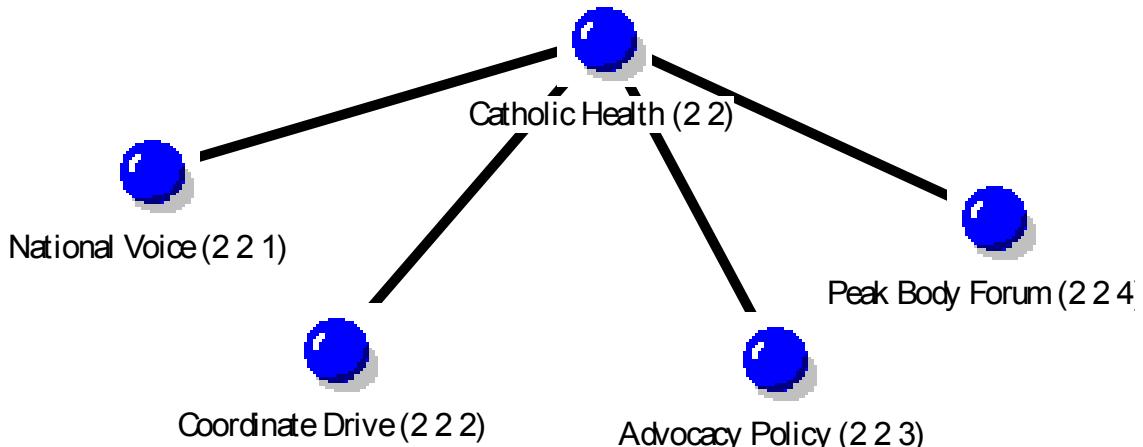
The role of ACHCA/CHA in the whole Catholic health scene is discussed under the headings of *peak body/forum, advocacy/policy, national voice and coordination and driving.* All of these run together somewhat, but are worth discussing separately.

Peak Body/Forum

ACHCA, and now CHA, are seen as providing expertise and providing a forum for discussion. This is a traditional association role, so this perception could indicate that respondents do not see an operational management role for CHA. Support in aged care is generally recognised and well regarded (if not universally), thus allaying some of the perception that operators in the aged care sector are the "poor relations."

//it has become a meeting place, it has been the place where some common policies were defined and driven//So, I don't think I see them as being involved in that operational strategy. Or even high level planning strategy at the local level//an important alternative to the aged care, Catholic aged care sector//in the actual provision of services, ACHCA didn't do anything apart from the establishment of the Catholic Health Care Services//not really been a peak body, but it will be now as Catholic Health Australia//

So the roles of the secretariat and the constituent bodies, the Stewardship Board and the National Commission were seen as providing a supporting pivot for the sector.

National Voice.

This concept was separated from the idea of a peak body because of the stress placed on unity and credibility. This was expressed variously

//process by which we will be able to enact a vision of becoming a national sector//unless Catholic Health speaks with a single voice it will become marginalised//"HCOA speak for more, speak directly for more hospitals and more beds than you do"//It will either be the single player, or it will be defunct//capacity then with that unified voice to influence policy in government for the good of the community//

Advocacy/Policy Development

The role of the Secretariat in advocacy and developing policy was recognised, and best summarised as

//the big issue in Catholic health will be behind the scenes setting the direction of policy, before policy is announced//It was the national Catholic association that intervened on the nursing home bonds question, and intervened and changed it dramatically. Now that goes down to our bottom line//to attract funding, and to change some of the thinking on how funding's distributed//CHA is fundamentally a moral imperative. I think Catholic Health Australia's got a good role in that, because it's got credibility in aged care advocacy//

The strength of the Executive Director in this area was recognised in discussion of champions of the Integration 2000 process, and the efforts of the other senior members of the Secretariat staff were also recognised. Within Catholic health itself, the role of the Secretariat is well-recognised. In the wider public arena, the Executive Director is achieving substantial recognition.

Not all outcomes of this strong advocacy/policy role are welcomed. The reference to the nursing home bonds issue highlights the strains that can be created by CHA taking a line which may not suit all operators, and which may not have been subjected to exhaustive consultation. Even this respondent recognised the need for the secretariat to respond quickly to situations, perhaps without what might be seen to be adequate consultation. Interestingly, this same respondent saw a role for the secretariat in addressing high-level policy development.

The idea of Integration 2000 as a moral imperative was raised in those terms twice.

During this, and subsequent discussion, it became clear that many respondents would be less comfortable with CHA and/or the present executive staff taking on an operational role in all or part of the Catholic health sector.

This may be partly driven by the high level of satisfaction with the strong advocacy/policy role now being exercised.

Coordination/Driving

Again, CHA is seen as a driving force within Catholic health, expressed as comments, which included

//held the big acute care players together, thirty or forty percent of the agenda moving//they're the driving force, clearly, for the process//so to foster this co-operation. Not that we want to make a melting pot out of the whole --- ------//

These comments, coupled with those on ACHCA/CHA's role in Integration 2000, indicate widespread recognition of this particular role and its importance.

Effectiveness

Figure 4.5 illustrates the headings under which respondents discussed the effectiveness with which ACHCA/CHA have fulfilled their role.

Fig. 4.5. ACHCA/CHA Role: How Effective

How Effective (2 3)

Effective (2 3

Less Effective (2 3 2)
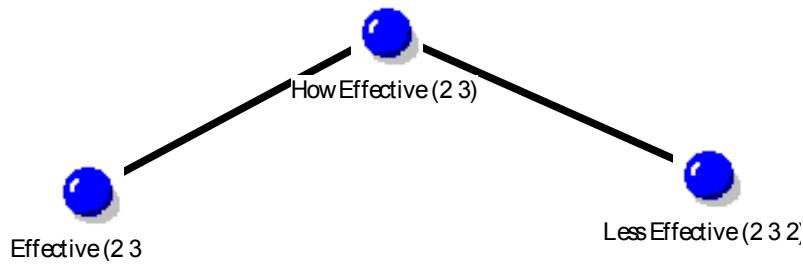
How Effective-General

General comments included

//you've got to stick to your knitting//I would hope that we don't end up in a battle//I'm not too sure that they've actually got their feet under the table long enough//A lot will depend on how they develop the regional entities. And at regional level you must have some form of secretariat//

The concern for the development of regional entities is reflected elsewhere. The respondent showing this concern was a lay person involved in aged care.

Effective

With some exceptions, CHA was seen to be fulfilling its role effectively. The assessment of the effectiveness of CHA in fulfilling its role was qualified by the recognition that the group is under-resourced. It was recognised that the issue of resourcing was being addressed, but nonetheless the group is seen as limited.

Lay respondents endorsed the effectiveness of CHA, perhaps not as enthusiastically, or perhaps more cautiously than religious. Lay responses included

//I think very well. I think in terms of the outcome of Integration 2000//Oh, to date, fairly effectively, because we got the thing up//But it hasn't had unlimited resources. One way is to give them authority//Nationally, I think they're good//We're behaving like an association as opposed to a Commission//I don't think it will ever be successful in its fullest sense, but I do think the co-operation and amalgamation where it has been, has been very good//I don't think CHA has the infrastructure to implement Integration 2000//

The mention of a Commission, which came from a CEO, and not from a religious with an education background, was the only mention of the term.

Religious responses included

//There'll be no way of knowing [yet] but they seem OK to me so far//From where I stand, I think they've done it very well, and very professionally and very consistently. I think they're starting to improve their resource//sadly there may be a transition period, where ----- and his team need to get their resources up//feedback from the Commission that it's shaping up very well//certainly better than if we didn't have it, I think//They are very under-resourced, for what we have to do//

Less Effective

Comments on less effective performance came only from a limited number of CEOs. One general comment criticised the advocacy role.

//I'd say, not at all. For the private sector, probably borderline counterproductive, because they speak with two or three hats on. You've got to query when you get into horse-trading politicians. There's a lack of strong leadership//Not very, at the moment, because they're struggling to develop

their own authority. //It gets to the trust issue, and that question has put a trust question mark//and I didn't like the analytical work that was done. There was no analysis of what are the forms as they stand now//

The perception of a lack of analysis is more serious, particularly in terms of the credibility of the people guiding the process. Two CEOs expressed this view.

What Might be Done Differently?

Fig 4.6 illustrates the headings under which people responding to the question of what might have been done differently, or what might be done differently in the future.

Fig. 4.6. ACHCA/CHA Role/What Different?
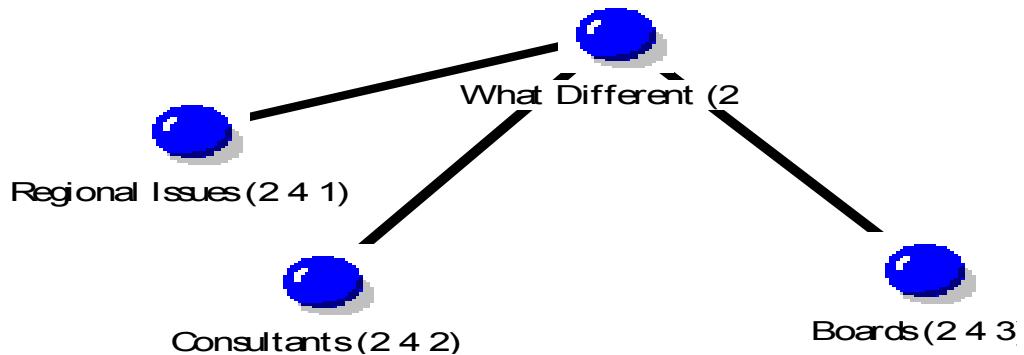
There was a wide range of comments on what might be done differently, and these sub-categories summarise them. However, most respondents then tended to come around to the conclusion that not too much should have been done differently.

Different-General

Comments on what might be done differently were quite wide-ranging. Some respondents, having identified options, then went on to decide that not

much needed to be done differently, in general terms. A selection of comments included

//I suppose I would like to have seen it been a faster process//see what best needs to happen to enable the implementation of those changes //we're not very effective in terms of relationships by comparison to some of the major commercial operators//So I really can't see if anything could have been done differently//Look, we should have national purchasing//could have waited until they, the systems, were all up and running//I don't think there was enough looking at the total picture of health and aged care//And I bless the courage of a few Leaders who brought it up to this point //the fundamental issue is, what is this entity that's been created?//

Regional Issues

Regions are discussed in more detail under this heading in Group F, which gathers together the perceptions related to regional organisation. At this stage, respondents made the point that the issue of regional organisation and its relationship to the national structure had not been clarified. This had led to some hesitation and confusion.

Consultants.

The point was made, by two respondents, that the use of consultants might have been different.

//I think in the future, that they remain open to suggestions, that they're prepared to enter into discussions and be prepared to listen to criticism//you've got to pick consultants, who will have your agenda, and not their own//

Both of these respondents were congregational leaders.

Boards

The issue raised here is that members of boards of directors have not been given an active, legitimate role in the structure of the Integration 2000 process. Although only two respondents raised this point, it may be an important future issue. Essentially, in the process of integration, Leaders and Owners have legitimate authority, and the CEO group has been legitimised.

//The members of a board of directors ...Will they feel not ……...disenfranchised is not probably too strong a word//I think involvement of the Boards, hospital boards, might have been useful//

There was some perception that members of boards appear to have been left out of the process altogether

CONCEPT LABEL B: STRUCTURAL CHANGES: COMPATIBILITY WITH PHILOSOPHY AND ASSUMPTIONS

Introduction

The basis of this Section is the research objective to *examine the structural changes embodied in the integration model for compatibility with stated health and aged care philosophy and assumptions at national, regional and entity level.*

This relates to the perspective *an analysis of the dynamics of the Integration 2000 process in terms of a diagnostic model.* The diagnostic model used will be Whiteley's (1997b) PATOP model, which is described in Chapter Two. The analysis is geared to addressing compatibility questions against Whiteley's model. These findings rely largely on the following parts of the interview guide

- Question 1.1, which defines the *distinctive features* of the structural changes in terms of the process of converting the insights of key players into the Integration 2000 process

- Question 1.2, which elaborates this definition by exploring perceptions of *what Integration 2000 means* to the respondents

- Question 3, which sets out the *stated philosophies and values of Catholic health and aged care,* as perceived by the respondents. It also begins to answer the question of *compatibility between the structure of the Integration 2000 process and the stated philosophies and values*

- Parts of Question 5, *Strategic Issues,* specifically the issues of *handover* and *declining religious.* These issues are crucial elements of the structural changes inherent in Integration 2000.

Figure 4.7 illustrates identifies the elements covered by this discussion.

Fig. 4.7. Concept Label B: Structural Changes: Compatibility
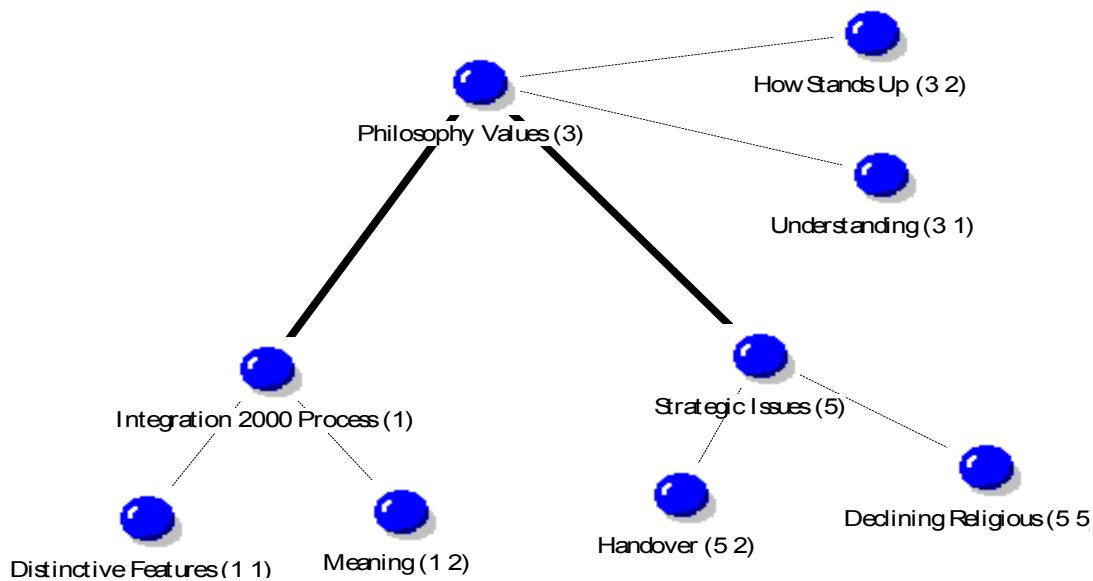
Distinctive Features

This was the first question aimed at gaining a perspective on how strategy came into being at the macro level of the Integration 2000 process. Respondents were challenged to think beyond their own organisations and take the broader view of Catholic health in general and Integration 2000 in particular.

General comments on the distinctive features of the project included

//I don't think Integration 2000 for everyone is at the same level//I'd be taking a bit of a stab really about whether there's anything distinctive about it apart from any other strategic process//the Integration 2000 may just have been a catalyst for something that was already going to happen, anyway//To my mind, it wasn't engaged so much in strategy as in more refining the vision//

Discussion of this question is split into a number of response headings, which were of varying importance. These headings are identified in Figure 4.8

Fig 4. 8. Distinctive Features
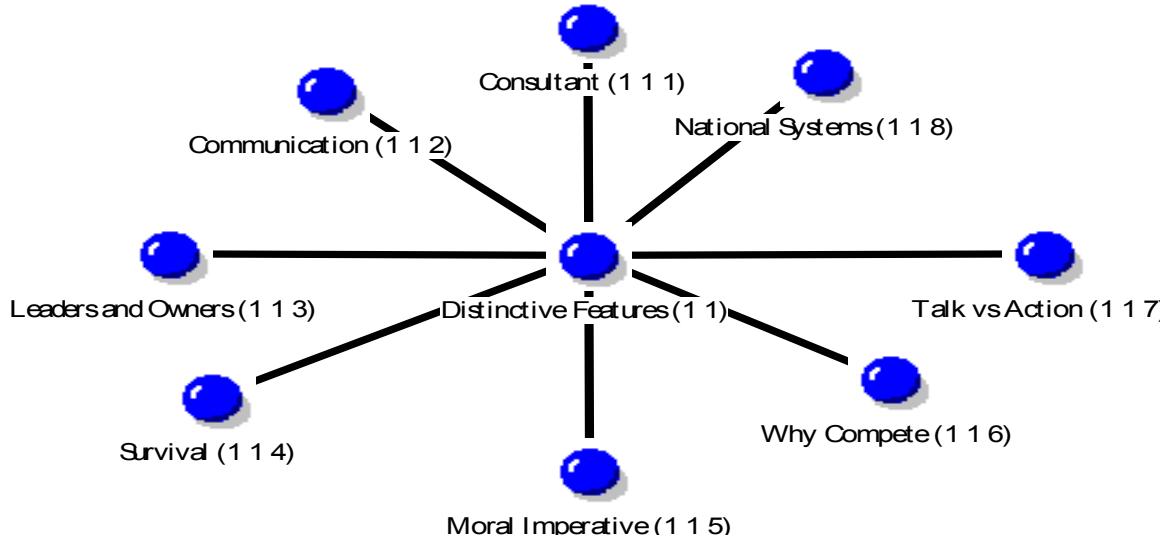
Leaders and Owners

Overwhelmingly, the most distinctive feature of Integration 2000 was perceived as involvement and ownership of the process by Leaders and Owners. This perception was expressed consistently across the various groups of respondents. For comparison, responses under this heading were sorted into Secretariat, Congregation, Diocese, lay non-CEOs and CEOs (all lay).

Secretariat responses included

//1997 Conference, the Leaders and Owners then took ownership of the project//We had to move much more towards a Church-based strategy, rather than a congregational-specific strategy//About eight things that needed to be done. When the Leaders and Owners committed to it, that really gave it some authority //

Congregation responses included

//split between the ownership by the orders in the form of the Stewardship Board, and the running of it by the Commission, appointed by the

Stewardship Board//not every Leader and Owner was as switched on//big shift was that the Leaders and Owners exercised their responsibility//And a perception grew up that the 'suits' were running it. And not the owners//they called meetings of Leaders and Owners, and they could bring whatever advisers they wanted to. We actually need both//a commitment among many of the Leaders and Owners to make the thing work, because they saw it was necessary//

Diocese responses included

//Complex on the communication between, say the Leaders and Owners and the people who actually run the institutions//I think we need that Stewardship Board, because without the very close collaboration of the Congregational Leaders, it wouldn't happen on the local level//

Non-CEO responses included

//they pulled all the key stakeholders together, and predominantly that was Leaders and Owners, rather than Chief Executives//Leaders and Owners (let's call them as it were shareholders) then set a value on working together//Steering Committee was the easiest working group I've ever been in. Anointed in some way//we had to get the religious orders or the owners, who are the ultimate decision makers, together to see if they wanted to be party to it//

CEO responses included

//I don't see the current format of the National Commission working well//they had a meeting and agreed that the Owners would be the people responsible. There's only one senior manager on the National Commission//I have a feel that it came from past leaderships, now long gone, who could see the consequences of the aging of the communities, the religious communities//perhaps could have caused the Leaders and Owners to get back into the saddle//

Communication

The Integration 2000 process was seen as incremental, even slow, inclusive and exhaustive. All of this was seen as requiring careful and complex communication. This might seem self-evident in such an undertaking. The diversity within the sector and traditions bordering on tribalism emphasised the need for communication. Comments included

//we send information to a certain point in an organisation, and assume that it's filtering down//"Do you think they're aware of what they've just agreed to?" //there was a commitment to model C, which was terrific, but in retrospect, I now realise that it was a commitment to total lack of understanding//It's been a process of talking and listening as far back as the nineteen eighties//I think the patient, persevering, respectful lobbying was the important part of that strategy//Almost going to have to re-invent a language here//

The perceptions convey the sense that the people responsible for the flow of communication connected with this process are competent, dedicated and persistent, despite some lack of fundamental understanding of the process.

Consultant

The use of an outside consultant to conduct an initial survey and recommend strategic direction was seen by some respondents as an important element in the early success of the Integration 2000 process. Reaction to the consultancy was mixed. For some the language was seen as technical. The findings and recommendations were not accepted in full. However the contribution of the facilitative role of the consultants was recognised. Comments included

//I think also, using an outside consultant to assist//they weren't hampered by "God, you can't do this. They won't let you do this, that"//But I think there was a little bit of dissatisfaction that the consultants weren't really listening. Now that was probably not that they weren't listening, but that the

Owners and Leaders were not articulating very clearly what it was they wanted //

Survival

The question of the survival of Catholic health and aged care is an implicit issue driving the Integration 2000 process, and will be part of other discussions in this analysis. Under the heading of distinctive features, comments made included

//Now that sort of thinking is doomed because it's more than just a bail out proposition//unless you pulled together, you could be picked off//It was done to further the whole concept of Catholic health, and take it into the future in an optimistic way//Would Catholic Health Care die when the last sister turned out the light?//

So, while there was recognition that there are survival issues at stake, not all players were pessimistic or fatalistic. Judgments as to who or what should be supported or not will always be painful.

Moral Imperative

Another distinctive feature perceived was the moral imperative for Catholic health and aged care facilities to collaborate. The idea of collaboration was seen as a moral imperative, even a Gospel imperative. Integration 2000 itself was seen as a moral imperative for facilities to collaborate.

Comments included

//a basic Gospel imperative there. Not a take it or leave it one// The moral imperative was Integration 2000, without a doubt. CHA is fundamentally a moral imperative, part of the moral imperative to integrate//

Why Compete?

There was a questioning of why Catholic entities competed against each other. Comments included

//why are we, within the same town, fighting against each other//"We're not going to be lobbied by fifteen, twenty-five, thirty different people. We just don't have the time or the energy"//just that it was a simple message: don't compete. Cousins, not competitors//there is support, at all sorts of levels, much more networking//

Systems

The situation of the larger health and aged care systems being formed in Catholic health and aged care might be seen to pre-empt the wider collaboration inherent in the Integration 2000 idea. This was recognised in comments such as

//Until the systems are in place, and the leaders of the systems, are talking together that will form actually, the umbrella//the formation of big battalions//so how do you contribute that block of services to a larger integration if you don't integrate them first//and that in some ways militated against the national group being set up, too. But there wasn't a national entity. We'd do one, and then eventually merge into Catholic Health//

The possible role of the national systems in a collaborative model of Catholic health is canvassed under Concept Label G, which deals with the future shape of Catholic Health Australia.

Talk versus Action

Some respondents saw some evidence that talk and action were not always synchronised. With the structures resulting from exhaustive discussions, the perception might persist that not enough decisions and/or action are happening.

//and that's part of the problem in that it ends up being so vanilla that it becomes inoffensive//It's probably 80:20 rule. Getting that further sign-on

with the substance as opposed to the glossy theory will be much more problematic//Oh yes, but I mean, it was easy to say the words, and that's all they did//And there was probably a lot of goodwill in the early days without too much action//

Meaning of Integration 2000

Respondents were asked what Integration 2000 meant to them. General responses included

//nothing too much//Really the whole Integration thing is about change to me//Very little, until the last three months. I think it needs to get some positive results//a new dawning of understanding of their responsibility//cluster of shared values//I've often wondered around what integration really means//

More specific responses centred on cooperation, handover, structure and process, the continuum of care and expression of ministry. These are illustrated in Figure 4.9

Fig. 4.9. Meaning of Integration 2000
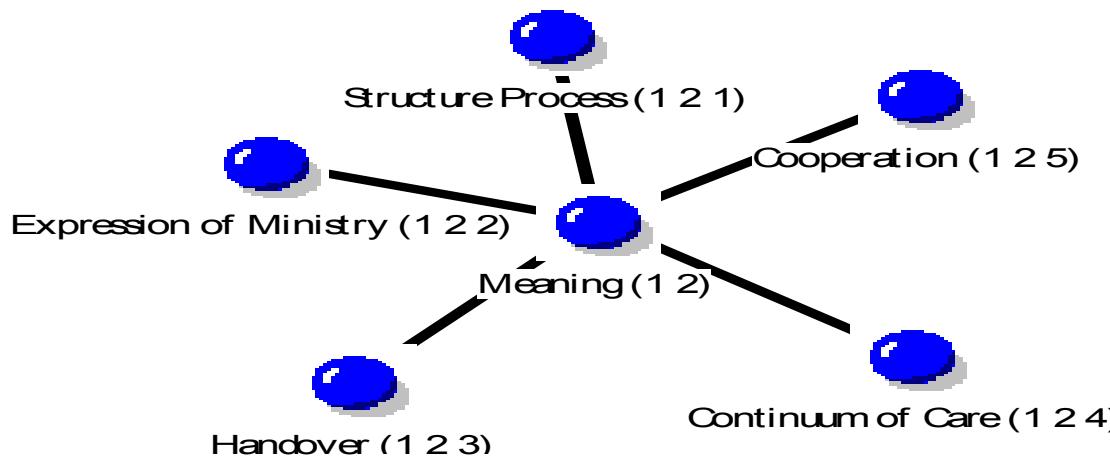
Structure/Process

Integration 2000 is seen as a structured process of achieving the collaboration goals. A structural continuum has been defined, showing a

progression from no action to alienation of property with final consolidation. This is set out in Figure 4.10, and is based on work done in Catholic Health USA.

Fig. 4.10: Structural Continuum
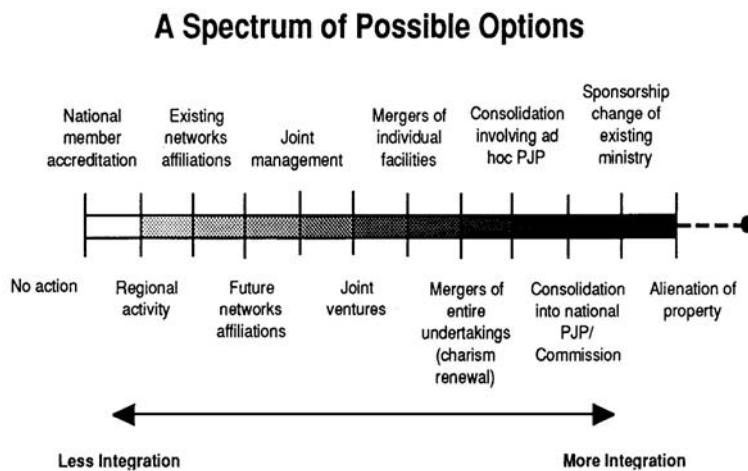
A Spectrum of Possible Options

The variety of ways this was viewed included

//structured process of facilitating and assisting, structured way to better organise Catholic health and aged care ministry//simply a process. Leave their clubs at the door, and talk about the future//about that continuum of where we are heading//The continuum that we've got a goal, that we've got a shared goal//

Expression of Ministry

The issue of ministry is crucial to Catholic health and aged care proponents. The issue of mission and margin is discussed in a later Section of this Chapter. In terms of the meaning of Integration 2000, respondents see Integration 2000 as an expression of the healing ministry of Christ. Comments included

//Integration 2000 will demand that we develop more a Catholic ethos than a specific order-based one//what would Jesus do in this situation? How would he handle the alcoholics, how would he handle the lepers, how would

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he handle the prostitutes and the gays//It's about strengthening and promoting the organised expression of the ministry//see Catholic health and service in the aged care, as an extension of Christ's healing mission//And, yes, one is looking at it as one who receives it. The other is looking at it in terms of what we have to give//

Handover

There is recognition by both lay people and religious, that Catholic health and aged care will need to be handed over to lay trustees. Integration 2000 is seen as reflecting that process. This was expressed as

//had spoken, fifteen years back about handing over and letting go//it will mean loss of autonomy, loss of independence, loss of individual charism. It will mean being change-agents, and that's never easy//where they, not unreasonably, as they're handing over this work, would like to hear from us how we're going to look after it//

Care Continuum

The other continuum on the agenda is the continuum of care, the so-called "womb to tomb" approach to caring for people and respecting the dignity of each individual. This is illustrated in the final report of the Stewardship Steering Committee under the heading "A Person Centred Ethic," and is set out in Figure 4.11

Fig 4. 11. A Person-Centred Ethic.
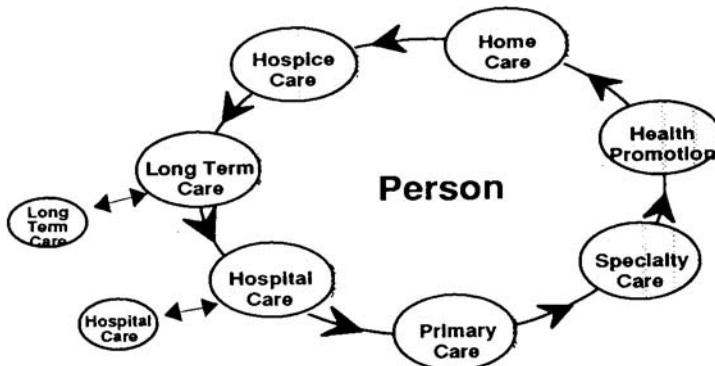
Reproduced from: ACHCA (1998): Stewardship Steering Committee Report, Page 12.

This is alluded to in several ways

//We focus on the healing model, which is the restoration of holism//we've got to get the continuum of care, which means we've got to ensure that community care and hospital care are more effectively working together//All of us recognise that aged care is a most significant part of the Catholic offering. Therefore health is a question of housing, it's a question of GST, it's a question of tax relief, it's a question of support for health promotion //And therefore they've got to start marrying health and aged care and welfare together//

Cooperation/Umbrella.

Given that Catholic orders and facilities had competed for so long, the attitude to cooperation and operating under an umbrella body reflects a change in mindset. A number of issues and motives are embodied in this concept. The question of survival and continuation is one.

//And they use the term Integration 2000 as being like an umbrella//I was very surprised at the fragmentation, the lack of cooperation, just the lack of communication. In Victoria, I believe that's improved, just tenfold//Integration 2000 means the co-operation, to further the purpose of the Gospel in the wider umbrella//Independent, little, stand-alone organisations

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are in real big trouble//I think it is inevitable that sometime down in the future there will be one governance structure in Australia for Catholic health care//

These comments reflect a widespread, if not universal perception that cooperation, under the umbrella of some form of union, is both necessary and desirable.

PHILOSOPHY/VALUES

The idea of a Catholic philosophy and Catholic values in health and aged care was explored under the headings of people's understanding of what are Catholic philosophies/values and of how the Integration 2000 process stands up against those values. Some general comments on philosophy and values were made before the discussion of understanding and compatibility:

//That's always been the provenance of the orders, and the bishops have nodded in the background//standing by the values that we're currently enunciating, I think, it's finally going to put us out of business//That's almost a question about what differentiates Catholic hospitals from any other kind //the sense of the mission, benefit of the people that we are serving//A philosophy for me is a way of, or a framework of, thinking about something.

Understanding

The headings under which respondents' understanding of a Catholic philosophy and Catholic values were discussed are illustrated in Figure 4.12

Fig. 4.12. Philosophy/Values: Understanding

Gospel Values (3 1 1)

Poor Marginal (3 1 2)

Compassion (3 1 6)

Understanding (3 1)

Image of God (3 1 3)

Subsidiarity (3 1 5)

Dignity of Person (3 1 4)
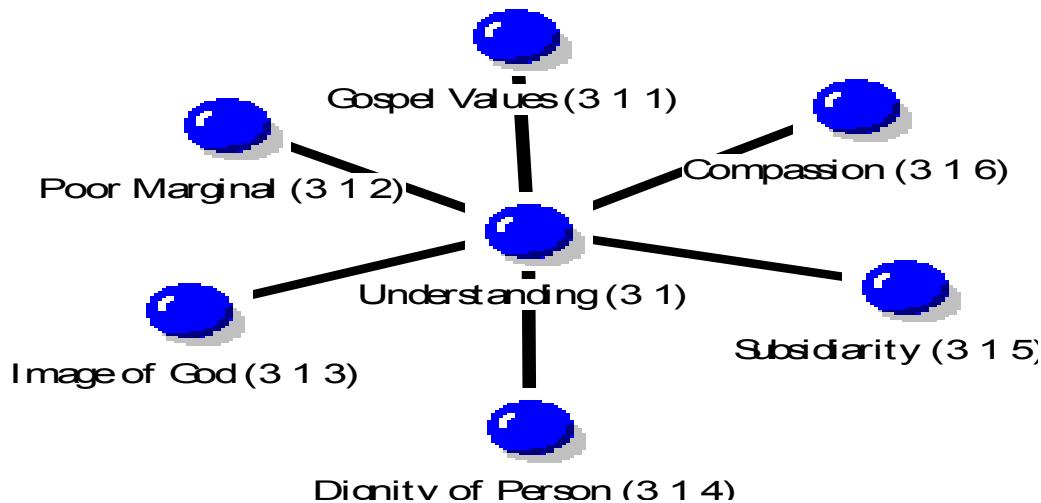
Understanding-General

Before identifying specific philosophies and values, some respondents made general comments about their understanding. Comments from lay respondents included

//I think we need to really understand the Catholic Church's position on a whole range of issues//what do they really believe in and not this patina of Catholic values. If you're the only choice women have in that district, and you're not going to provide a full range of services, I don't think you can do it// we are actually operating across every part of the Australian health care system in many ways linking our social responses into our health care systems//"Mission is caught, not taught."//And if you say "Catholic hospital," it immediately means it's a good hospital//

Comments from religious included

//I think the particular spirit of the particular orders who've set it up and run it//The image of the women at the foot of the cross is the hallmark of Catholic healthcare. We are the people who will not abandon you however hopeless the prognosis//not for what we do, but the real why of what we do//cultures//there's an ethos to a Catholic philosophy that needs to be felt and spelt out//

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Gospel Values

Both lay and religious respondents agreed that a Catholic philosophy and values are grounded in Gospel values. Religious respondents referred to a connection with the Catholic sacraments. However, one of these respondents admitted that the Anglican Church also has the sacramental connection. Some lay and religious respondents saw ethics as part of the Gospel-based value system of Catholic health and aged care. Lay comments included

//Gospel imperative//A Catholic philosophy in health care has to come out of the Scripture, the parable of the Good Samaritan. That gives us that holistic model//But the Anglicans have observance of the Gospel values//So, unfortunately, people say philosophy is ethics, in other words it's moral//views were that the things that specified Catholic sector from others were there's absolute consistency in some rules, particularly in reproduction and health care, and all that sort of stuff//

Religious responses included

//drawn from the Bible, basically//Mass and the sacraments//and the values that are Gospel values//whether a hospital fulfils the ethical directives of the Catholic Church//we can't just go wishy-washy into an ethical hailstorm//Gospel values, even in its approach to accountability, and stewardship. It comes from, as it were, a gospel root//the ethical component of it//even to receive Communion//

Poor/Marginalised

A priority option for the poor and marginalised was of concern to both lay and religious respondents. Lay comments included

//preferential option for those less well off, disadvantaged or marginalised, be that in socio-economic terms or in personal terms//And secondly, we actually don't know what we mean by priority options for the poor and disadvantaged//I think it should be about really being at the edge //"Of course, poor does not necessarily mean economically. Everybody's

poor when they're sick." Socially disadvantaged//Catholic system doesn't treat too many of the poor//

There is an acknowledgement that not all Catholic health providers are true to this value. Religious responses included

//options for the poor//we talk about accessibility, but what does it mean? We talk about the poor. What does it mean? And I don't think we've got an answer//new era of poverty and that's the poverty of those who don't understand or have access to modern communications or live in rural areas//for the marginated of the community. Now, in reality, whether that's happening, I have a big question mark//

Image of God

Another key component of the philosophy of Catholic health and aged care, and, indeed, of the Catholic faith is the belief that all people are made in the image of God. Comments included

//sanctity to life, not just quality of life//are made in the image and likeness of God, so that they're due respect, even reverence. On the other hand, it also has a very clear view of the fact that humans are limited beings. And we do have a tradition of martyrs. Which is to say there are things more valuable than life itself //

Dignity of the Person

Respect for the dignity of the person is seen as a hallmark of Catholic philosophy and values in health and aged care. This includes hospital patients, clients of aged care facilities and staff. The concept of distributive justice is a fundamental element of this value recognising the dignity of the human person. Lay comments included

//enhance the dignity of every individual//underpinned by distributive justice, whereby we don't treat people equally, rather we treat them fairly// If managers lord it over other people and don't treat them with dignity in their jobs, well, I mean, they're not Catholic//we value the individual from

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conception to senescence//provide proper employment for staff//

Religious responses included

//Dignity, care of our staff//dignity of the person, equity of access//Gospel values of compassion, healing, ministry to the sick, ministry to the dying the unfortunate you know and that's borne out in lots of parables like the Good Samaritan and so on//And if that's not possible, then life with dignity, just allocation of resources//dignity of the person in mind first// respect for the dignity of the individual, and justice and compassion. No matter how you articulate your core values, they come out of those three//

Subsidiarity

The principle of subsidiarity is here identified as a part of a Catholic philosophy and values. Subsidiarity is the principle whereby decisions are made as close to the local decision making process as possible.

//issues around subsidiarity, I suppose, that decisions are made as close to the local decision-making process as possible//principles of subsidiarity and all the energy and effort was supposed to be regional. Very strong themes put it into place. What's the matter with that?//

Respondents who identified subsidiarity as a part of Catholic philosophy see it as a justification for a regionally driven structure, which issue is discussed under Concept Label F later in this chapter.

Compassion

Compassion was identified as a part of a Catholic philosophy and set of values in health and aged care. Comments included

//dignity, compassion, justice//hospitality, respect, compassion, excellence//honesty, integrity and compassion, thereby respect of the other person//

How Stands Up?

Respondents were asked how Integration 2000 stood up to the identified philosophy and values. The responses are illustrated in Figure 4.13

Fig. 4.13. Philosophy/Values: How Stands Up
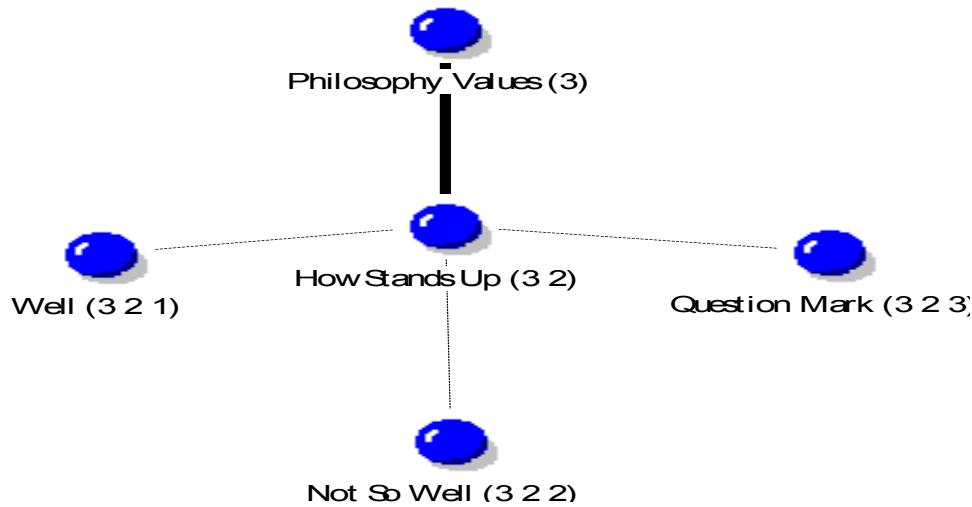
General comments centred around what <u>should</u> happen.

//The idea of the Stewardship Board is that it ensures that the Commission does what it should in that area. The function of the Commission is to place that ethos in place//Well, I think it certainly maximises the view of Catholic identity//Well, it certainly spells out in the Directions //it's too early to say how does it stand up//

How Stands Up------Well

Over half of respondents believe that Integration 2000 stands up well against the stated Catholic philosophy and values. Lay comments included

//as long as the needs of individuals continue to be met, then, yes it does//I think it stacks up very well in the sense that it is all about enhancing the organised expression of Catholic health and aged care ministry//Well I see the Catholic health care standing up. Otherwise nothing will stand up //the fact that the Stewardship Board is comprised of the Leaders and Owners will ensure that that philosophy and those values are carried on//

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Religious responses included

//Well, I think Integration 2000 is clearly based on it//Well, its motives reflect them more closely, and own them more truly//Well, I think Integration 2000 is really committed to enabling the Catholic system to sustain its mission in Australia and, if possible, to grow that mission//has really focussed on those areas on the people who are most marginalised, and so forth//

How Stands Up------Not so Well

One CEO responded that the structure of Integration 2000 does not stand up well to the philosophies and values of Catholic health.

//Catholic health care has not been a particularly honourable partner in the not-for-profit area. The short answer in my view is "No." I don't think that Integration 2000 has gone anywhere near that sort of stuff yet//

There were no comments from religious under this heading.

How Stands Up------Question Mark

One lay respondent, another CEO, had some question marks about how Integration 2000 has stood up to Catholic philosophy and values.

//female orders have been seriously abandoned by the wider society and even their own Church .... well, OK. How can their aspirations and needs be better responded to?//

Strategic Issues: Handover and Declining Religious.

Although these two issues were raised in the discussion of general strategic issues confronting Catholic Health and aged care, they are a crucial feature of the Integration 2000 process, and so warrant discussion as part of Concept Label B.

Handover

There is an issue of handover, both in the orders facing up to it and its implications. These responses were not divided up, and responses included

//we have to let go of our kingdoms. And that's not easy. You build up a place for a hundred and twenty-five years or something//to give up autonomy is the biggest challenge//many of the religious communities would be driven to how do they hand it over, how do they keep it Catholic//See, we can't hand it over, we can't alienate the mission. Yes. That's a constraint of canon law//they have to be prepared to forego all the -I use the word power. It's not a word I would use lightly. I mean, these people are sitting on assets worth hundreds of millions of dollars//

While there is a general recognition that handover is inevitable, the difficulties, both real and personal, are highlighted. One religious respondent points out the need for handover to be supported in canon law, to avoid alienation and loss of Catholic identity.

Declining Religious

This issue was addressed directly by a number of respondents in the selected categories. This is an issue on which the various respondent categories agree that religious congregations are in terminal decline, and that those people who join them are not interested in institutional health.

Secretariat comments included

//the declining number of religious personnel in the institutions and facilities and//people like ------------clearly say let's get on with it, be proactive about it, do it in a positive way. And I don't know that we've got a good strategy for doing that at the moment//I guess the declining numbers of religious, if you want, is an issue//

Responses from congregation respondents are much less optimistic than those of other groups. This is clearly a vulnerable group.

//And I think there are enough of us determined, with the grace of God, that it's not going to happen//So a lot of orders in the seventies, sort of, took the idea that institutions were bad and social welfare, social justice was good//the Church and the world need different people as religious//OK, we see a new form of religious life emerging//people assuming that religious congregations couldn't take works into the future when they had declining numbers. When they were looking at numbers, rather than charism and leadership//the issue of the threat to Catholic health care because the nuns disappear, I think that's not a threat. I think it's a new time, it's a new opportunity. There are new mechanisms//

Comments from diocese respondents cannot be published without jeopardising anonymity. One respondent made the point of the ease of communication when the person in charge of the facility was also a member of the Order Council. In this case, the three levels of operational management, business governance and protection of the mission resided, if not in one person, at least in the one group.

The non-CEO group of respondents shared the view that the orders and even the lay organisations, are in decline. They also seemed to have the impression that congregations are slow to come to grips with the problem. One respondent, who is involved with several lay organizations, considers that the problem of declining numbers is not confined to religious orders.

//their ability, I guess, of having a pool of competent, administrative sisters to actually make those decisions was coming to an end//threat of the sisters reaching a stage of not being able to continue to manage the hospitals before they had set some structure in place//I think the lay organisations probably, St. Vincent de Paul, Hibernians and Southern Cross Homes are probably suffering from the same sort of problems that the religious are in so

far as membership is down//getting older, and there was going to come a time when they simply didn't have the woman-power to continue to drive the machinery//

CEOs are acutely aware of the problem of declining numbers and changes in vocation. They also reminisced about a few of the hopefully older prejudices around this issue. Responses included

//was the reducing numbers of religious, the aging number// that was where a body like Catholic Health Care Services was……… part of its raison d'être was to be the vehicle for the continuation of those ministries. // "There will never be a day when a nun does not run this hospital"//I think it is a genuine attempt to address the real issues of aging and declining orders//

CONCEPT LABEL C: STRATEGY FORMATION

This Section covers a key part of this research topic. It addresses the research objective *Relate and interpret the processes of strategy formation as perceived by the key players.* It also needs to address the perspective of *how the chosen strategic planning path fits into the various strategy schools of thought.*

This section is the one most directly related to the research question, namely*: How do organisations in the Australian Catholic Health and Aged Care sector transform shared strategic thinking into formulated strategy?*

This is a multi-layered issue because the research site here is not simply CHA or the Integration 2000 process. It includes the systems, orders and facilities represented by the respondents in the sample. In interrogating planning agendas and models, the approaches and perceptions of individuals and particular organisations have inevitably been canvassed.

This part of the research focussed on two of the questions in the interview guide

- Question Four, which targeted the respondent's organisation quite specifically. It explored the planning agenda of the organisation, and the impact of that agenda. It also gathered information on the management and governance structure of the organisation. This is discussed in Group E below, and is excluded from this discussion of planning and strategy formation. One purpose of this question was to assemble useful background information. It also served to open respondents' minds to planning issues as a prelude to discussion of planning models

- Question Six, which set out to explore in some detail the planning models used by respondents and/or their organisations. It sought to establish the circumstances, which would call for a formal or an

emergent approach to strategic planning. It then explored the way in which each organisation used a particular model.

Figure 4.14 illustrates the areas of discussion

Fig. 4.14. Group C: Planning/Strategy Formation
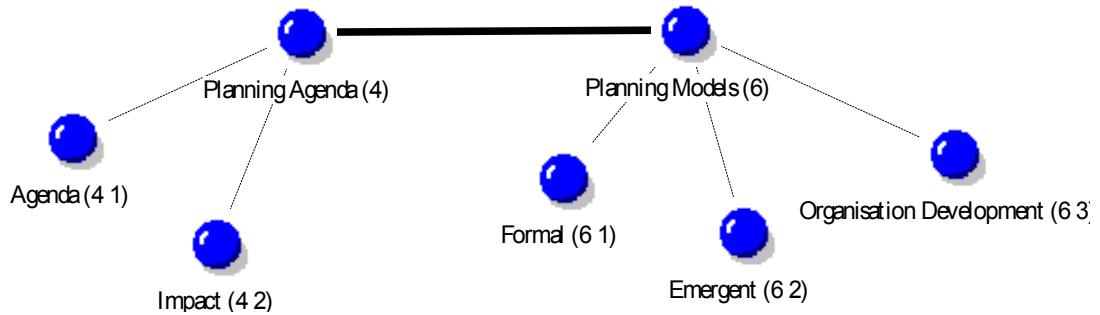
Planning-Agenda

Responses on the planning agenda of the respondents' organisations were divided into categories of Secretariat, Congregations, Diocesan, Lay non-CEOs and CEOs. The different groups had a wide range of planning agendas. Responses on this topic are gathered from the transcripts into node coding reports. Preservation of anonymity has precluded the inclusion of some responses. However, the node coding reports and full interview transcripts are held in working papers. Figure 4.15 shows the headings under which the planning agenda was discussed.

Fig. 4.15. Planning Agenda
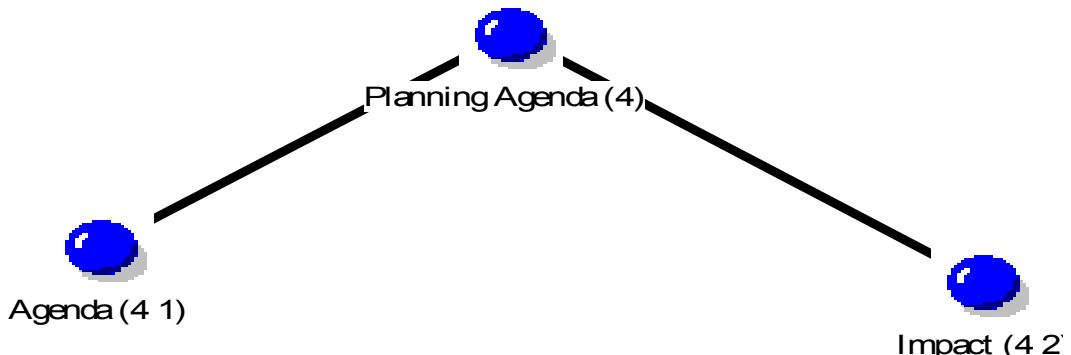
As part of the dynamics of the interview guide and its process, each respondent was drawn "down" from considering the wider, more idealistic questions of Catholic philosophy and values, to considering how their organisation has set its planning agenda. In some cases this might have narrowed the discussion. All of Question Four was designed to be a transition from the philosophy discussion to a consideration of strategic issues (Question Five), prior to homing in on planning models (Question Six) and the future of Catholic Health Australia. The responses themselves, while they were important, are probably less significant than the process and purpose of the question.

The Secretariat's planning agenda was the traditional association agenda, until the Integration 2000 process "came on board." And the agenda changed to provide resources, both financial and human, to be able to raise the profile of the organisation and demonstrate high levels of professional expertise. Comments included

//Integration 2000 plan, and, really, that has been our principal planning agenda//and our planning agenda in the early days was to plan around a traditional association agenda. Once the Integration 2000 process came on board, our planning agenda changed//

Congregations are facing the broad problems of handover and withdrawal, as well as implementing Integration 2000, and in some cases dealing with the development of national systems. Another issue impinging on planning was the way in which private hospital facilities dispose of their surpluses in a manner consistent with their priority option for the poor and marginalised and the need to expand the sphere of influence beyond health and aged care. As to be expected, planning agendas were at different levels of sophistication. Comments around those topics included

//That gradually, we will withdraw from active involvement //implementation of Integration 2000//it's only been going for five years. To

establish itself, was an important one//to serve the community where we are//Happy to fund community based services that would reach the wider community//saying quite clearly we have to transition to a partnership with laity within our governance structures//the religious congregations in ---------- ----- collaborated in order to ensure that there was aged care provision for the members of their congregation//

Diocesan responses were mainly organisation-specific which are not reported here. Two comments included

//They don't give any directions, but they have issued a couple of pastoral statements. No, there's been no planning, no strategic planning at all to this date. The bishops are autonomous in their own dioceses// Integration 2000, I think is, at least, putting that on the table. People have got to address it//

Non CEOs reflected some of the congregations' perceptions. Some are a little more doubtful of the efficacy of planning in their organisations. Typical comments were

//from a strategic sense we have tended to look at our hospitals and continue, almost unquestioning, that, because they're where they are they'll continue on//We've developed relationships, alliance relationships with a number of organisations//Survival. And then being available to care for those that are financially disadvantaged //"Womb to tomb."//I would call it pretty bad. Evidence, I think, to suggest that people went to sleep on it//

CEOs seemed to be thinking more purposefully, but again have some reservations about their organisations' planning. Comments included

//mission is integral to everything that we do//it's yet to end up in some concrete courses of action//I'd say, ad hoc. I come from a business world where strategic plans tend to highlight around numbers//Growth strategy. At the higher level, we've actually been struggling with what is the future of

Catholic health care//significant ministry amongst those who are disadvantaged//Well, for the last five years, we've literally been in a state of flux//

Planning-Impact

Again, responses were segregated for the Secretariat, Congregations, Diocese, non-CEOs and CEOs. Generally, responses were more coherent and measured than for agenda. This is most likely partly because "impact" is a more understandable term than "agenda."   Also, there was a sense that respondents were warming to the task of discussing their planning.

The Secretariat members have a vested interest in the impact of the Integration 2000 process, and so were more forthcoming. Comments included

//I don't think all of the steps were understood at the beginning. The planning process has been a dynamic one.   I think they've handled it well//we'd delivered on the mandate// it's pretty much been driven down//

Responses from members and leaders of congregations were more mixed, probably reflecting the problems encountered, and the varying levels of engagement of religious in the planning process. Comments which can be quoted included

//Most of the nuns in the street, really, you know, it's neither here nor there//I think it's been a pretty rocky road//The twenty percent who were already involved and committed remain involved and committed. The other eighty percent are watching with interest//for the average nurse or cleaner or the average office worker, nurse, none, or very little. For senior middle management, there were a few redundancies. CEOs. Very good experience// the doctors and the managers are excited about it//

No comments were coded into this node for the diocese group. In this research, this part of the sample was small. Also, earlier comments did indicate that dioceses are not yet particularly sophisticated in their planning

The non-CEO group were the most positive in their comments, and seemed generally more optimistic. Comments included

//I think it's helped clarify where we're going//We have the brickies and the bean counters, we always have had. The brickies being those who want to build. The bean counters who want to save all the money for a rainy day//Yes. Always a good reaction, yes//Attracted some extraordinarily clever people//we've had to become a lot more professional in our operation//the impact on the staff has been invigorating//unwanted note of fear. "Why wasn't I consulted about this?"//

This was not an exclusively executive group. It included all lay people who were not CEOs. Thus it might be considered a typical lay response, with CEOs being a subset.

CEO respondents seemed to be more conscious of the practical problems of planning, and hence did not project uniformly the optimism of the non-CEO group. Managing change was almost a universal theme for this group. Comments included

//Yes. It's been really good// Now, I think, at least people know where we're going and why we're going there//Well, it's slightly confused. The executive dynamic is different. But in that, the focus is still, often, facility orientated//some people are kind of overcome with the enormity of it all. Others, however, are rising to it //I'd say, with a great deal of passion//

Planning Models

At this point in the interview process (Question 6), the topic of the model of planning used was raised, and the two models of planning were displayed. These are shown below as Figure 4.16

Fig. 4.16. Planning Models

THE FORMAL PLANNING MODEL
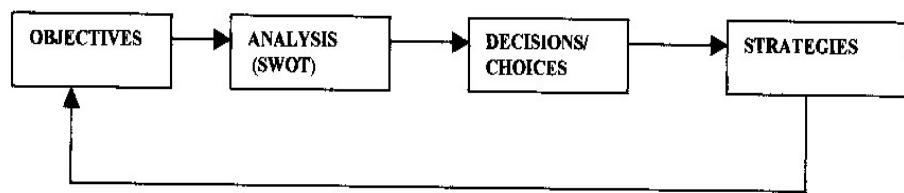
THE EMERGENT/DISCOVERY MODEL
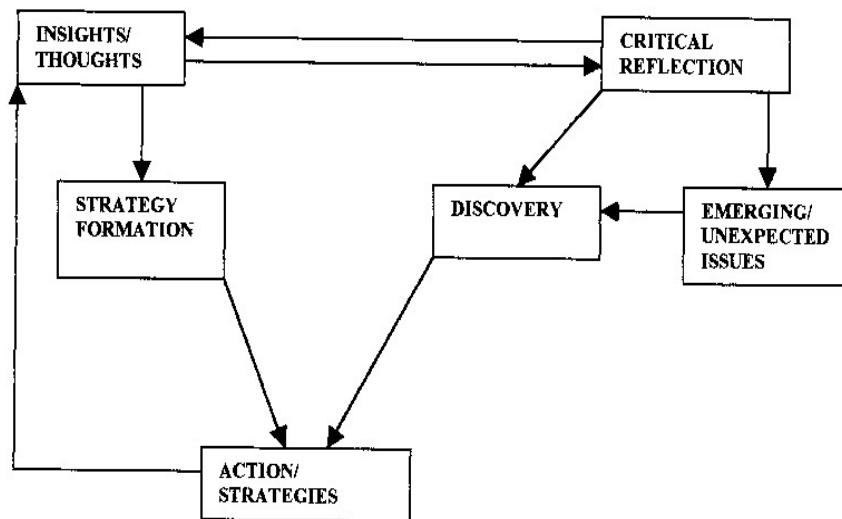
Some respondents offered general comments about planning, sometimes before looking at the models. Others discussed the formal model before having the emergent model explained. Others waited for both models to be explained before commenting. This meant that responses could be analysed at the level of overall comment, the models used, and the way they were implemented. It also meant that responses may not have been totally consistent.

Overall Comment—Planning Models.

These responses were separated into Secretariat, Congregation, Diocese, non-CEO and CEO.

General comments from Secretariat members indicated that there is a need for flexibility. Comments included

//the nature of the way we do business here is to brainstorm most things as a team//Well our planning has not tended to follow a formal planning model where we sit down and do a SWOT analysis//you wouldn't say it's done in any formal way. It's much more a curvy road than a straight road//

Even at this level of abstraction, this group is highlighting the lack of formality in the Secretariat's planning processes.

General responses from congregations, even at this level, displayed some degree of distrust, or, at least, some unease with formal planning models. Comments included

//I don't like straight lines//"How do you drain the swamp when you are busy killing off the alligators?"// But there are some people who couldn't see the big picture if they stepped off the end of the earth, but you tell them what you want, and they'll make it happen//where do the objectives come from? Has to come from there (Emergent))//it's a process a bit like Celtic art as far as I can see//

One comment reflected that planning at diocesan level may not be too sophisticated, another that what does exist is financially driven.

//The catalyst, of course, is often financial//We have not had a very good record of planning//

The non-CEO group generally saw merit in both approaches, but tended to be somewhat cynical about the mechanistic aspects of formal planning. Comments included

//You almost need a strategic plan on a whiteboard, so that you could rub it off and change it this afternoon and redo it tomorrow morning//But it's more if you regard this (Emergent) as a contemplative and this (Formal) as a mechanistic approach//I don't see that you can say that you use one or t'other. I think you do both all the time. Ninety-nine times out of a hundred they stick it (formal plan) in the bloody corner and don't ever look at it again. They just get on with all this stuff (Emergent)//that it may be just so big and complex that you really have to prescribe//

CEO responses, while consistent with those for non-CEOs raise issues such as people being more comfortable with a more formal planning style, the deliverability of plans and the depth of the question. Comments included

//What we did was identify some simple, basic strategies. We are becoming more conscious of the dynamic environment in strategic planning//both of these would not reflect my management style, which is much more participative. We do a bit of both//You're asking to define how you think //I have to say, eclectic//

Detailed Comment: Planning Models

Fig.ure 4.17 illustrates the sub-categories under which the two planning models were discussed

Fig. 4.17: Planning Models
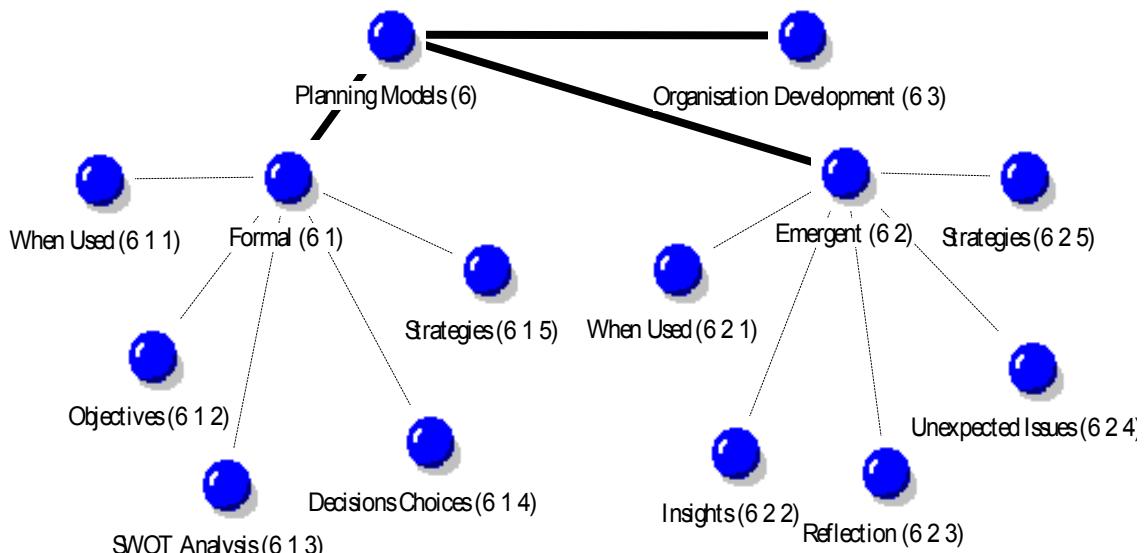
Planning Models—Formal

For this set of questions, respondents were choosing their planning style before explicitly discussing its application and mechanics. While these comments were made by people from organisations which used formal planning, not all were convinced of its effectiveness.

There was quite a range of responses from the Secretariat group, including

//Integration 2000, we did go through a fairly ordered process about how it was done//once we decide to sit down at the table, you could probably say that it is done that way (Formal)//in the hospitals, it's more this way, more the formal, but it's almost ineffective and the process itself almost became the main game//

Congregation respondents are far more wary of formal planning. Not all of these respondents acknowledge that formal planning has a use. Even those who use it are already beginning to constrain where they think it might be used. With these crucial questions, comments reported in the Appendix have not been as strictly edited as for other responses, in order to capture the mindsets at work. Comments included the following

//It doesn't happen at board level. It happens at owner level//the only people who would use that are those that are still stuck in Taylorism//we're still pretty much into that model (Formal). And most of the planning that's on the ground at the moment - by on the ground I mean about ready to turn the sod - has happened because of this (Formal)//this (Formal) doesn't work any more, because there's so much to map//This particular approach (Formal) we would have used with a strategic planning exercise we started in '97. So the congregation went through a formal planning process. Normally, you would do that sort of thing in preparation for your chapters. But it's more cyclical than that//Now we're into the: How do we deliver it? We've set up a

process//Then you put it down to action. It takes quite a while. It is one way, this (Formal) [Was that after you've done all that (Emergent)? After you've done the thinking?] Yes. It comes from the committee and others//Yes. That's right. SWOT analysis//Very masculine one, if I may say so. Doesn't appeal to me//

One diocesan response indicated that formal planning is done more at the facility level.

The non-CEO group, while accepting that formal planning has its place, generally found some reservations, if not outright criticism of the approach. Comments included

//The value in a SWOT analysis, is actually determining what is the opportunity, what is the strength//Traditionally, the board has really followed this (Formal) approach more than anything//Well, we try and have a planning weekend once every two years or so//I think this could well be the problem with the Leaders, the congregations. They're used to a rule//The trouble about this (Formal) model, to me is this is far too much about the present//How are we going to handle aged care, within the structure of ------- I'd probably do that (Formal), a form of that. I think boards should be involved in the acceptance of a strategic plan//exactly. That's exactly right. A very formal, structured approach//

Every CEO who commented made at least some qualifying remark about the formal planning model. Comments included

//And I think in many ways that this (Formal) is often the model we fall into, and yet that's (Emergent) probably the model we ought to have. So, I would see, to some extent, a convergence//Without a doubt our growth strategy came from that (Formal). They brought us to a point, and then the management have taken this forward//We're not doing that (Formal), because that's too naïve//we follow a planning process, and I would have said we find

it hard to do, because we are fairly dynamic//only really simple things like building a house, or something follow that linear approach//This one (Formal) is used more for the parts within. Becomes quite specific. The more focussed it becomes, the more nuts and bolts it obviously becomes//

The importance of these responses is that only a few see a place for formal planning in the overall "Grand Plan." It is almost relegated to project planning, or what Mintzberg (Mintzberg 1994:341) terms *"strategic programming."*

Planning Models—Formal—When Used.

These responses were not segregated. With only one exception, respondents indicated that formal planning was used at the operational end of the organization, or for rather suspect reasons, for example, "when we get nervous," or when consultants imposed it. Responses included

//I think on small issues that are not so significant, like space for ------------- we'd use something like this.(Formal)//we had a consultant working with the board and with management that basically used a very rigid planning model that was pretty much this (Formal) there wasn't a lot of time for reflection in that process//One, to sort of legitimise what we're doing. Second thing is, I think we go back to that (Formal) when we get nervous. So the outcome of policies is inaction//Once you've made the decision, then you start to articulate//Not very much because we certainly would use consultants once we got beyond, but we do the work, mainly through this experience here.(Emergent)//But real life isn't like that//

Planning Models—Formal—Objectives

Comments on who sets objectives when the formal planning model is used included

//the realities are that they're really set by the lay people and ratified by the Board and others//Oh, I think most of the stuff is really done out of this

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office(Secretariat)//Oh, if you're doing that one, you'd have your consultants or your CEO, or the person at the top//The Board will say to the bishop and the trustees " What do you want from us?"//the board would, in consultation with the CEO//Again, the managers of the particular sections, the co-ordinators and the CEO.   I would think the board would have less there than in the emergent The objectives are from the hospital//The congregation hands down a mandate to the Board and the CEO and says this is what we want, go off and do it//Chairmen of our Boards and ourselves //

So, with the formal model, objectives are set in a variety of ways. The strong role of boards highlights the earlier comment that perhaps boards have been left out of the Integration 2000 process. The role of the congregation is also highlighted.

Planning Models—Formal—Analysis

This question addressed who is responsible for the SWOT analysis and whatever analysis is necessary in the application of a formal planning model. Responses included

//I think we all do//Well, the analysis would be handled by different individuals//Well, the first stage of the analysis was done by the use of a consultant and referring back to the ACHCA Council//Very much within the hands of the executive staff and the people within the organisation//We drill that down//The SWOT analysis in probably the token consultation now//To the extent which it is done, management would do the analysis, but there's less analysis in that approach.//the staff would do most of it//that was certainly bringing together senior executives from within the -------------//that was certainly facilitated by ------------ but it was done by using the senior executive//

This highlights the strong role of the executive staff in the analysis. In a way, it also seems to highlight the operational nature of formal planning.

Planning Models—Formal—Choices/Decisions

There were a variety of responses here. The general theme is that the people who set the objectives make the choices with a somewhat stronger role played by the congregational team.

//Well, ---------- ultimately does, but is very open to what everybody else believes//So, as we made any of those sort of decisions, the Leaders and Owners//The experience is that that would go back to the likes of the board// Most of the time, it's not a consensus, because the decision makes itself//The decisions or the choices again made by the consultants or the CEOs. It won't be collaborative decision making//By and large, the Board//[the Congregational Leadership Team?] Yes. There's a very clear structure in place to come up and implement- to endorse and implement that//the delegates to the chapter who are elected by the congregation//In effect, the board. [who really does?] I do, yes//The final choice was with the congregation//

Planning Models—Formal—Strategies

The question here was whether strategies were formal, or in people's heads, and who set the strategies. Most responses focused on the level of formality, and included

//Largely, they're in people's heads, and eventually will be written if there's a project developed//We would all contribute to the strategy development. I think it's because we are a small office//Out of this office//[are they formal, if you're using that sort of model?] I think they tend to be, yes//Informal, rarely written//Yes, we throw it through from the group, in a simplified form//if it is a huge thing, it's got to come from the Provincial. Then the strategies are formal here//develop a, you know, formal set of strategies and actions and by whom and by when//Oh, they're published. Also we put this out to stakeholders as well, who would comment //

Planning Models—Emergent.

As with the formal planning model, respondents indicated their choice of an emergent model, then commented on when they used it and the way the components unfold. The overall response has been categorised in a similar way to that for the formal model.

Emergent-General

The Secretariat, being a small office, sees its planning processes as informal and emergent. Responses included

//it's a much more creative process, I suspect. But, you're on the ball//when you talk about objectives here, you might say a lot of what we come up with in terms of strategy are born out of just insights, thoughts, whatever, and you might not necessarily have a clear objective//my view is that it's heading more towards this (Emergent) side of things//

Three congregation respondents discussed the different perspectives women bring to planning. The rest of the responses indicated that members of congregations see the emergent model as the way to handle congregational planning, broader decision-making and the development of objectives. Comments included

//It's the critical reflection on how things are at the moment where you hear perhaps that there are needs//I'd probably draw it something like this. Being a woman, it doesn't go in a straight line//I think we're moving towards this (Emergent) I think the health care environment and the aged care environment is getting much more unstable//This (Emergent) is where you're developing your context//I really think that that (Emergent) model is a very feminine way of doing things. This (emergent) is possibly not unlike the model from which we are endeavouring to look at our new governance model within the congregation itself//I don't even think it's the sensitive side of a woman that counts. I think it's the ability to think laterally//

Diocese responses were limited, but indicated that the emergent planning model figures in diocesan planning.

//I think there's no question at all. It's that other one (Emergent)//Well, I think if you looked at the two, it's really this emerging, emergent discovery model. It's almost like an immersion model. We've all jumped into a whirlpool//

Responses from lay non-CEO respondents covered a wider range than congregation members. The role of SWOT analysis alongside the emergent model may offer some convergence. The concept of strategic intent has some echoes of Hamel and Prahalad (1989). Comments included

//The responsiveness may mean what was your SWOT analysis yesterday, for exactly the same issues, gives you a completely different answer//In recent times, perhaps a little more of this (Emergent). As we've moved from here (Formal) to this model (Emergent), this idea of strategic intent is much clearer, even though it's not all written down//we're closer to the contemplative, but we've got a mechanism within which we try and work it//This one (Emergent). Where-to or a goal and then, fundamental questions. Sound more real if it's messy. And life's messy for us. And we should focus interest on tomorrow//

CEOs focus on the way this model fits into the organisation's planning, and the impact of unexpected issues. Comments included

//I like this idea of critical reflection and discovery, and certainly there are fortuitous opportunities that come up//It just pushes the thinking around a little bit, that highlights that's the sort of model that we need to have with Catholic health care in Australia//The latter (Emergent) is emerging, certainly far more now that we've been doing it, almost, not serendipitously but we have been reacting to a problem//I've avoided putting a SWOT analysis over here (Emergent) because I think people would then just say "That's all we do."//I suppose this one (Emergent) is used more at a board level, in the big

planning issues. And we're saying what are we doing, where are we going, what's the overall strategic direction that we want to take//

Planning Models—Emergent—When Used

These responses were separated on gender lines. Female responses included

//big shape, the broad strokes and the philosophy//that describes better for me what we've done in the last two years, or three years on Integration 2000. Communitarian aspect of that//Well, see, I think we'd use that when we're looking at strategy//I would say that's a model which is more appropriate to Catholic Health Care Services. It's a smaller organisation, it's a newer organisation//"OK, we have a difficulty. What are we going to do about it?" is more how people function in real life. Start with the problem//this whole notion of unexpected issues has forced us to reflect upon the strategies//It's always the brainstorming stuff and it's always the visionary stuff and the big picture stuff//

Here the emphasis is on the use of the emergent model to deal with big issues and the setting of context. This may be related to the responses from religious on the use of an emergent planning style for congregation level planning. This is reinforcing the thread that emergent planning operates at the broader level, leaving formal planning to deal with operations and articulation.

Male responses included

//Well, we use this type of model, particularly when we're at an option stage//I think that's what you're saying, is that, when things change, you may revert to some of that//Ours is this one (Emergent), for a number of reasons. Firstly, fit. And second is timing. And thirdly, the sheer complexity of the matter, actually requires a starting point of: the issue is upon you//Whereas here (Emergent) We're saying, well, "Why can't we do it?" or "What's the policy." "But we haven't got policies, so, why can't we do it?"//And I think in the religious context and the charitable bodies this (Emergent) is the model that you would use much more//Then you start to articulate. So it almost starts there (Emergent), and then you start to articulate//

These responses seemed to be more focused on the process of emergent planning rather than the level at which it operates

Planning Models—Emergent—Insights

This question explored whose insights and thoughts were influential when an emergent planning model was being used. Female responses included

//It's collective and it's becoming a lot more. You're depending a lot more on external really. It's often much more subtle and covert than that//Again I might take -------. The insights and thoughts were actually the insights and thoughts of a whole range of people//I think it's a lot of people. Some people see this as being untidy (Emergent). I don't believe it is. I think it's very disciplined. Religious women do this in their chapters. And the canonists used to sit there, tearing their hair out//Insights of the Sisters//it's the Chairman and the Board and the staff, because we're expecting it really//Board and the Senior Executive//Very much, management and Board. I mean, the Board of Management//

Male responses included

//the insights and thoughts we each contribute//private advisers of the Leaders and Owners are the most influential//certainly the sisters have a great role to play in that now//And it's more the insights of more than one person//To a degree it comes from the clients, it comes through the management, mainly. We have the advantage of having a very good CEO//To a very large extent it's the executive, facility and regional, plus our new partners//three groups. Mine, personally. Two, the leadership team, then the board//I think again, it's a team issue//The Board is the one who ultimately signs off on it//Is it all a consensus, or is it? It's both. As a general rule, we all talk directly around it, in an informal way//well, mainly the Provincial Council//

Both groups are in general agreement as to whose insights and thoughts are influential. Both recognise the role of the sisters. One female respondent made the point that the emergent approach need not be tidy, but is (or should be) very disciplined.

Planning Models – Emergent - Critical Reflection

Again, this question revolved around who did the critical reflection when the emergent planning model was being used. Female responses included

//and might bring that up and we'll toss it around and have a conversation about it//We're blessed with a number of people on our boards, and a number of men, and women, on our boards, and at congregational level, we have a congregational leadership team//focus groups as we call them now//I think it's a lot of people//board and the senior executive//there is the administration, and the CEO and the medical director are there too//Very much, management and Board of Management//

Male responses included

//a very reflective person//By rights it should be my Board, but, in fact, I did a lot of it// critical reflection. Process that allows this sort of washing around of reflections and//Board members who have. For example we have the CEO of ----------, brings in material and really puts it on the table for discussion//The board would have this critical reflection role. But they wouldn't have it in the formal//You give it some critical reflection, you come up and you think, you know, OK, it's a workable idea//We spend a lot of our time, reflecting//

Both sides agree that critical reflection is a Board and Congregation role. This seems to reflect again the reality that broad planning is an emergent process.

Planning Models – Emergent - Unexpected Issues

This question sought to establish how and where emergent and unexpected issues arose. Female responses included

//we all have to be open to the unexpected. But you know we have a God of surprises//People within this sector will feed us stuff if there's an issue out there that's emerging//So these are more likely to come from people with some authority and some influence, but not necessarily the decision makers//Because they (Government) always seem to be coming out of left field with something//almost through this little box here, the unexpected. A phone call from ----------, saying "Help"//It's often your strategies that bring you into contact with your emerging and unexpected issues. An administrator at a local area will be so much in touch with what's happening. So often, I think, it's the emerging issues often give you a direction of need that no other planning will give you//

Male responses included

//tended to be detected by each of us//I think, that, if I look at where we are at the moment, with lots of issues, they can come through from a variety of points//At this stage, mainly management//tactical intelligence//said he was given this report about a project in -----, and, would we have a look at it//when the CEOs and the management put the models forward, raise emerging/unexpected issues //What's missing out of it is pressure from the environment//That's quite frequent for us. I had a phone call yesterday, from ---- who has got this place in -------, wanting us to see if we could take it over//

Both groups agree that unexpected issues are an entrenched feature of today's planning landscape.

Planning Models – Emergent - Strategies.

As with the formal planning model, this question was exploring the level of formality of strategies evolved using an emergent model. Female responses included

//We all do. Well, by the time it gets to a strategy, we're probably looking seriously at putting something down//actual putting the words on the discovery probably is back to the people at the top. And this (Strategy) is definitely the operational people, the visionaries, the planners, some of them haven't actioned a strategy forever - wouldn't know where to start. Sometimes happen, and then they're formalised after the event//I think they eventually get to paper//Well, my experience is that it floats but at the end of the day, somebody has to put it down //We try not to jump in and say "This is the solution to it."//there'd be preliminary papers, you know//

Male responses included

//he will probably invariably formulate the strategy, but we will comment on it, or say "Well, how about we?"//Generally informal//They're quite often in people's heads//Well, a bit of both, I suppose. One of the problems within a national system is there's not quite as much interpersonal contact with people, and when you tell them the vision, it's too far out for them actually to take on//Definitely both. Too much is in my head//--- aren't good at a whole lot of process or writing a lot of things down more because we have to write a plan to give to somebody//They tend to be less formal//well, predominately they'd fall on paper//however it'll go from us then down to the Strategic Planning Committee//

Female respondents, slightly more than male, see that, eventually, even informal strategies will be put down and become formal. There is still a slight suggestion of 'seat-of-the-pants' about the emergent planning of some of the male respondents.

Planning Models—Organisation Development

One respondent, a CEO, was alone in addressing the issue of the organisational and, by implication, resource needs of strategic planning. This would have been partly due to the absence of a specific leading question under this heading. In the interests of completeness, and to justify earlier discussion of resource-based planning, this respondent's short comments are reproduced in full.

//but I'm actually interested in organisational development and management and I think what has been ignored in strategic planning is the implications of these things, both ways, but we don't rejig our management, or our organisation to perhaps deliver it//

CONCEPT LABEL D: STRATEGIC ISSUES

The discussion of strategic issues was somewhat prompted. Initial discussions with the Executive Director identified some issues. These were incorporated in the letter introducing the research and seeking an appointment. They guided the development of the Interview Guide. The question was whether respondents could identify any new issues. Often their responses added to, or qualified, the issues already identified. Also, much of the discussion of other topics has identified issues. Question Two specifically addressed what might be, or what might have been done differently. Responses to this have highlighted the regional issue. The comments on regions identified under Question Five are discussed under Concept Label F below. The issues of *handover* and *declining religious* have already been discussed in Group B above. The issue of *governance* will be discussed in Group E below. This Section discusses comments made in the general area of issues already identified, and then reports on new issues.

The issues identified in the field letter were

- ***the need to reconcile the more secular agendas of professional operating management with the faith-based ministry embodied in the missions of the orders, which own and lead much of Catholic health care***

- ***declining membership of religious orders***

- ***the retention of not-for-profit status***

- ***the shift in mindsets from order-based groups to an organisation of Owners and Leaders***.

This part of the inquiry sought to identify additional issues which preoccupy the key players and/or which colour the other questions addressed by this research.

The very wide range of issues identified and discussed in this Section were distilled into those set out on Figure 4.18 below

Fig.4.18. Strategic Issues
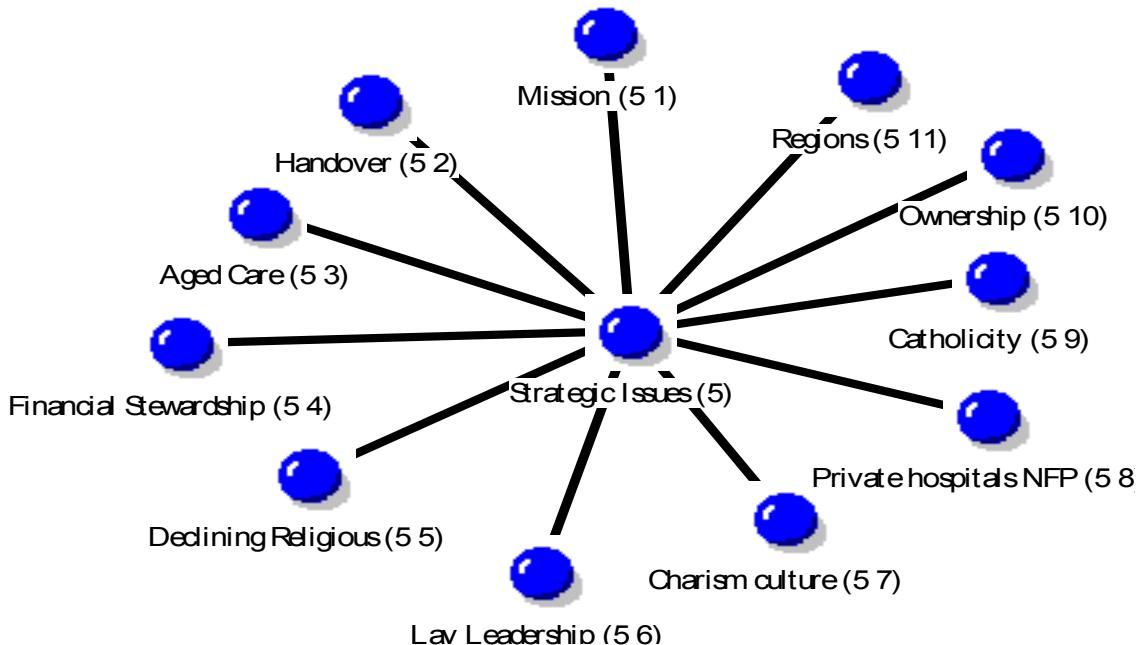
Strategic Issues-General

As with earlier questions, the overall question of strategic issues elicited some responses which have not been classified elsewhere. These included

//I think from a Catholic stance we have to note boundaries, and know what are non-negotiables//No one ever asked the question "Do we still need to be in health?"//At the moment we don't have somebody in charge of Integration 2000//degree to which we can make our contribution to some of the major emerging scientific and technological//being able to better deal with this reality issue//the big groups - and there are three or four of them - that are organised, tend to think that they're the dominant ones and they don't dictate, but they use their power, to achieve an end//

The first comment was addressing the question of ethical standards very broadly. Other elements of this issue are discussed with respect to Catholic philosophy and values.

Differing Agendas

While there is still some perception of differences, the issue of tension between professional managers and congregations does not seem to be as important as it has been. Two broad issues, the question of financial stewardship and lay leadership could be discussed within this context. They are key issues, but may not be directly related to the professional-congregation tensions.

Financial Stewardship

This topic was segregated into Secretariat, Congregation, Diocese, non-CEO and CEO responses.

Secretariat responses included

//"no margin no mission"//Some lay people you talk to who aren't really in tune with the mission//And generally, over the past four or five years, the fees hospitals have raised have either gone down, or broken even, at best. Well, those financial issues are having impact on the way hospitals are run//

Members of the Secretariat are conscious of the tension between business considerations and the mission of Catholic health care. This is not quite tension between professional managers and congregation, but it faces up to the underlying issue from which such tension might arise.

Congregation members range a little more in their views, but the theme of business and mission is still threaded into their comments, which included

//Fellows, you're not just going to a new business deal, you're going into a mission//the stewardship of the resources. Now Catholic care, to stay alive, has to be viable//The people who do drive the bottom line, for whatever reason, have contributed so much to our entity as religious congregations owning facilities//Health care as an industry is enormously capital intensive.

And I don't know how we continue to fund it//It's not only peculiar to Catholic hospitals. It's the whole health scene//funding, of course. When the processes of recording become out of proportion to the delivery of the care. RN's don't want to work in aged care any more//

These comments reflect concerns about funding and survival at the same time as addressing the need to resolve margin/mission problems. The final comment falls within the general question, but puts a disquieting slant on the future of aged care from the perceptive of the dedicated people in its front line.

Diocese respondents highlight some of the challenges facing Catholic health and aged care agencies as they grapple with funding.

//I think the real difficulty for us is to be able to keep going financially, to accept the government money and stay ideologically independent and Catholic. And I think, they'll shift more to the private, and I think it's going to leave a lot of people uncovered//"No money-no mission"//

Non-CEO respondents again were conscious of the margin-mission issues, but expressed them slightly differently.

//mission and margin//Yes, exactly. Oh, the finances. One of the things is the balancing of the monies. And you can't really divorce finances//Stewardship's totally different. The mission is the stewardship, and the governance is the margin//As a not-for-profit organisation, they can make a profit. Whereas from a business point of view, if you don't make a profit, you don't do any good works//

As might be expected, CEO respondents are more conscious of their responsibilities to the bottom line. The comment about best use of resources, and the other about squandering stewardship, seems to express best what other CEOs were trying to articulate.

//my priority is to have balancing budgets and generating of surplus as a given. At the moment, we are being distracted, we are putting all of our efforts into that//there's a stewardship issue that has to be addressed there, saying, is that the best use of our resources//The debt around the place is now quite frightening//we have to make the shift from the welfare paradigm to the market place paradigm. Squandered our stewardship. Entry contributions. Charity is a hand up, not a hand out//But profit doesn't sit well with health services. Continual friction between the soft-edged people and the hard-edged people//

Lay Leadership

These comments were segregated between lay and religious groups. Both groups seem to see the issues in much the same light. The themes that recur are the need for committed, competent laity, the need for adequate lay formation and, occasionally, the recognition that the tension between lay and religious is not completely dead and buried.

Lay comments included

//they don't bring that sense of tribalism with them, because they don't belong to a congregation//deal with the formation of the lay leadership. Educare was meant to be about doing that, and it's not working in a big way //That balance in people, that balance between professional competence, a willingness to actually take an ownership, and a grounding in a belief system, is a very rare trilogy to find in anyone//You can always find managers, but people who've got the mission, then you need to be able to offer them the opportunity to have a lifetime in Catholic health, which we can't really offer at the moment//when you talk about the tensions between congregations and CEOs, I'm not sure that it's totally gone away. There's the odd tension between some of the CEO's and the Boards //

Religious have clearly thought this issue through, and their comments are practical. They share the concern about Educare, and have worries about the long-term succession to the laity. However, their remarks generally reflect a note of optimism.

//you are actually receiving a call within the Church to be responsible for services to your fellow-men, and you've got to find out how Catholics do that//in that Educare process. It's too expensive//how do we ensure that when the third and fourth generation of lay administrators come along, that the whole spirit isn't diluted//They[Lay trustees]may be the dreamers//They've been excellent people who understand what we're trying to do, and have grown with the whole//if you only have Leaders and Owners, then there's going to be a whole area of richness that you're not going to have. So how do you prepare your boards to be trustees of the charism, and staff to integrate their values and their professional individualism//

Charism/Culture

Congregations are surrendering a great deal of power and influence to lay managers and boards, and will cede trusteeship to lay people. Responses indicate how difficult it will be for orders to concede charism and/or change their culture. Responses were divided into lay and religious.

Lay respondents were conscious of the competitive and tribal nature of the charisms and culture of the orders, and, implicitly, the challenge of changing these.

//people's patches. Obviously, there's a lot of pride and passion involved around the charism of individual orders//we really were competing with one another, and so there was really that tribalism, alive and well//at the end of the day people will want to, I think, retain their identity and their charism//

Religious respondents seem to be more aware of, if not necessarily in agreement with, the implications of the changes of Integration 2000 for the cultures of the congregations.

//Well, mergers often submerge the cultures. You've got to take five years to do it. Nobody's got the time or the money (to change the culture slowly). The whole business is about the laity being responsible for their own Church, and using their gifts and skills to run their own Church. So it is going to be a different culture//Yes, quite tribal// And I think they didn't have, you know, that fiercely independent, like ----'s best or ----'s best or ----'s best, you know where we all protected our patch. Whatever integration means in the future, it's going to be the merging of cultures that will be the hard bit//

Not-for-Profit Status-Private hospitals

The retention of not-for-profit status as such was not explicitly identified as a major issue throughout the sector. There were some views expressed on the involvement of Catholic health in private hospitals, and included

//the need to maintain our not-for-profit status is essential // Increasingly it's harder for us to stay in institutional health care //We need to be able to have the cash cows that can generate the funds we need to do these other things//(bishop) "is that a public hospital?" I said "It's contracted to provide public services, with the government. It is a public hospital in that sense." Didn't matter what else//From just doing a whole lot of day surgery procedures on rich people//because you couldn't mix public and private. That's doctor talk//They're pandering to doctors and all the rich cousins and the aged care are scraping//Our private hospitals often have empty beds in them. Public hospitals are overflowing//

There appears to be some ambivalence with this issue. Bishops are seen to be not enthusiastic about private hospitals. This flies in the face of the current makeup of Catholic Health Australia. Private and public hospitals are

seen as competitive and/or incompatible. Private hospitals with empty beds and public hospitals overflowing are concerning people.

Mission/Evangelisation

The question of how Catholic health facilities can evangelise and promote the more embracing mission of the Catholic Church is crucial. With shorter hospital stays and mainly lay staff, it becomes a very difficult, if not intractable, problem. Another side of this is the idea of presenting a more holistic vision of health care. The different groups responding expressed their views in different ways, but their themes were consistent about the need for attention to be given to the holistic health model and ways to evangelise within the new shape of health care.

Secretariat responses included

//how does the Church evangelise through health.   They're the fundamental, intimate questions for Church-driven people.   That is the stuff that congregational people get out of bed for//

Congregation responses included

//Now where does adult faith education happen these days//The evangelisation of the hospital will be different from the evangelisation of the school//Because the patients are going only one day instead of two weeks. They really like to be able to have their whole circle of life, and with the same people.   It's the continuum, yes//what about the welfare agencies that we operate as well//how to preserve the mission and how to really serve those in need in the private hospitals//Structure is one thing, people's minds are another. "How can you measure the mission?"//

Again, evangelisation in health is seen as an issue.   The idea of Catholic health being at the heart of the mission of the Church highlights the importance of the health contact, and the opportunities it may offer.

Diocese responses included

// probably more domiciliary care. Americans are saying that you'll evolve to the point where the nurse- practitioner is a self- employed person who works in a home. Health would be residential aged care, social welfare would be non-residential aged care//

This comment highlights the potential for Catholic health to embrace a holistic model.

Non-CEO responses included

//trying to promote this on a womb to tomb type approach. Many places delivered holistic care to their staff as well as to the patients, because the nuns were always on duty. Don't be apologetic about it, market it// we've in fact got an opportunity for very brief contact. It's not the same as having someone with you for a few days, but it's an opportunity, taking some blood, or whatever. Directors of Mission might actually have a headset on// pastoral care. But it's only slowly developing in aged care //I mean, it's really around that, our commitment to providing services to the whole person//

The two issues of holistic care and evangelisation, or, at least, contact, were explored.

Only one CEO commented under this heading.

//My question would be: Well then, can you measure that in the way things are being done? And I'm not sure//

Aged Care

Aged care is seen as a very large part of Catholic Health Australia's present and future. It is also seen as a neglected part, not only of Catholic health, but also of the general funding scene**.**

//Aged care. There will always be a number of providers//there are many more aged care members. But they're little. I think the organisation is

captive to the big end of town//aged care lends itself to federalisation, because it's federally funded//So, I could see aged care perhaps going diocesan, rather than total system-wide//there's been an increasing involvement by lay organisations in the aged care area//I'm not so sure that in the future, it's not going to become stronger than it is, again because keeping people healthy and alive will be seen to be so expensive//aged care remains vulnerable, because of their funding//it is an opportunity for the Church to harness its resources in order to maximise the outcome, for the benefit of older people//And therefore they've got to start marrying health and aged care and welfare together//

Aged care is both growing substantially and changing the way it is delivered. With a much tighter funding base than health, its operators will face very substantial structural change. If it remains as a part of Catholic Health Australia, it will demand increasing attention.

Catholic Identity/Catholicity

The issue of maintaining Catholic identity was examined for lay and religious responses. Lay responses included

//It's the education of the Board that ensures Catholicity//making Catholic identity contemporary. It's got to be about social contributions. It's got to be who we deliver it for, not just how//that make it Catholic, and how do we continually ensure that those hallmarks are being maintained and enhanced as opposed to "Well, you've got the crucifix on the wall as you walk in"//are we just doing this to be a stronger Catholic system. You know, what the South Africans would call "Forming a laager." It's not just forming a laager. It is about showing …...that we are an alternative way of delivering health// how do we create a culture that is a new and unique culture within the Church, drawing on the history of the founding members, but also responding to the needs of today//

Religious responses included
//the assumption that there's a sister there and that equals Catholicity

is quite false//but I think it will involve a relaxation of some teaching. And those sort of heart-rending problems that will face us//But I think what you need is Christian-based health care, that it really is focussed on concern for the patients//Catholic identity may need to be more overt//Moral/ethical issues within the health care were floating to the surface frequently//ground rules for membership relating to Catholic identity//

Both groups share the same concerns, particularly on the impact of ethical/moral issues. Lay respondents seem to be more optimistic. The reference to "forming a laager" is apt. Religious orders are facing the loss of their own identity and charism, as well as the threat to the Catholicity of the mission to which they have devoted their lives, and these considerations preoccupy them.

CONCEPT LABEL E: GOVERNANCE/ MANAGEMENT

Issues of governance and management were raised directly as part of the discussion of planning agenda, *organisation features.* In the discussion of strategic issues, *ownership* emerged. *Governance* was raised as part of consolidation in the discussion of future shape (Group G).   The matters discussed in this Section are illustrated by Figure. 4.19

Fig. 4.19. Group E: Governance/ Management
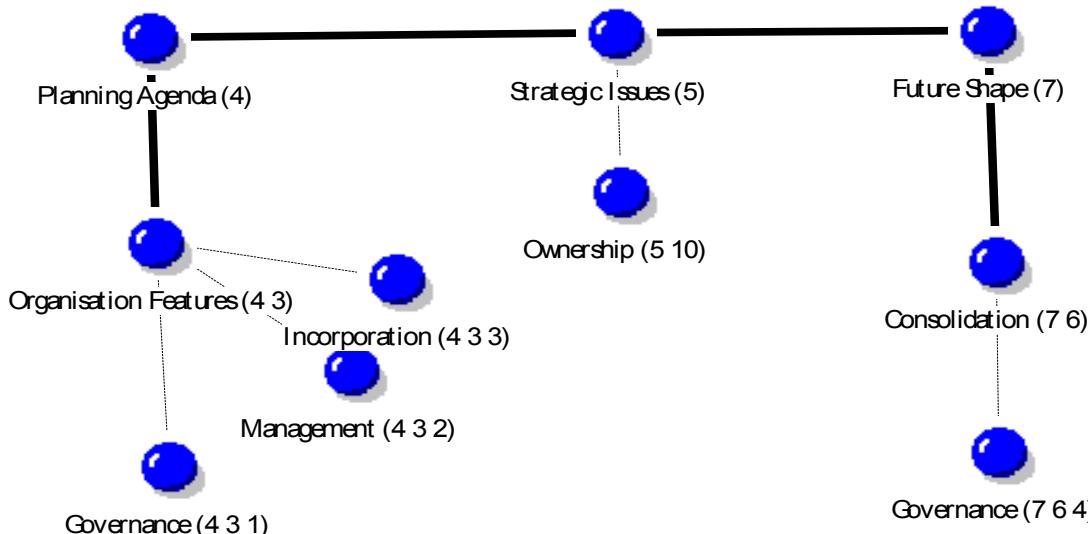
Organisation (Governance/Management/Incorporation)

Respondents were asked to describe their organisations in terms of their governance, their management and whether or not their organisations were incorporated. As part of the interview process, omitting or glossing over these questions was used to conserve time. The information was available outside of the interview process. The information is mostly contained in the history set out in Chapter Two. Notable features are

- the variety of stewardship/ governance arrangements. Orders range from self-contained Australian orders, through provinces of international orders, at least one branch of an overseas-domiciled

province of an international order to autonomous, diocesan-based separate congregations

- virtually universal lay management. This, combined with increasing lay dominance of boards led one religious respondent to remark that the handover of stewardship has already happened

- incorporation of virtually all Catholic health systems and facilities, with some notable exceptions.

Change in Mindsets-Ownership/Governance

The issue of the shift in mindset from order-based groups to an organisation of Owners and Leaders has already been discussed as one of the distinctive features of the Integration 2000 process. When asked to identify strategic issues, some respondents saw this issue more as an ownership and /or governance question. Responses were separated into lay and religious.

Lay responses included

//but we may well allow using a vehicle of a public juridic person, the use of those assets for joint ventures//If they think that they can end up one juridic person only for the whole of Catholic health care in Australia, why don't we have only one diocese in Australia//another dimension of that inclusiveness was the bishops. The canon lawyers are perpetuating the three-tier model. The top two levels have been handled by the same group, and the spreading it out and teasing it out may be a feature of the transition at this time, the embedding of the whole sector to Church//what role will the dioceses play in health care? Will we set up our own independent structures that will just continue, or will there be a stronger link back to the diocese//

Some of these comments highlight an issue which will be covered in the discussion of future shape of Catholic health, namely that, in the longer term future, Catholic health will need to be embedded in the Church in some way to sustain its identity. The cooperation, and indeed the willingness of the bishops to become involved, if this scenario unfolds, is not clear. The question

of juridic persons, private or public, is also an issue, which will be discussed further in the discussion of future shape.

Religious responses included

//private juridic persons. They will be the owners. They may well sub-let the contract for operators who may or may not be not-for-profits, or may not be another religious order. And they will have a board. [So why do you bother with being a juridic person at all?] Because that's their legal and canonical status, that they need to hold and operate this facility as a Catholic facility//I think the bishops would be very fearful of taking over hospitals//I don't think that the creation of a public juridic person would necessarily be the way I would go today// But it's, I think, a tragedy that you have an organisation and I think a lot of our hopes have been that it was empowering and recognising gifts, If you try to move it to the Catholic Church, with their hierarchy, with women not allowed in those decisions//

Religious are very preoccupied with the questions of governance, both present and future, and the issues of juridic persons. As they are the most affected by the current situation, this is understandable. Under this heading, one respondent raised the issue of fundamental mission responsibility passing from congregations run by women to the male-dominated hierarchy of the Catholic Church.

Future Shape/Consolidation/Governance

Under the category heading of consolidation, there was discussion of the governance arrangements which might be appropriate. Responses included

//whether in fact the National Commission as such and the Stewardship board should become a PJP in its own right//single governance system. It may be the case across the acute sector, but it won't be across aged care, because of the more decentralised nature of aged care//what we will see is emergence of a governance model consistent with Church law, which will

enable those parts of the sector who need that for their future, or lock into a governance mode//But it (one public juridic person) is also part of the philosophy of some people in Catholic health care that disagree with private hospitals, and therefore they would see the Commonwealth funding Catholic hospitals as a third sector//

The idea of a single juridic person to run an integrated Catholic Health Australia would probably be a prerequisite to CHA Inc. But there are divergent views, some quite strong.

CONCEPT LABEL F: REGIONS

The issue of regional organisation is preoccupying many respondents. It is worth discussing separately under Concept Label F. Regions were discussed under ACHCA/CHA's role, and also as a strategic issue. Figure 4.20 illustrates the items discussed in this Section.

Fig.4.20 Concept Label F: Regions
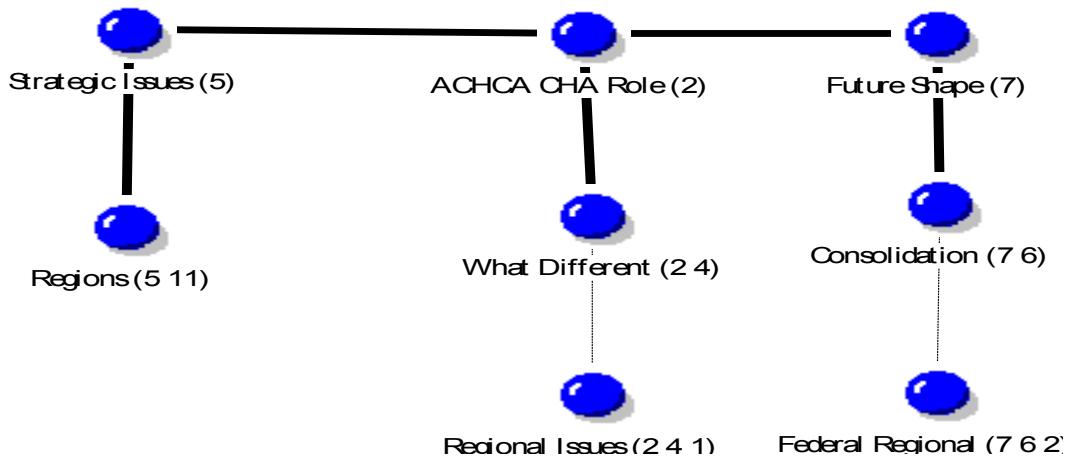
Strategic Issues/Regions

Given the earlier concerns, it was no surprise that regions emerged as a key strategic issue. There was some disquiet expressed regarding the extent to which the regional needs of Catholic Health Australia were being addressed. This issue has already been discussed above under the heading of ACHCA/CHA's role, and what might be done differently. The comments here are considering the question broadly as a strategic issue. The shaping of any integrated activity in Australia almost invariably leads to a debate about whether to have a federal organisation of regions with some autonomy, or simply to have centralised control through branch offices, or whatever geographic split, if any, is appropriate. In this case, respondents were classified by state. The ACT view, of course, doubles as a secretariat view.

ACT responses included

//Certainly the regional. I mean, getting an understanding of what people are wanting at the regional level//You just can't turn these associations into these regional bodies. They're not groups of Owners necessarily, and Owners haven't particularly been heavily involved in those regions, particularly on the aged care side. Aged care is not necessarily structured in a way that has a national focus. In effect, your regional Leaders and Owners ought to be the same as your national Leaders and Owners//

These two respondents are concerned about the structure of regional activity, and the fact that an integrated Catholic health will almost certainly need a different structure, or, at least, different players at regional level.

NSW responses included

//order by order, not something that comes from the policy group//Why do you want a large national group. The market is state, the industrial relations is state, and the health funds are state. If there was acceptance of regional structure, then I could see Catholic health care, over a thirty-year period, gradually becoming part of the diocesan church//So one of the things is how to integrate these big systems on the one hand, and all the other players around them with a need to come together locally, because geography is critical to health care//the vision, the strategy was to create a national network with a branch system. That is absolutely the right way to go, I am convinced. But it meant that the national leadership became el supremo//

The variety of opinions expressed here, in one geographic location, highlights the lack of clarity on this issue. Hesitancy in imposing a solution seems to have confused people, despite the fact that an interim regional operation had been implemented through Catholic Health Care Services (ACT and NSW).

Queensland responses included

//I think there's a little bit of disillusionment out there, particularly with the aged care sector, because in Queensland, they have strong state aged care bodies. The regions are probably wandering around in limbo//but they have to develop something, which is acceptable to all of the groups and all of the states. The main thing at this stage is to keep steam-rolling the development of the regional bodies. It's only at regional level that you'll get bodies talking and so forth. And at regional level you must have some form of secretariat//

These comments reflect the frustrations of a state where a regional aged care body, with a secretariat, was asked to put its activities on hold. The comment that it is necessary to keep steam-rolling the development of regional bodies is significant. It does not appear to be a plea for the perfect solution so much as a plea for evidence of positive steps towards a solution.

Victorian responses included

//People are getting a bit impatient at a local level//That's where the activity has got to be (regions), and that's going to be the big challenge//But it was always seen that Integration 2000, to be successful, had to be driven at the state levels, at the grass roots//put out a plea for regional collaboration, because that's where the action can happen. Aged care is the same. Aged care is Commonwealth funded, but the actual, on the ground support, that sharing stuff, can all happen at a regional level//I think it's going to happen regionally//I don't know if there's any one way of having a regional structure. A number of people are finding it difficult to live with that ambiguity //

Victorian respondents seem less willing to debate whether or not regions should be pre-eminent. They see the whole integration process being driven regionally. The Victorian state group has been careful to maintain continuity of a regional presence.

There were no significant comments from WA on the issue of what might be done differently under the regional issues heading. As a strategic issue, it attracted one comment, putting the view that regional, or branch, activity, needed to be driven top-down rather than bottom-up, as in the Victorian view.

//we seem to be trying to go the other way, and let it come up. And I don't think it's going to happen. There is nothing any more at regional level.//

This response came from a lay executive.

SA responses included

//smaller places will always have a landing spot. I know that's probably in the regional area //the ----- were the biggest Catholic health care provider in the whole of the United States. Now, when I was there in '95, they'd just finished a three year process of regionalisation. And what I like about Catholic health care integrations is their recognition of the importance of the regions//

Again, these two respondents are strong supporters of regional entities. The need to avoid swamping smaller operators in a national juggernaut was also highlighted

ACHCA/CHA Role/How Different/Regional Issues

In the discussion of how ACHCA/CHA might have acted differently, regional issues were raised. Responses have been segregated by state.

ACT responses included

//There was no line of authority between the National Office and these State Associations, so they were pretty much doing their own thing. It's that issue I was talking about before, about trying to make national policy without a regional input. It's the regional issue that could cause this thing to come unstuck //

NSW Responses included

//the second area is the relationship between this body, its national and the regional bodies. Talk about a branch model, versus a federated model//You know, the lack of clarity how to organise regionally is probably one of the big omissions//and the difficulty, of course, is that some regions, have gone ahead and planned how they would like it to happen, without consultation with other regions//

Queensland Responses included

//principle that's underlying the new structure is that we will act locally, but think nationally//I think that possibly the regional agenda and the national agenda could have been worked up at the same time//Now it's come time to implement regional entities, and no one needs them, and they're actually trying to get out of doing them, particularly aged care//there's been a little pain in the transition from what was happening at the state level to what is possible now with the national structure that has changed. Some pain among the aged care providers//

There were no Victorian responses assigned to this node.

SA responses included

// Well, I think that the regionalisation has to be looked at//

These responses reflect some divergence of opinion on the need for regional bodies at all. Each respondent advocating a centralised (no regions) approach was a CEO. A similar response under strategic issues came from a lay executive.

Future Shape/Consolidation/Federal/Regional

Much of this discussion complements the other regional themes developed under the categories of ACHCA/CHA's Role and Strategic Issues. This part of the discussion addresses the structure of a consolidated CHA, and

the regional implications of that consolidation. Responses included

//We should try and see some regional consolidations//I think that, for example, we may well find one real option is that Victoria might become more a ---- precinct //but will lead to that national group organising. And at a regional level, all the entities that are in that national juridic person will be part of a regional executive management structure//regions are just another overhead that we just simply can't afford at the moment//I think that Catholic Health Care Services provides one model of how it might go//I think national's too big, really. I think it needs both. Local area is sacred//You know, we're more into federalism. The health care is state based, isn't it? Although aged care's not. Different rules for different places//Our relationship with government is regional//

These responses, as with those on CHA Inc, show some differences. While there is strong support for a regional basis to Catholic Health Australia, some respondents favour the centrally controlled, branch structure. The idea of order precincts was aired.

CONCEPT LABEL G: THE FUTURE SHAPE OF CATHOLIC HEALTH

The question of future shape of Catholic health was addressed by Question Seven of the Interview Guide:

7, THE FUTURE OF INTEGRATION

7.1 What is the future of Integration in Catholic   health and aged care?

7.2 How many of the following options are likely?

- *Amalgamation within the order or organisation (e.g. Mercies or Southern Cross Homes going fully national)*

- *Amalgamation between Catholic orders or Catholic organisations*

- *Amalgamation with other non-profits, maintaining Catholic identity*

- *Amalgamation with other non-profits, not maintaining Catholic identity*

- *Amalgamation with investor-owned operations, maintaining Catholic identity*

- *Amalgamation with investor-owned operations, not maintaining Catholic identity*

- *Government contracts and other arrangements.*

This question complements earlier discussions on evolution and structural changes. The *evolution of change strategies, in a not-for-profit health sector from a more fragmented to an integrated sector model* is clearly addressed by a discussion of future shape. This section also examines *the structural changes embodied in the integration model* without specifically addressing their *compatibility with the stated health care Philosophy and Assumptions at national, regional and entity level*.

The responses here provide some complementarity to the perspective: - *The level to which the organisations participating in the strategic thinking*

process are behaving as dissipative structures **(Jantsch 1980)** *or displaying*
"autopoietic-like" behaviour **(Zeleny 1981).**

Question 7.1 elicited some general responses before the options in Question 7.2 could be outlined. Wherever possible, the options were described initially, and then discussed in turn. Responses generally followed the Interview Guide. Responses produced enough discussion of the consolidation process itself that this was introduced, with its sub-categories. Under consolidation, the sub-categories of *federal/regional* and *governance* have been discussed elsewhere (Groups E and F). Figure 4.21 illustrates the relationships covered by this discussion.

Fig. 4.21. Group G: Future Shape
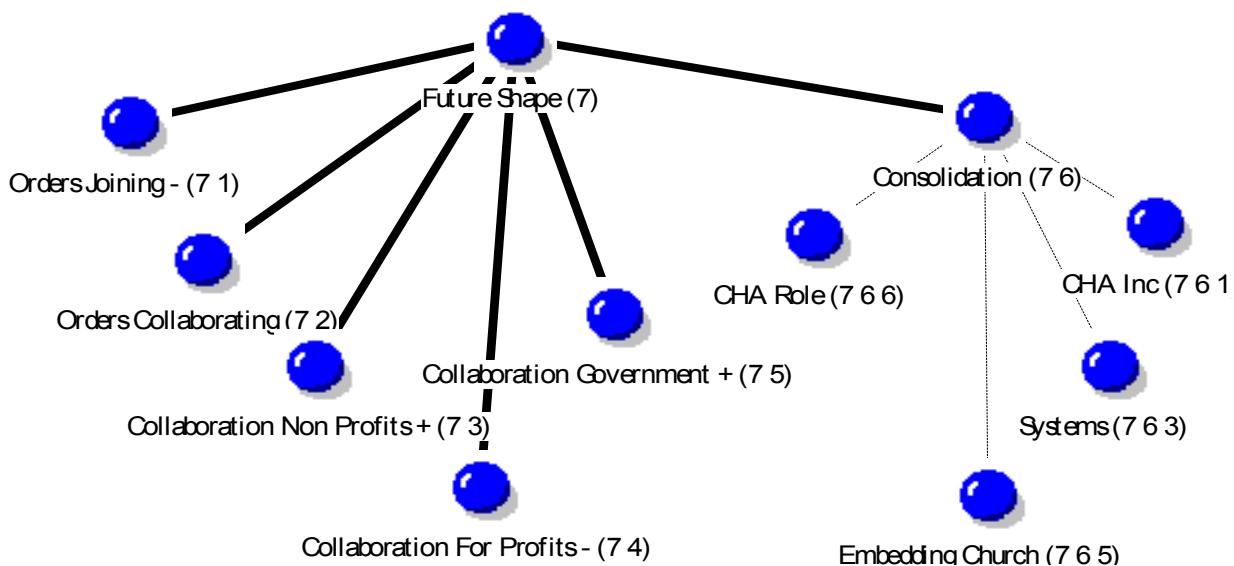
Future Shape-General

General comments varied, and gave a perception, more of the thought processes of the respondents than of their response to the total question. They did reflect a wide acceptance of the need for, and perhaps the inevitability of, some form of amalgamation.

//a bit of a matrix, which people are not used to//we may be excluded on the grounds of our ethical stance. I don't think that exclusively Catholic

health care is the way to go//I think in the medium, medium to short longer term, three big chunks. New vehicle, health care ministry//I think we've got something to offer that is of value, and will speak powerfully in a world where health care is becoming much more high- tech and low touch//I suppose I'd see it as a mixture within both systems and the regional entities//the future is inevitable, I think. Small is not an option//Now, whether that Stewardship Board would be, and I'm talking about really long term now, necessarily order Leaders and Owners//

Future Shape-Orders Joining (-)

There was a strong consensus that orders would not amalgamate as orders, that is, two orders combining to become partners in a new congregation. The only scenario possible was seen to be a small order being absorbed by a larger order, effectively becoming extinct. The one scenario for merger was in the context of orders dying out. Responses included

//I can't see ------- ever giving up its name, its identity and its assets// my view is that, with the effluxion of time, I think we're going to find fewer congregations and, with that a form of merging // Well, first of all, I don't think it will, except in rare, rare instances, like some of the branches//I think they will simply go out of existence and leave ministries in place, education, health care, welfare, which would be their gift from the colonial days of Australia in the late 1900's//You can do what you want to do, without amalgamating//we are different, we are very different. I've trained with the -----, educated by the -----, did --------- with the -----, but they are very different //

Future Shape-Orders Collaborating (+)

The idea of orders collaborating was seen in a much more favourable light, and there have been a number of examples, ranging from the St Vincent's Mercy Private Hospital in Melbourne, through to the joint venture between the Holy Spirit Sisters and the Sisters of Charity in Brisbane and the

provision of services to the Little Company of Mary by St John of God Pathology in Canberra. Responses included

//in the next few years, people are working collaboratively, the congregations are working collaboratively, and so are facilities and services// many possibilities//I would postulate that ----- will maybe join with -----//we would like to see something like Catholic Health Care East develop. That's seen as a not too long term, maybe five years// Irrespective of where we are today, we think that -----, or ----, or ----- are going to be together in five years time, ten years time//I think it is that evolutionary process. The work of the spirit//ACCC is a real sticking block. Unless you've got joint ownership, or common ownership, you're really going to struggle//even some of the orders (in the US) that have joined their twenty or so hospitals, they haven't been that terribly happy//working together inside facilities. I think that's in the very near future//

There is obvious enthusiasm for collaboration and perceptions of how it is likely to unfold. At the same time there are some notes of caution on the tradition of competition, and the possible ACCC implications.

Future Shape-Collaboration Non-profits (+)

The positive sign in brackets again indicates that responses were largely favourable. This category was discussed in general, and was also sub-divided into three sub-categories, ***with Catholic identity preserved, without Catholic identity preserved*** and ***Qualify***, where some reservations surfaced.

Collaboration Nonprofits-General

Comments were generally in favour of some form of collaboration with other non-profit operations.   The issue of allowing non-Catholic providers to collaborate with, or even join, Catholic Health Australia, was also raised, unprompted. Responses included

//where they've merged the service delivery//admitting the first non-Catholic members to our systems, certainly three to four years maximum//And

it's not always getting into bed with the devil//I would say it would happen quicker in the smaller communities than it would in the metropolitan. Operations situations, joining together in things where there's no philosophical conflict//we can learn a lot from other providers whilst not becoming one of them//and a few other (non-Catholic) private hospitals around town would see there was an advantage in joining this group//Well, we do work with other not-for-profit groups in the ------------area, but I wouldn't see it going much deeper than that, because there is a difference in the philosophy//

Collaboration Non-Profits—With Catholic Identity

This theme explored collaboration in which Catholic identity was preserved. Generally, but not exclusively, this would mean that the Catholic entity would be the senior partner or lead joint venturer.

//I think that that (Catholic identity) will be fundamental//You don't compromise the Gospel values that you're driven by// provided that, when you looked into it, we were satisfied that the Christian philosophy was alive and well, and lived//if it's not about ministry, then it's not the work of the Church //I think the concept's feasible. There's more going to be a 'commercial amalgamation'. You still need to maintain your separate Catholic identity//I think it would be essential to have Catholic identity, but I don't know how one would achieve // [even if you were a minor partner?] Yes, I think so//I see that being possible, but I don't necessarily see the Catholicity of it declining//

Collaboration Non-Profits—Without Catholic Identity

Respondents were not enthusiastic about amalgamations where Catholic identity is not maintained. Comments included

// I think there'll be canonical issues around that // Integration 2000's trying to avoid that//before we change, we'd no longer be Catholic Health Association.   I just think they'd drop out of the system//Once the philosophy gets lost, then it's lost//I don't hold much optimism about that//well that's what you've got to look at, you know, if you're faced with Catholic identity

versus extinction, well, no Catholic identity in being extinct, is there?//Oh,
you're losing your main purpose to be there . You may as well flog it//Well, I
think it's a very big barrier to face. Do we continue in any ownership role in
that case?//

Collaboration Non-Profits—Qualify.

Some respondents felt that collaboration with non-profits was not
desirable, irrespective of the status of Catholic identity. Responses included

//I mean, Catholic Health Australia says who we are, and this is about
who we are, and it's about the family business. Merging with other not-for-
profits would only be, in my view, a service-driven agenda, of necessity//I
think it can only be a short term solution//If we can't operate together
ourselves within one family, it's a bit hard to then say, well, we'll try another
family//I can see, perhaps, in a country town. That might be a proper
scenario. But I would almost see it as a second-last resort. It doesn't do
justice to either tradition//

Collaboration For-Profits (-)

This question explored the possibility of collaboration with investor-
owned, for-profit health care entities. The negative sign indicates the fact that
this option does not find favour. The topic was explored in general and then
under the themes of

- collaboration preserving Catholic identity
- collaboration which does not preserve Catholic identity
- responses in favour of collaboration with for-profits
- comments on tax status.

Collaboration For-Profits—General

General comments included

//Personally, I don't see how they can align themselves with somebody who has such a different set of values//I would think not, based again on American background. There've been more cases of fraud and theft in the health care industry than in any other//In terms of the for-profit sector, I would like to think that we got our act well and truly together before that ever happened//Oh, I don't see any of that happening in the near future. I actually think what happened in terms of the APHA people (Catholic health operators leaving the Australian Private Health Association). I think you'd have to see some serious fallout in terms of people going broke big-time before that happened. [Would those remarks apply also to aged care?] Yes, I think so//And I'm sure I won't live to see that//

Collaboration For-Profits—With Catholic Identity

Comments were sought on the possibilities of collaboration with Catholic identity preserved. Responses included

//We probably do have partnerships anyway. Let's just take-----. It's within the umbrella of what could be seen as a Catholic identity//But even with that, you've got to put fairly strict guidelines around that they're not doing things in their pathologies, like cloning in a back room, or something//I don't know the answer to that. I would hope that the Catholic identity would be maintained, otherwise we're wasting our time. The background services where you could share payrolls or stuff could benefit//you know, what element of Catholic identity would be perceived to be there, or not, at the end of the service chain. I just don't know//I see that being possible, but I don't necessarily see the Catholicity of it declining//

The theme of these responses is that Catholic identity must not be compromised. This would appear to limit such collaboration to backroom services, or very tightly defined arrangements.

Collaboration For-Profits—Without Catholic Identity

Responses here highlight the difficulties for Catholic health providers occupying a minority position in an amalgamation. As has been mentioned earlier, the canonical status of the Catholic entity could be at risk. Responses included

//do they say, well, we can't survive in behaving like this, therefore do we decide to change our behaviour, or do we decide to call it a day// those amalgamations are set up so that the operations and the books are all separated out, even though they're in one company and they retain their Catholic piece in their Catholic piece//I've seen a number of cases where basically in one of these integrated service networks, the Catholic provider has been in the minority. I would imagine that, you know, what element of Catholic identity would be perceived to be there, or not, at the end of the service chain. I just don't know//

Collaboration For-Profits (+)

Some respondents favour, or have favourable experience of, collaboration with for-profits. Again, the stress is on ancillary services. However, some respondents are more amenable to more general collaboration. It is notable that, for this and the previous discussion, there was a limited number of respondents. Responses included

//I don't know whether that sort of ethos is so contrary to our own//However that is likely to be in those services like pathology and things like that where a Catholic identity isn't necessary//Well, my view is that I think we have to work with other providers //We always sanitise it by saying "We make the profit over here so we can put it to this very valuable ministry over there." But, you know, I think it may be collaboration with for profits and dying in a ditch, too//until we're close together with each other at the local level, and also, I think work with other not-for-profit organizations, and maybe, for-profit organizations, maybe not necessarily amalgamations//So you might run it as a for-profit in terms of one round of expectations//

Collaboration For-Profits—Tax Status

While tax status did not rate very highly as a strategic issue, there was some discussion of tax status in the context of collaboration with investor-owned operations. There were only two respondents. A lay respondent discussed tax status in general terms, and posed a pertinent question. The religious respondent made the point that the complexities of GST and not-for-profit operation might reach a point where operating as a for-profit might be the lesser of two evils. Responses included

//tax status is but a means to an end. Tax status is not the essence of who we are. In the case of the tax status, it's all about demonstrating why our benefits are justified//However, the more I think about the GST, and the complications of the GST, and the difficulties in a sense for not-for-profit, I wonder whether, not from a mission point of view, but from a practical point of view, people might even change their status if you like, to make life simpler, and in that case might go into another framework, and then look at where their profits go to//

Future Shape; Collaboration Government

There are differing views about collaboration with governments. This issue is bound to become more significant if Catholic Health Australia becomes more embedded to the Church proper, and bishops express some opposition to private hospitals.

Collaboration Government-General

Responses included

//I don't know enough about, but I know that it's working in -----, isn't it? The ---- Sisters, they took over it on behalf of the government//bishops are happier with public health care, but some of the congregations, particularly from other states,(other than NSW) say you shouldn't have anything to do with the government, at all//Well, some hospitals are doing it//Yes, we're down that track in a fairly big way//

With such a small number of respondents, it is important not to read this as a considered view of Catholic health and aged care providers. This group numbered two lay and two religious respondents.

Future Shape: Consolidation

The prompted discussion of the range of optional future shapes for Catholic Health Australia produced comments on the broader topic of consolidation, which has been made a category. This discussion has been classified into a number of sub-categories, namely

- CHA Inc
- Federal/Regional (Discussed under Concept Label F)
- Systems
- Governance (Discussed under Concept Label E)
- Embedding Church
- CHA Role.

Future Shape-Consolidation-General

The process of identifying sub-categories and teasing out themes has largely classified comments under the headings above. More general responses included

//we can work together as national, because if this is not national, I don't think it's worth calling it Integration 2000//Yes, I think you probably would see it as that, we'll probably get to one body, Catholic Health Australia, that is a system for all of health services and aged care services, and they all come under that banner. But I would always think that you would have individually out there each service who's going to run its own service in its own way at a local level//one Catholic system, ownership system in this country, about that continuum of where we are//the implementation of Integration 2000, coalescing of service providers and systems//

Future Shape-Consolidation-CHA Inc.

A concept pervading much of this area of research is that of a monolithic integrated Catholic health entity, "CHA Inc." There is quite a divergence of opinion on this issue. CHA Inc. has its champions, and there are people who believe it is impracticable, and will never happen.

Responses included

//CHA Inc. I'm not sure that that's ever going to be a reality, in the medium term//a common Church framework, a common governance structure, and one national executive. [how will people accept that, because you are really talking about a supremo, aren't you?] Yes, given time, it'll be fine//You know, CHA could be the Australian Catholic system. I think we're small enough bikkies for that to happen//I think it will happen, because for its longer term it has to be bedded to Church and the owners of the Church, the hierarchy, are going to want some vehicle to hold it in//The reality is that will never happen//The other good thing about is that, not having one monolith, so there is a degree of competition//

Future Shape-Consolidation-Systems

Under the category of distinctive features of the Integration 2000 process, the development of national systems was identified. This discussion under the heading of consolidation, explored how national systems might fit into the consolidation process. Responses included

//I think what you may find is that the big systems of the health care have evolved simply because that's the nature of what's going on for them. That's not the story for aged care, it's not the story for community care services//the next move is to take a lot of these major systems and put them under one structure, and then within that structure you have regional providers//But I don't see having a big brother or one player being there. I still think there will be lay run individual groups//I think, the four major players will probably aggregate some others to themselves//The future is you

get the best of the national stuff, because the rules are made nationally. We might have two or three nationals and a couple of the states end up with merged state systems//

Future Shape-Consolidation-Embedding Church

As well as the management arrangements, the issue of the canonical status of Catholic Health Australia and its components must be addressed. A handover to lay trusteeship will need to involve public or private juridic persons, if Catholic identity is to be preserved. In turn this could involve the bishops, who to date have not seemed to demonstrate a great deal of enthusiasm for being involved in Catholic health, especially the private, acute hospital component. Responses included

//I think the bishops themselves would be reluctant to get involved, as long as the order owns the facilities. Or they could hand their facility over to say, the ----------- to run it on their behalf. But I just can't see the bishops getting involved//maybe that the diocesan Church might have to take a more active role in the areas where religious have been maintaining these places by themselves//there's a general shift but the change in some particular bishops is quite extraordinary. I did not think I would see it happening ten years ago, that suddenly they realised all the factors you've been talking about//

Future Shape-Consolidaton-CHA Role

The question of the role of CHA in the process of consolidation comes down to whether the role is one of advocacy and lobbying, or whether CHA has an operational role. This would have been pertinent to any discussion of a Commission arrangement. Responses included

//I don't see any role in operations. It's bad theology, apart from anything else//I would see it as being somewhere between an association and CHA Inc. So it's that facilitation, brokering, consultation, trust base//All that sort of thing. Policy development//I don't see that the vehicle for that happening is CHA. Bit of brokerage role sits there. Introduction agency,

rather than a broker if you chose. We're big, bad and ugly enough to be able to negotiate bilaterally//I think it will have a strong lobby role, broker role. I think they actually fulfil that role now//

Chapter 5

Discussion/Implications of the Findings

This Chapter sets out to relate the literature reviewed in Chapter Two and the findings in Chapter Four to the research objectives. To this point the analysis has followed the priority sequence of the Interview Guide. This Chapter will deal with the issues in the sequence which appears to this researcher to reflect their relative importance. The Research Objectives are set out in the box below.

Research Objectives

1. Chart evolution from fragmented to integrated sector model

2. Examine compatibility of changes with stated philosophy and assumptions

3. Interpret strategy formation as perceived by key players

4. Uncover emergent theoretical constructs

Perspectives

-the level of "dissipative" vs "autopoietic-like" behaviour

-analysis of Integration 2000 in terms of diagnostic model

-how chosen strategy fits strategy schools of thought

The research was designed to gather data according to the above objectives and perspectives and to answer the main question, which was: ***How do organisations in the Australian Catholic health and aged Care sector transform shared strategic thinking into formulated strategy?*** The overall picture presented by the findings was that strategic context and the "Grand Plan" are not typically developed using linear, formal planning models, but that an emergent, learning model sets the scene, to be implemented operationally using linear paradigms. While the nature of the charism and mission of religious orders operating in health and aged care should drive consistency between theories of organising and basic philosophies, and while the handover process should epitomise the behaviour characteristic of

dissipative structures, the perceived reality is not so straightforward.

The research objectives and perspectives will be referred to when appropriate, as discussion proceeds. This chapter will be organised in accordance with the sense-making concepts which emerged from the findings.

The findings have pointed to a structure which includes seven groups of concepts, each directly related to

- the research question
- the primary objectives
- perspectives identified at candidacy
- concept groupings which have emerge from the field work.

These are detailed at the beginning of Chapter Four and set out in Table 5.1 below.

Table 5.1.: Concept Labels

A. Evolution/Role

B. Structural Change/Compatibility with Philosophy/Assumptions

C. Planning/Strategy Formation

D. Strategic Issues

E. Governance/Management

F. Regions

G. Future Shape

In such a wide-ranging research project there are two broad strands under which the implications of the findings can be discussed. The first is conclusions on the key features of the Integration 2000 process and its significance for the future of Catholic health in Australia. The basic research question is addressed directly by Concept Label C in Table 5.1 above. Clearly the progress of Integration 2000 (Concept Label A) is pertinent to this question, as is the identification of key strategic issues, including regional questions, which emerged from the fieldwork (Concept Label D, Concept Label F). Questions of future shape and governance were dealt with by Concept Labels E and G. Finally, the changes undertaken need to be assessed

in terms of their compatibility with the basic philosophies and values of Catholic health and aged care (Concept Label B).

The findings suggest some reordering of the broad headings, which followed the logic of the flow of an interview and not any notion as to which topic was the most important. The research question itself suggests that Planning/Strategy Formation should be elevated to top billing, followed by the responses on the evolution of Integration 2000 and the role of ACHCA/CHA. The issues of future shape and the regional structure have been grouped with the questions of governance and management. Strategic issues are dealt with next. Structural change and compatibility with philosophy and assumptions is dealt with last, but certainly not least. Dealing with this topic last has given an opportunity to round out the discussion in this chapter. The new groupings are set out in Table 5.2

Table 5.2: Framework for Discussion

Topics	**Concept Labels**
1. Planning/Strategy Formation	**C**
2. Evolution/Role	**A**
3. Future Shape/Governance/Regions	**G, E, F.**
4. Strategic Issues	**D**
5. Structural change/Compatibility with Philosophy and Assumptions.	**B**

The findings in Chapter Four, and their implications, are discussed in this Chapter under the above headings.

1. PLANNING/STRATEGY FORMATION

Introduction

This part of the discussion seeks to answer the basic research question:

How do organisations in the Australian Catholic Health and Aged Care sector transform shared strategic thinking into formulated strategy?

The issues which need to be addressed in this section are

- which, or how many, of the strategic planning models identified in Chapter Two are represented by the models discussed during the interviews?

- what implications can be drawn from the choice of model(s) and the rationale for the choice?

- what impact are consultants having? Is it positive, counter-productive, or simply self-fulfilling?

- are there any concepts to be drawn from these findings, or lines of inquiry triggered by any of the responses?

Models/Implications

Strategy writers have been chosen for their relevance to

- the models of strategic planning which are available

- the question of which model is used when, and how

- how strategy is formed.

As mentioned earlier, Mintzberg, Ahlstrand and Lampel (1998) have identified ten planning models, split into three groups, prescriptive, descriptive and transformational. These are identified in Figure 2.2 in Chapter Two above, and included in Fig 2.1a with their early champions identified. This exhibit also includes the three adaptive schools identified by Cyert and March/Ackoff (1963), (1970), as well as Mintzberg/Lindblom/Chaffee (1967), (1959), (1985), the interpretive school identified by Chaffee (1985)and what might be termed the *extraordinary management* school identified by Stacey (1993). Additionally, the organisational metaphors, or *images* identified by

Morgan (1986, 1997), the *frames* set out by Bolman and Deal (1991), the managerial ideologies identified by Barley and Kunda (1992), and Bowman's (1995) *mirrors,* all need to be considered.

Mintzberg et al confess that they are among the learning school's most enthusiastic adherents, because they feel that

> *it offers a counterbalancing force to the "rational" deliberateness that has for so long dominated the literature and practice of strategic management* (1998:223).

They do qualify this view, both in their critique of the learning school and in their exposition and summary of the other schools. In their last chapter they fairly exhaustively tabulate, for each school its

- *Root Dimensions*
- *Content and Process Dimensions*
- *Contextual Dimensions* (1998:354-359).

For each dimension, there are sub-headings. This table has been used as a guide to place the findings on strategy models within the context of the models set out so exhaustively by Mintzberg and his two colleagues.

In this research, the model of a linear strategic planning approach was designed to fit a hybrid of the design school and the planning school. The model used fits almost exactly Chaffee's concept of a linear strategy, where

> *Top managers go through a prototypical rational decision making process. They identify their goals, generate alternative methods of achieving them, weigh the likelihood that alternative methods will succeed, and then decide which ones to implement* (1985:90).

The clear message of this model was that it was prescriptive. The clear message from respondents was that, with the exception of consultant-assisted planning, this approach was not generally used to set the context or to evolve the *grand plan*

The *grassroots*, or learning, model of strategy formation would fit the emergent/discovery process used in this research. Mintzberg et al (1998) locate the learning model in the matrix set out as Table 5.3 overleaf.

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Table 5. 3: Strategy Processes by Strategies

Strategy As:	Set of Positions	Unified Perspective
Deliberate plan	**Planning**	**Visioning**
Emergent pattern	**Venturing**	**Learning**

Source Mintzberg, Ahlstrand and Lampel (1998) "Strategy Safari" p 202

The inclusion of *insights and thoughts*, together with the idea of *reflection*, might have led to a cognitive model. If the learning, cognitive, cultural and configurational schools are extracted from Mintzberg et al's (1998:354-359) tables, and a selection of the criteria are examined, a set of relationships emerges, set out in Table. 5.4 overleaf.

Table 5.4: Dimensions of the Schools

Dimensions	Learning School	Cognitive School	Cultural School	Configurational School
Root Dimensions Base discipline	None; chaos theory.	Psychology.	Anthropology.	History.
Intended Message	Learn.	Frame.	Coalesce.	Integrate, Transform.
Realised Message	Play (rather than pursue).	Worry or imagine (being unable to cope in either case).	Perpetuate (rather than change).	Lump, Revolutionise (rather than nuance, adapt).
Key Words	Incrementalism, emergent strategy, sense making, entrepreneurship, venturing, champion, core competence.	Map, frame, concept, schema, perception, interpretation, bounded rationality, cognitive style.	Values, beliefs, myths, culture, ideology, symbolism.	Configuration, archetype, period, stage, life cycle, transformation, revolution, turnaround, revitalisation.
Content and Process Dimensions Basic process	Emergent, informal, messy, (descriptive).	Mental, emergent (overwhelming or constrained) (descriptive).	Ideological, constrained, collective, deliberate, (descriptive).	Integrative, episodic, sequenced, plus all of those to the left, in context (descriptive for configurations, deliberate and prescriptive for transformations).
Change		Continual, incremental or piecemeal, with occasional quantum insight.	Infrequent (resisted or constructed mentally).	Infrequent (resisted ideologically).	Occasional, and revolutionary (at other times, incremental).
Central Actors	Learners (anyone who can).	Mind.	Collectivity.	Any to the left, in context (chief executive, especially in transformation).
Organization	Eclectic, flexible.	Incidental.	Normative, cohesive.	Any to the left, periodic changeful, plus so long as categorical.
Leadership	Responsive to learning (of self and others).	Source of cognition, passive or creative.	Symbolic.	Periodic change agent, plus any to the left, so long as categorical.
Contextual Dimensions Situation (Best environmental fit)	Complex, dynamic (and unpredictable), novel.	Incomprehensible.	Ideally passive, can become exigent.	Any to the left, as long as categorical.
Form of Organisation (implicitly favoured)	Adhocracy, also professional (decentralised).	Any.	Missionary, also stagnant machine.	Any to the left, so long as categorical, preferably ad hoc and missionary for transformation.
Stage (most likely)	Evolving, especially unprecedented change.	Original conception, re-conception, inertia.	Reinforcement, inertia.	Special focus on transformation (e.g., turnaround, revitalization), otherwise any to the left, so long as isolatable, preferably ordered into identifiable sequence.

Note: The "Change" row spans two visual lines — "Continual, incremental..." appears in the Learning School column.

Source: Mintzberg, Ahlstrand and Lampel (1998) "Strategy Safari." pp 354-359

This table, which is still very much a summary excerpt from the original, highlights the difficulty of classifying actual practice as being part of one or other strategy school, or even as a combination of schools. There is a sense that Mintzberg et al are sympathetic to this view, particularly when many of the entries in their large table under the configurational school read *Any to the left.*

Some respondents suggested that the process was reactive, and culture was mentioned as a key factor in the Integration 2000 process. Values and beliefs are clearly a major factor in change within Catholic health entities. The resistance to change, which, no doubt, exists in this process is not recalcitrance, but a reflection of centuries of a strong cultural tradition. The process may well be at the reinforcement stage, and so a cultural school approach might not be inappropriate. The pattern of planning, reported by respondents, is also consistent with the dimensions of the learning school. There is a weaker case for placing these planners in the cognitive school. However, the model presented in the interview prompted people on the question of reflection, which could have led to an emphasis on cognition. Whether this is a bias from the interview guide, or a reflection that cognition must play some part in all strategy formation, is debatable. There is no doubt that much of the reported strategy formation fits the configurational school, which is partly a reflection of the *"any to the left"* nature of this school. It does reflect the fact that Catholic health is undergoing transformational change and a revolutionary modification to its governance/trusteeship assumptions. All of these fit into the configurational school. To summarise, the responses indicated that, for setting the context and coping with the transformational change involved, the key planning models are the learning school and the configurational school. Culture is a crucial factor, if not a significant planning school. And strategy of this breadth and scope must need some mental framing, even if the strategy process is not seen predominantly as a mental process.

Morgan's (1986) organisational metaphor of flux and transformational, or even Stacey's (1993) ideas of *extraordinary management* and positive feedback may have already come into play in this scenario. If so, they would support the view that an emergent strategy model is the appropriate way to deal with the shaping of the context of Catholic health and aged care. This has profound implications for the people orchestrating the sector changes.

The application of formal planning to develop the *Grand Plan* was infrequent, and the infrequent use of this model was often orchestrated by consultants. On the other hand, the use of a form of emergent-learning-configurational model was widespread. The model was used to set the context, to discover appropriate strategies and to articulate strategy. In other words, people who would not use the term *Grand Plan* were in fact doing their version of it using an emergent model and a consultative approach not unlike Mason and Mitroff's (1981) criteria for problem-solving, or Burgelman's (1983) model. This was not the result expected by this researcher. The Catholic health and aged care key players are large, and many are potentially sophisticated planners. They might be expected to use more formal planning models, particularly in setting up the "Grand Plan." The perceived reality is that, partly due to the influence of the way congregations go about their planning, and, no doubt, partly due to the uncertainties in this environment, emergent/learning planning models are used to articulate strategy, which is implemented using formal planning. Again, this is consistent with Mintzberg's idea that much of formal strategy is what he calls *strategic programming* (1994:340), and that the role of strategic programming is to convert elaborated strategy into actions. It fits his framework for planning, plans and planners (1994:392). This suggests that the learning approach, or at least an essentially non-prescriptive approach, is robust enough to be the model of choice, at least in a large, complex, value-driven, non-profit environment, if not in a comparable for-profit environment.

Within Catholic Health Australia, the very profound cultural shifts required in the transition from congregational to lay governance must never be underestimated.

Consultants

In this environment, consultants have put forward formal, even rigid, planning models and helped a few organisations to implement major structural change. Given the preference shown for emergent, less prescriptive models in the shaping of policy, it is fair to ask the inevitable question: Are consultants bringing solutions looking for problems to solve, or are their approaches the appropriate way to assist Catholic Health and aged care entities to set their context and shape themselves? These results suggest that consulting interventions should be facilitating an emergent approach to strategic planning in this environment. This might require new and innovative methods of strategy consulting. The process would be very open-ended and flexible, and closure would be elusive. Consultants are engaged to achieve defined results, not to facilitate serendipity and osmosis, so they might not be comfortable in this environment.

Helen Shapiro, herself a consultant, gives some irreverent, but perceptive, observations on this issue. She relates that a senior person from a major consulting firm read an article she had co-authored in which she first used the term *fad surfing*. He drew attention to one mistake in her article. One technique listed did not fit as a technique that can be used as a fad. It was a technique his firm used, and really was the right answer. As she tried to explain to him

> the point was not to identify one technique as a panacea, and the rest as fads, but to push people to confront and buck the trend toward panacea-thinking—and to take responsibility for the hard work of using the available tools (and creating new ones) to craft solutions tailored to a company's unique context and needs (1995:xvii).

Later she warns against a side-effect of some Reengineering and Total Quality Management efforts, where the people who are left

no matter how capable, simply have no time to pursue the pilot's task. …………In consequence, consultants are increasingly being used as structural capacity for many of these tasks (1995:211).

She sees this leading to a downgrading of managers' ability to perform what she calls the *pilot's task.*

O'Shea and Madigan provide a set of guidelines for any organisation contemplating the use of consultants. They can be summarised as

1. why are you doing this?

2. do I need outsiders to help reach this goal?

3. which characters will they send?

4. what will it cost (And how long will it take)?

5. never give up control

6. don't be unhappy for even a day

7. beware of glib talkers with books

8. value your employees

9. measure the process

10. if it's not broke, don't try to fix it (1997:300).

Given that consultants may be locked into a formal approach, is this beneficial, is it counter-productive, or is it self-fulfilling? The answer is likely that it all depends. An organisation with a clear need to establish a national system may engage consultants who will give the obvious advice and facilitate the process of strategic programming. This will be productive. A consultant may take an organisation formally and efficiently down an inappropriate path. This will be counter-productive, or at least unproductive. A consultant may help an organisation to institute changes which may or not be optimal, but which result in some benefits. This may be simply self-fulfilling prophecy. Organisations within Catholic health, operating under the umbrella of Integration 2000, have a great deal of learning ahead of them. Consultants, who can relate to this need and put some order into the potentially disorderly process of emergent planning, could be extremely beneficial to Catholic health and aged care in Australia. However jaundiced a view might be held of

consultants, they are, by and large, competent professionals, outsiders who carry no political baggage, dedicated to achieving a result for their clients. As many managers have said to this researcher over the years, *None of this is rocket science!* The challenge of providing the flexibility needed in today's world of strategy requires courage and empathy rather than intellectual horsepower and glib panaceas.

Concepts

One respondent suggested coupling SWOT analysis with an emergent strategic planning approach. It may be appropriate to consider the analysis of strengths, weaknesses, opportunities and threats in line with the resource-based approaches of Barney (1991) and Penrose (1959). If strengths and opportunities are regarded as inimitable, and weaknesses and threats imitable, the matrix in Table 5.5. would be appropriate.

Table 5.5: SWOT/Resource Matrix

	Good	Bad
Now	**Strengths**	**Weaknesses**
Future	**Opportunities**	**Threats**
	Inimitable	Imitable

Mason and Mitroff define complexity as *The condition of being tightly woven or twined together* (1981:5). This implies that the elements of a SWOT analysis are interwoven with each other. The appropriate model to use to deal with interrelated issues is a learning, or emergent, or generative one.

If the questions are asked: "Under what conditions are these our strengths, our weaknesses, our opportunities, our threats?" SWOT becomes generative and interdependent. The questions of imitability and inimitability are important. Thus generative SWOT, or GENSWOT may deliver emergent strategy formulation. This may be the way SWOT analysis can be used, even in a turbulent and volatile environment. Perhaps this is even delving into the black box of strategy formation.

Using a learning/emergent model, Catholic health may have to face disruptive change. Christensen (2000) discusses the need to be open to disruptive technologies which may simplify procedures and make them more

accessible, for instance, in doctors' clinics, as well as disruptive business models which may focus skills more appropriately and give a greater role, say, to nurse-practitioners in routine diagnosis and medical procedures. As Christensen points out

> *scientific progress moves disorders that used to be dealt with in a problem-solving mode toward a pattern-recognition mode and those that had to be addressed through pattern-recognition toward a rule-based regime* (2000:109).

The question then is whether organisations in Catholic Health Australia will react in line with the metaphor of autopoiesis and resist such change, or whether they will behave more like dissipative structures and embrace disruptive change. It may be that the strong focus on care may be a weakness in a situation of disruptive change, which may be seen, probably without justification, as a threat to the care ethic.

2. EVOLUTION/ROLE

In addition to the investigation of the strategy model used, this research addressed some of the other issues which impinged on converting management insights into strategy. These are discussed below.

Evolution

The perception of the sale of the Sacred Heart Sisters' hospital in Moreland as a pivotal trigger suggests that sector-wide strategic changes as comprehensive as Integration 2000 may need a symbolic sledgehammer jolt to galvanise people into action. There was a very strong perception that the Integration 2000 process had much of its genesis in Moreland. Prior to the Moreland sale, much, but not all, of the behaviour of the key operators could be reasonably described using the metaphor of autopoiesis. The individual orders and facilities were reacting to the pressures, largely with self-preservation in mind. The Moreland sale triggered the sector to become more proactive about integration. Given the magnitude of the changes required, with

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a major restructuring of Catholic Health, partly reacting to, and partly in tandem with, the decline and eventual demise of religious orders, the behaviour now required, and becoming evident, begins to fit the dissipative structures metaphor. Longer-term triggers were the increasingly hostile funding and government environment, as well as the examples of integration in other countries, notably USA.

Hurst's *organisational ecocycle* (1995:103), discussed in Chapter Two, and reproduced as Figure 2.12, has application under this heading.

If Moreland is accepted as a triggering crisis, then Hurst's model has many parallels in Integration 2000. After the *crisis* of Moreland, there was a degree of confusion, followed by an orchestrated assertion of leadership. Perhaps the term *charismatic* is an extreme view of the forces at work. Then again, it might not do justice to the very deft orchestration of the assumption of power by the Leaders and Owners.

The other key component of this study of the evolution of the change strategies was the role of ACHCA/CHA in the Integration 2000 process and in Catholic health as a whole. The role of facilitation and championing of the process is consistent with the ideas of definition and impetus in Burgelman's (1983) model.

Noda and Bower's (1996) analysis of Burgelman's model can find some parallels in the Integration 2000 process. *Definition* and *impetus*, the core, bottom-up processes, have been championed, if not by front-line managers, at least by active operators and Secretariat staff. Strategic initiatives have emerged from this process, even if the process was heavily orchestrated. The Leaders and Owners, again with some coaching by the champions, have established the *structural context* in which this initiative should flourish.

There was a reluctance to visualise the Secretariat and its Executive Director as a supremo of "CHA Inc." This may have been a factor in inhibiting opinion in favour of a centrally controlled monolithic structure. The CHA Inc strategy may prove to be inappropriate. The Executive Director may

not be perceived as an operating CEO. These two concepts need to be seen to be independent of each other. The need for a strong regional base may prevail. In any case, the notion that CHA has a role in the Integration 2000 process itself is not in question.

3. GOVERNANCE/REGIONS/ FUTURE SHAPE

GOVERNANCE

The governance role was entrusted to the Leaders and Owners on the Stewardship Board and, through them, the National Commission. This structural arrangement, as much as reluctance to hand a supremo role to the Secretariat, may be a factor working against a monolithic CHA Inc with a supremo. It may also have some inevitable overtones of committee management. The Governance Working Party of the Stewardship Steering Committee has recommended a model, which it describes as *an innovative quasi-federation structure* (1998: Appendix 6, p.9). The consultant's report "A Strategic Direction Policy Paper," reproduced in the Stewardship Steering Committee Report, avoids a strong endorsement of CHA Inc, or, indeed, of any definitive structural stance, with the words

> *Rather than attempting to establish a generic system of health and aged care providers, organised through an assets management structure, the plan proposes a strategic grouping led nationally in key areas and supported by new frameworks for regional coordination* (1998: Appendix 9, p. 5).

The role of Leaders and Owners reflects a fundamental change in mindset from an order base to a governance base which reflects the necessary role of the key stakeholders in the handover inherent in Integration 2000. More correctly, this is a trusteeship issue. The issue of maintaining the canonical status of Catholic health entities raises questions of public and private juridic persons and the role of the bishops. A plausible scenario for at

least the trusteeship, the guarding of the mission, of Catholic health and aged care, would be to embed it in the Church. This raises two questions. How willing will the bishops be to take this sort of responsibility for a Catholic health and aged care sector which includes so many private hospitals? What will be the reaction of female religious to seeing their contributions in health and aged care in any way handed over to a male-dominated hierarchy?

REGIONS

There was a very strong body of respondent opinion that the regional organisation of Catholic Health Australia had not been dealt with appropriately, at least through 1999. Other respondents, a minority, believed that regions are less important and that a monolithic CHA Inc. would be appropriate. If there is an area in which the Stewardship Board, the National Commission and the Secretariat have been less than surefooted in their strategy guidance, it was this, at least until early 2000. The issue is quite fundamental, in that the people who see no need for regions were all lay CEOs or lay senior executives, suggesting that the tensions of differing agendas may not yet be laid to rest. The idea raised in Chapter Two of *complexity theory* and the *edge of chaos,* (Brown & Eisenhardt 1998) is relevant here. A theoretical insight on the CHA/ regional debate can be derived from these considerations of complexity theory. The initial conditions of the fundamental collaborative value systems of Catholic health and aged care, and the principle of subsidiarity would support an integrated CHA Inc stance. At the same time, the same initial conditions could be used as an argument for a regional structure. This is the *edge of chaos* in practical action. The structural implications of CHA Inc, or quasi-federation, or a franchise model, or none of the above will be complex. Winning the hearts and minds of the disparate mix of entities and regional bodies will challenge the orchestrating skills of the protagonists of Integration 2000.

FUTURE SHAPE

Options

The exploration of support for the various collaboration options revealed

- no enthusiasm for orders to fold together. This reflected the strength of individual charisms in a stance which may become increasingly untenable as order numbers dwindle

- inter-order collaboration in operational ventures is already happening, and is clearly embedded as a future hallmark of Catholic health and aged care

- collaboration with non-profit, non-Catholic, partners is likely to become a feature of the Catholic health and aged care sector. It is likely that the preservation of the Catholic ethos and Catholic values will become increasingly problematic as such collaborations become more widespread. Collaboration with for-profit partners will be very selective, and attracted some expressions of disfavour. It is unlikely that liaisons with for-profit entities in mainstream activities will occur without significant problems of maintaining identity and values

- the operation of public hospitals, which is fairly widespread, could come under ethical pressure from the wider community, and even criticism from within the Catholic community. The vexed issue of providing a limited service as the only hospital in a service area raises a much more subtle ethical environment which several respondents, including religious, identified.

Consolidation

Consolidation was discussed, with a range of pros and cons under the headings of CHA Inc, a federal/regional structure, embedding Church and amalgamating systems. All of these options are seen as viable, and governance arrangements were discussed. The broad range of views suggests

that agreement on the consolidation issue will pose some challenges. This highlights the fact that, for all the progress made to date, Catholic health is still very fragmented.

Finally, the question of CHA's role in the consolidation process again indicates a reluctance to see the Secretariat and its Executive Director taking an operational supremo role. This is despite comments in favour of CHA Inc. itself. This could be due to the inherent unworkability of the CHA Inc. idea. More likely it arises because respondents are confusing personalities with functions. The first question is: "Should CHA be monolithic?" The next question is: "If so, should it be headed by an all-powerful corporate CEO?" The last question, to be answered at the end of an exhaustive recruiting exercise is "If so, who should fill the position?" The important issue is a structural one, not a personality assessment. The important fundamental choice is between a federal or a branch structure, or perhaps even some other arrangement, such as franchising.

4. STRATEGIC ISSUES

The wide range of strategic issues identified can be considered under three broad headings, namely role issues, aged care and regional issues. Catholic health is being pulled many ways, but definition of roles, the place of aged care and the organisation of regional activities are crucial and colour much of this research.

Regional issues, and issues of governance have been dealt with above. All of the key issues identified can, with some degree of licence, be considered role issues. This probably highlights the fundamental feature of Integration 2000, in that it is a vehicle for a radical rethinking of the roles of all the players in the sector.

Financial Stewardship**.**

The role of each component of Catholic health is not simply a business one, but involves stewardship consistent with the values of Catholic health and the wider Church. The Governance Working party of the Stewardship Steering Committee defined responsible stewardship in these words

> *The primary focus of good stewardship is the persons involved in the ministry. The second is the sound management of the organisation's assets, real and financial, for the mission* (1998: Appendix 6).

Arbuckle carefully delineates the roles of trustees, boards of governance and CEOs. His definition of trustees is

> *those people who own or legally represent the owners of the organisation. The trustees of a healthcare facility have the primary responsibility for ensuring that the mission continues* (2000:222).

He distinguishes between two types of governing boards in non-profit organisations, the *philanthropic* and the *task.* He makes the point that traditionally, boards have been primarily philanthropic, whose purpose has been to link the hospital to its surrounding community. He sees task governing boards as composed of members *chosen on the basis of ability to aid the organisation to achieve its primary goals.* He asserts that the transition from a philanthropic to a task board is a process of *refounding.* Among the responsibilities he lists for trustees are to be convinced that a task governing board is needed, and to alert the board as to its prophetic or advocacy roles. He identifies six functions which a CEO must fulfil. They are

> *1. articulate a Christian vision of healthcare*
>
> *2. implement policies consistent with the vision, mission and values of the healing Jesus*
>
> *3. call all within the organisation to be accountable to the founding philosophy*
>
> *4. develop a courageous strategic plan based on the changing needs of people*

5. educate everyone in the radical changes of refounding

6. become adept at linking trustees/boards, managers and physicians (2000:229).

Although financial stewardship is perhaps implicit, Arbuckle does not specify financial stewardship as a responsibility of a CEO. Fortunately, most CEOs recognize this responsibility, and the fact that they are the custodians of the bottom line. Arbuckle is right to emphasise the particular mission-driven responsibilities of CEOs in Catholic health. However, as one CEO pointed out, if the bottom line is not healthy, then the people responsible for the mission will be distracted by matters of financial viability.

Lay Leadership.

The role of lay leaders in a handover of governance, trusteeship and ultimately assets, is very important to the well-being of the sector. The need for lay formation is felt acutely, as was the impression that Educare was not fulfilling its mission (in 1999). The issue is worrying religious respondents, who want to be convinced that successive generations of lay leadership will not dilute the spirit and the mission. The question of canon law and Catholic identity enters this issue. Lay people, operating as trustees for any legitimate part of Catholic health must do so under the jurisdiction of canon law, or they cannot be deemed to be running a Catholic institution.

Declining religious orders.

Arbuckle records two perspectives on the severe, and apparently terminal, decline in recruits to religious orders, and the inevitable aging of members of religious orders. His first assumption is that the Second Vatican Council challenged assumptions that, over the centuries, have seen religious congregations drift away from the prophetic foundation of religious life. He sees religious orders as developing a mythology based on three assumptions

the world is evil and to be avoided; religious are the spiritual elite of the Church; their task is to be uncritically supportive of the ecclesiastical and pastoral status quo (2000:102).

When the Council challenged all of those assumptions and stated that all, including the laity, are called to holiness, as Arbuckle sees it *religious congregations have yet to recover. In fact, most existing congregations can now expect to die.*(2000:102) These views may not meet with unqualified approval by Australian healthcare orders. However, few would question his judgment that religious orders are facing extinction. Arbuckle goes on to highlight three critical realities that *have relevance to all congregations in healthcare.* His comments relate largely to US experience, but they are relevant to Australia

> *1. today, religious in healthcare find themselves part of a medical-industrial complex where technology, bonds, marketing, government intervention and third party reimbursement are as much a driving force as Jesus' beatitudes*
>
> *2. lay people through baptism have the right to be involved in the healing mission of Jesus Christ. If religious do not train and entrust their institutions to them the mission will most likely die with them ......*
>
> *3. in order to involve lay people appropriately in the healthcare ministry there is need to understand the terms 'sponsor' and 'sponsorship.' The expressions connote something more than the ownership of facilities* (2000:104).

These perspectives place a heavy responsibility on the religious *sponsors* who remain. The prize is the maintenance of the mission. The remaining religious have a major role in ensuring that their legacy of care is carried on. As mentioned earlier, setting the strategic and structural contexts for this strategic initiative is a key role of the Owners and Leaders.

Charism/Culture.

The nature of culture, notions of culture change, and the cultural school of strategy have been discussed in Chapter Two above. This highlights some of the difficulties likely to be encountered in the major mindset changes and handover of stewardship in Catholic health. Orders in general, and congregation leaders in particular, must manage out the tribalism still inherent in charism and culture.

Perhaps a positive aspect is that religious respondents are generally aware of the cultural implications of this issue, even if they are diffident about giving ground on it. Some respondents allude to new forms of religious life and commitment, which might not involve the more onerous constraints of today's orders. Nobody suggested that existing orders might change their rules to implement such changes from within the established institutions.

Therefore, the new forms of religious life may need to arise alongside the rapidly declining old forms, rather than providing the old orders with a much-needed shot in the arm. This may be a pessimistic assessment of the responses given, and may reflect observer bias inherent in qualitative research.

Not-for-Profit Status/Private Hospitals.

Not-for-profit entities are going to have to justify their favoured treatment to the Tax Office. There is a strong, and apparently honest, view in Catholic health that *for-profit health care* is an oxymoron, because of the negative connotation of distributing surpluses to beneficial shareholders. At the same time, Catholic private hospitals are grappling with, or rationalising, the apparent anomaly of their operations with Catholic values of an option for the poor and access for the marginalized. This needs to be considered as a role issue. Catholic public hospitals could face a whole set of serious ethical dilemmas. A very limited number of respondents canvassed the idea of coming to some arrangement whereby non-insured patients could be treated in Catholic private hospitals. Arbuckle has suggested five guidelines relevant to this issue, namely:

Guideline 1: Recognise the potential split between 'Mission' and 'Business'

Guideline 2: A significant institutional presence is required to protect mission

Guideline 3: The option for the poor must be respected

Guideline 4: The mission is at the service of patients and employees

Guideline 5: Trustees must discern whether or not existing resources should be directed to more urgent healthcare community needs (2000:232).

Given that the so-called *"big end of town,"* the private hospital complex, is such a significant part of Catholic Health Australia, this is a crucial issue.

Mission/Evangelisation/Catholic Identity.

The role of Catholic health practitioners in demonstrating and living their faith resonates with the evangelical paradigm which guides, or should guide every Catholic. Arbuckle analyses the impact of the Vatican II Council on Catholic healthcare. He believes that *Vatican II catalysed a theological paradigm shift that has influenced Catholic healthcare ministries ever since.* (2000:97). He emphasises the attention given to, inter alia, holistic care, commitment to social justice, the involvement of the laity in *the apostolate of healing,* dialogue with cultures of other health systems and dialogue and collaboration with other Christian traditions or beliefs. He goes on to describe the Vatican II healthcare model, including the fact that Catholic healthcare facilities are no longer Catholic in the pre-Vatican II institutional sense, but rather community hospitals supported by and serving people who are often non-Catholic, with staff and senior executives not necessarily Catholic. He still goes on to assert an evangelical role in this new environment, in these words

There is acceptance of the fact that the Church must minister and evangelise within a pluralistic society; this demands collegial

searching to clarify what Catholic identity means in pluralistic organisations (2000:99).

The Stewardship Steering Committee has addressed the question of Catholic identity through the deliberations of a sub-committee The sub-committee has identified the characteristics on which standards and measures of Catholic identity may be based. The most important are listed as

- *the Mission and Vision is expressed in Gospel terms.*
- *the call to Mission and Ministry is inclusive*
- *human life is sacred*
- *holistic care is provided*
- *collaborative efforts are valued*
- *the Charism and the traditions of the Sponsoring body are celebrated*
- *the values of justice, dignity of the human person, compassion and stewardship are cherished*
- *a preferential option for the poor is maintained* (1998: Appendix 8).

This sub-committee also addressed the very important issue of measuring achievement in what appears to be a very subjective area. The measuring instrument developed by the Australian and New Zealand Mission Integration Association was presented as a suitable measuring tool. This implies that Catholic identity has been treated seriously during the Integration 2000 process. As the institutional Church struggles for relevance, and as shorter hospital stays erode the contact time with patients, the evangelical role and the maintenance of Catholic identity become major strategic challenges. In the wider scene, a holistic model integrating health, aged care and welfare could reinstate the opportunity for Catholic agencies to fulfil their evangelical mission, provide a holistic continuum of care and project Catholic identity strongly.

Aged Care

It is important that aged care is given the profile it needs as potentially the larger component of the Catholic health and aged care sector, and that it is not *captive to the big end of town.* The researcher was accused by one respondent of ignoring aged care. At the time the comment was made, the interviews to date would have supported that view. With all interviews complete, the research has become more balanced, but almost certainly not balanced enough. There are serious implications for Catholic Health Australia. As an example, tax rulings, which favour nurses, will have a positive impact on a significantly higher proportion of health care staffs than of aged care staffs. Aged care lends itself to a federal, or even a separate state, structure, perhaps centred on dioceses. This might cut across the vision of a monolithic CHA Inc.

Interestingly, the Stewardship Steering Committee did not explicitly address the differing needs of acute care or of aged care, although aged care interests were well represented on the Committee. The fee schedule quoted in the Committee report (1998: Appendix 5, p.2) would appear to encourage aged care operators to become involved in Catholic Health Australia. The model of the person centred ethic focuses on care in need, but not on the support of people in independent living units, or even hostels, where the residents are not recipients of care, so much as partners in organising their quality of life. Perhaps the criticism of the *big end of town* is not unreasonable.

5. STRUCTURAL CHANGES: COMPATIBILITY WITH PHILOSOPHY AND VALUES

Distinctive Features

The role of Leaders and Owners in the process itself is perceived as the most distinctive feature of the process. This is a significant shift in mindset. In the face of declining numbers of religious, the orders had virtually withdrawn from active management of facilities. As part of a more definitive handover of governance and trusteeship, Integration 2000 requires congregation leaders to reassert their overall authority to ensure a seamless handover. This is a unique situation. Catholic health had to move much more towards a Church-based strategy, rather than a congregational-specific strategy. That was reflected by Leaders and Owners endorsing a more consolidated, collaborative, governance-driven approach. The Leaders and Owners, through the collaborative structure of the Stewardship Board, are setting the overlaying processes of strategic context and structural context in which the Integration 2000 process can operate and progress.

A general implication which might be drawn from this, is that major strategic change across a sector requires the commitment of the top-level stakeholders, because only they can convincingly set the strategic and structural contexts for the initiative. Mason and Mitroff define stakeholders as *all those claimants inside and outside the firm who have a vested interest in the problem and its solution* (1981:43). This definition was given in a discussion of assumption testing in a company. They made the point that surfacing of assumptions is greatly facilitated by identifying the critical parties at stake in the problem. They make the point that *a business firm may be conceived of as the embodiment of a series of transactions among all of its constituent purposeful entities, that is, its stakeholders.* This valid definition leads to the conclusion that *a strategy may always be thought of as a set of assumptions about the current and future behaviour of an organisation's stakeholders.* These definitions, and comprehensive stakeholder analysis and strategic assumption surfacing embodied in Mason and Mitroff's thinking

aided the management of the case firm to arrive at a strategic decision. The danger of the two definitions above is that they may generate an overload of identified stakeholders, and bog down the process. These authors provide some guidelines on stakeholder generation. Their discussions of the process seem to indicate that they are aware of this problem. In the case of Integration 2000, the important, even if obvious, innovation is the identification of the Leaders and Owners, and not the CEOs or Boards, as the key governing decision makers. Mason and Mitroff present seven methods of generating a list of stakeholders. The selection of the Leaders and Owners could fall under what these authors call the *positional* approach, for those who occupy formal positions in the policy-making structure, or the *social-participation* approach, which identifies individuals or organisations to the extent that they participate in the policy issue. Stakeholder analysis in the field usually sets out to identify the nature of the reciprocal relationships between the organisation and its stakeholders. Mason and Mitroff have focussed on identifying stakeholders. In this case the important issue was to identify who were the important decision-making and policy-shaping stakeholders and to galvanise them to assert their authority.

The other distinctive features identified by respondents were less fundamental to the process than the influence of the Leaders and Owners setting the context. The need to collaborate was expressed in terms of *Survival* and *Why Compete?* The move to national systems might be perceived to work against full integration. However, the Integration 2000 process is breaking down the tribalism hindering inter-order collaboration at the same time as the development of national systems is overcoming the competitiveness between activities within orders. National systems, perhaps paradoxically, seem to be a natural step along the way to full integration.

Meaning

Structure/Process

The structural continuum, or Spectrum of Possible Options, quoted in Chapter Two above (ACHCA 1998) attempts to cater for the diversity of readiness for integration among the Catholic health and aged care providers. Arbuckle discusses merging healthcare facilities in depth. He describes the various types of merger and alliance and discusses some of the reasons why mergers fail. These are all salutary to a large group which is committed to a merger /collaboration path, namely

- *failure to ask the question "Why?"*
- *ignoring cultural factors*
- *inability to lead in chaos*
- *failure to communicate*
- *patriarchal authoritarianism* (2000:271-280).

This last reason refers to the speculation that the drive to build mergers comes from authoritarian, patriarchal values dominant in Western society and reflecting Thatcherism, blinding organisations *to the feminine values of creativity and openness to ways of cooperation other than formal mergers* (2000: 280*).* There is some unease amongst a few female religious at the reality that the Church, to which final trusteeship of Catholic health and aged care may gravitate, is organised as a male-dominated hierarchy. Arbuckle (2000) sees mergers as possible sources of dysfunctional behaviour. The respondents to this study have generally addressed the implications of collaborations and mergers, rather than their rationale. Arbuckle may be taking a passively reactive, anthropologist's view of what are, ultimately, business transactions.

Continuum of Care

The Stewardship Steering Committee Report (ACHCA 1998) identifies the continuum of care as the fundamental commitment to a person centred ethic and integrated approach to health and aged care

The idea of a continuum of care and expression of ministry cuts to the core of Catholic philosophy and values. The continuum of care recognizes the distinction between what Arbuckle refers to as the *paramodern* (2000:50), or *holistic* (2000:57) approach to health care. He asserts that health care is a larger category than medical care. The continuum of care defined by the Stewardship Steering Committee of ACHCA reflects the holistic model, in which health care, aged care and welfare in their widest sense, are combined. This is the healing model as distinct from the medical, or curative, model. It is consistent with the parable of the Good Samaritan, on which much of the concept of the continuum of care is based.

Catholics, like members of other proselytising religious groups, accept an evangelical mission. Participants in the Catholic health care ministry must accept that this ministry is intertwined with their wider evangelical mission. Respondents see Integration 2000 as part of the expression of the healing, and by implication, the evangelical mission of Christ. This is consistent with the statement from the Stewardship Steering Committee on the unique distinguishing characteristics on which standards and measures of Catholic identity may be based, which include

- *the call to Mission and Ministry is inclusive*
- *human life is sacred*
- *the charism and the traditions of the Sponsoring Body are celebrated* (1998: Appendix 8, Page 3).

The responses to this question are consistent with Arbuckle's working definition of healthcare ministry, *founded on the vision, mission and values of Jesus Christ* (2000: 153). The holistic nature of the health ministry is stressed, as is the idea of the twofold ministry, serving society as a whole and the individual.

Cooperation/Umbrella

The idea of Integration 2000 itself forming an umbrella beneath which collaborative initiatives can flourish is consistent with Mintzberg et al's ideas on an *umbrella strategy* (1998:11), where the broad outlines are deliberate, while the details are allowed to emerge. For all the structural formality of the Stewardship Board and the Commission, the reality of Catholic Health Australia is that Integration 2000 provides the umbrella and the decision superstructure for a very disparate group of national systems, regional groups and individual facilities to "do their own thing----almost." There is no lockstep march to a constrained future. But there is also no anarchy in this process. Integration 2000 is arguably a better example of an umbrella strategy at work because many of the various corporations are only loosely connected in a business sense. The umbrella strategy is evolving and emerging. But the various compelling reasons for the fundamental process itself, as well as the glue of Catholicity, are pointing all players in broadly the same, evolving, direction.

Philosophy/Values

The basic philosophy and values of Catholic health and aged care could be treated analytically as subsets of Gospel values. It is worth treating Gospel values and the subsets identified as of equal importance, to articulate a more rounded evaluation. It is interesting that general comments in this discussion highlight the differences between lay and religious attitudes in this area. Lay responses were more dispassionate, and related to specific issues of the Church's position, issues such as the reach of Catholic health. Religious are much more conscious of their charism and culture, and their duty not to abandon any person, reflecting a much more subjective value system. Religious in this sample would relate well to Hurst's comment on value-based behaviour

Managers are cooks, but they are also ingredients, and the last instruction in any renewal recipe or plan must be 'Throw yourself into the mixture' (1995:151).

Gospel Values

A basis of Gospel values encompassed both the ethical implications of Gospel values embodied in the directives of the Church, and the availability of the sacraments, particularly communion, in Catholic health and aged care facilities, as well as the other "subset" values identified below. Arbuckle asserts that

the reaffirmation of God's will for human and social wholeness stands at the very centre of our understanding of health and healing in the New Testament (2000:168).

Dignity of the Person/Image of God/Distributive Justice

The dignity of the person, which included distributive justice, defined by a respondent as justice *whereby we don't treat people equally, rather we treat people fairly,* as well as the dignity of the person emanating from the fact that we are all made in the image and likeness of God, is a key component of the philosophy and values of Catholic health and aged care This implies a value of sanctity of life, not just quality of life.

Option for the Poor and Marginalised.

This value raises some problems, particularly for private hospitals, in defining just who is poor and marginalised. When comprehensive, high quality health care is available as a right to everybody, marginalisation and poverty are difficult to pin down, at least in this arena. This ambiguity is reflected by some responses. Arbuckle (2000), without addressing this particular ambiguity, does make the point that the Biblical idea of poverty encompasses all who are marginalised by whatever oppression excludes them from community and power. This would include people who may not have

access to modern information and support services, perhaps through ignorance rather than inability to pay. At the same time, Arbuckle quotes the example of how a hospital

> *built originally for the poor can develop a culture where the poor feel unwelcome because they cannot pay or the medical staff are unable to speak their language and nothing is done to provide translation services* (2000:176).

The imposing foyers of some not-for-profit private hospitals must be daunting to people who might otherwise not feel marginalised.

Subsidiarity

Subsidiarity, as a part of Catholic philosophy, is seen as a justification for a regionally driven structure. Arbuckle (1993) defines the principle of subsidiarity as it would apply to a congregational team in terms of the principle that decisions should not be made at higher levels if they can be made lower down. This might well be a justification for a federal, rather than a centralised model. An understanding of how the principle of subsidiarity should be interpreted in the Catholic health arena is crucial.

Compassion

Compassion is a value, which again is epitomised by the Good Samaritan story. Arbuckle points to the biblical roots of compassion as a *value founded in kinship obligations, whether natural or contrived.* (2000:158) This implies that we must all care for each other as brothers and sisters.

How Stands Up?

Integration 2000 was generally seen as standing up well against the identified Catholic philosophy and values. The wider question of how well these values are practised in the general Catholic health and aged care context was not canvassed, but one comment suggested that Catholic health care in

general does not stand up so well. Another respondent made the comment that female orders have been seriously abandoned by the wider society and even their own Church, and went on to ask *How can their aspirations and needs be better responded to?*

Compatibility with PATOP

The PATOP (Philosophy, Assumptions, Theory of Organising, Practices) model was discussed in Chapter Two (Whiteley 1997b) and illustrated in Figure 5.1. below

Figure 5.1: The PATOP Model
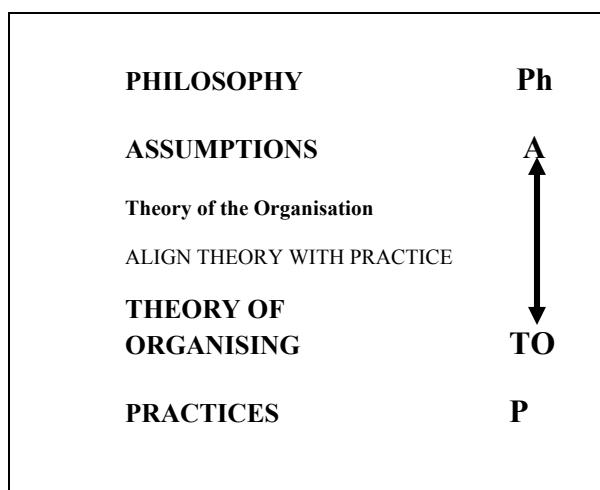
PHILOSOPHY	**Ph**
ASSUMPTIONS	**A**
Theory of the Organisation	
ALIGN THEORY WITH PRACTICE	
THEORY OF ORGANISING	**TO**
PRACTICES	**P**

Based on Figure One: Whiteley, A., Critical Thinking Skills for Decision making, AHRI Conference, (1997b)

The model is employed here to convey the findings in terms of alignment of theory and practice. Three scenarios are examined, pre-Integration 2000, the Integration 2000 aspirations and findings expressed as an assessment of how far Integration 2000 has progressed.

The questions to be addressed are: Does Integration 2000 require a new philosophy and set of assumptions? If Yes, has this happened? If No, what does the evidence suggest in terms of drift from the pre-Integration 2000 and Integration 2000 aspirations

The foundation, the philosophy and assumptions of Catholicity and Catholic health are extremely entrenched because of its history and its

connection to vowed religious and to a strong faith commitment. This belief system reaches back hundreds of years, and has been carried forward by people who commit their lives to it. Remaining true to this belief system often brings Catholic health into conflict with mainstream societal values, and, by implication, some of its funding sources. This, in turn, produces a non-alignment between the belief system and societal/business theories of organising.

The research findings suggest that the foundational value system, the Philosophy and Assumptions of Catholic health and aged care are strong enough to withstand considerable non-alignment in Theory of Organising and Practices. Also, the foundational value system espoused by Integration 2000 is consistent with these traditional and robust foundations. Examination of the three scenarios, pre-Integration 2000, Integration 2000 aspirations and findings will bear this out.

1. Pre- Integration 2000.

Figure 5.2 illustrates the PATOP model applied to the situation perceived in Catholic health and aged care prior to the introduction of Integration 2000

Fig 5.2: Pre Integration 2000**:** Findings (history) applied to PATOP

Pre- Integration 2000

P1

Original value system of
-Compassion
-Collaboration
-Sense of Community
-Survival

A1

Non-Alignment

TO2

-Order-aligned
-Facility-based
-Independent
-Competitive

P2
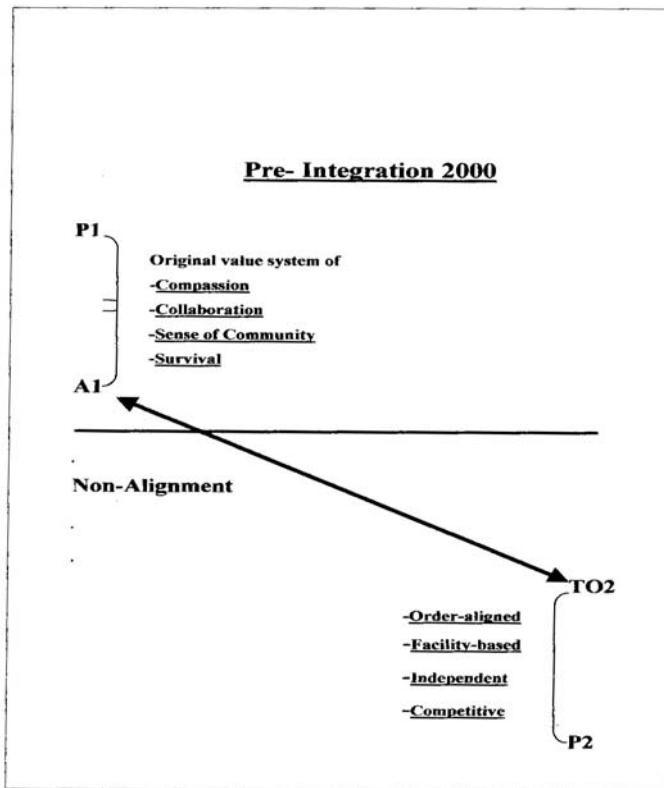
The Philosophy and Assumptions of Catholic health and aged care reflect compassion, collaboration, a sense of community and, inevitably, financial survival. Even in the days when congregational leaders placed the bills under sacred statues and prayed for God's help, all of these values, including financial survival, typified the various components of the Catholic health and aged care sector, particularly the acute health care sector.

Pre- Integration 2000, the Theory of Organising and Practices, notably in health care, and specifically in order-based private acute care, were perceived as not fully consistent with the foundational values. The key features of the Catholic health sector were seen as a strong alignment to the specific order, a commitment to individual facilities, strong independence and a climate of competition between orders and even between facilities in the same order.

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This is not a classical case of drift, so much as the inability of non-aligned Theories of Organising and Practices to force a change in the embedded values, which had survived for as long as five hundred years. No amount of pressure could have brought them away from the values. This was reflected in the Integration 2000 aspirations, which sought to establish a Theory of Organising and Practices which were aligned to the fundamental belief system.

2. Integration 2000 Aspirations.

The aspirations embedded in the Integration 2000 process were straightforward. They were to maintain and reinforce the fundamental Philosophy and Assumptions (Values) of Catholic health and aged care and align Theories of Organising and Practices with them. Integration 2000 sought, not to overturn the basic value system, but to reinforce it with a collaborative structure and a strong sense of mission. Figure 5.3 illustrates this alignment.

Fig 5.3 Integration 2000 Aspirations.

Integration 2000 Aspirations

P1
  Compassion
  Collaboration
  Sense of Community
  Survival
A1

TO1
  Alignment between
  Philosophy and Assumptions
  (Values) and Theory of Organising
  and Practices
P1
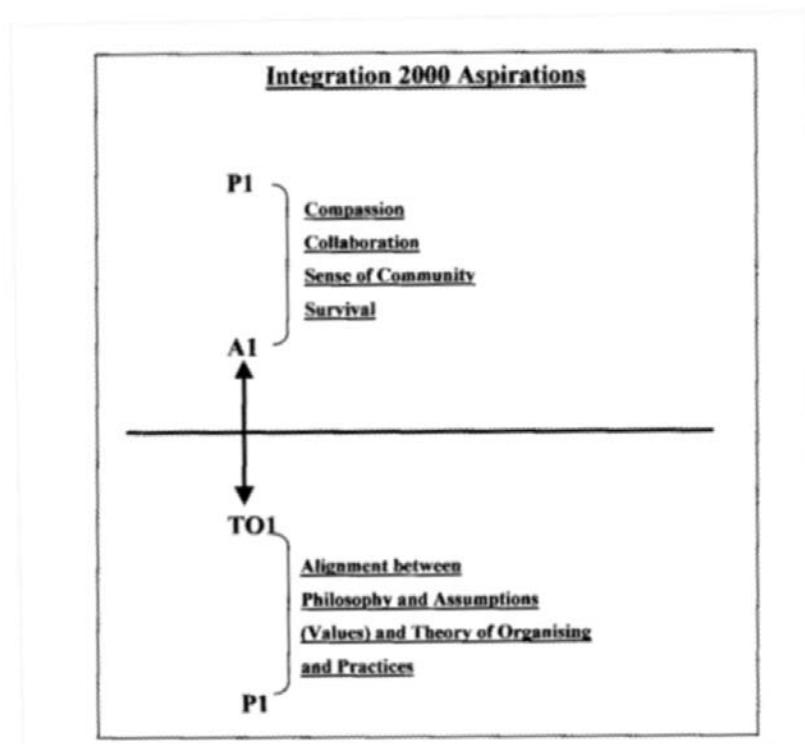
This illustrates the idea that Integration 2000 should epitomise the mission of Catholic health and aged care, which derives much of its inspiration from the parable of the Good Samaritan. The strategies being formulated must be consistent with this mission.

3. Findings.

Responses indicated that there were still some unresolved issues surrounding the gap between pre-Integration 2000 aspirations and Integration 2000 experience. Some issues centred on the interaction of such sweeping strategic change and the ingrained philosophies and assumptions embedded in Catholicity. This raised questions around, among other things, a monolithic versus a regional structure, the exact nature of trusteeship when the orders

hand over this responsibility and the place of aged care in the future of the Catholic sector. Figure 5.4 endeavours to illustrate some of this interaction.

Figure 5.4. Findings

Findings

P1

Original values being generally espoused. Some concerns, such as handover to lay trusteeship.

A1

TO1(Faith Values) ◄──────► TO1(Strategy)

Outstanding issues, such as the choice between a monolithic or a regional structure, the position of aged care and questions of trusteeship, are concerning the key players.

P1(Faith Values) ◄──────► P1(Strategy)
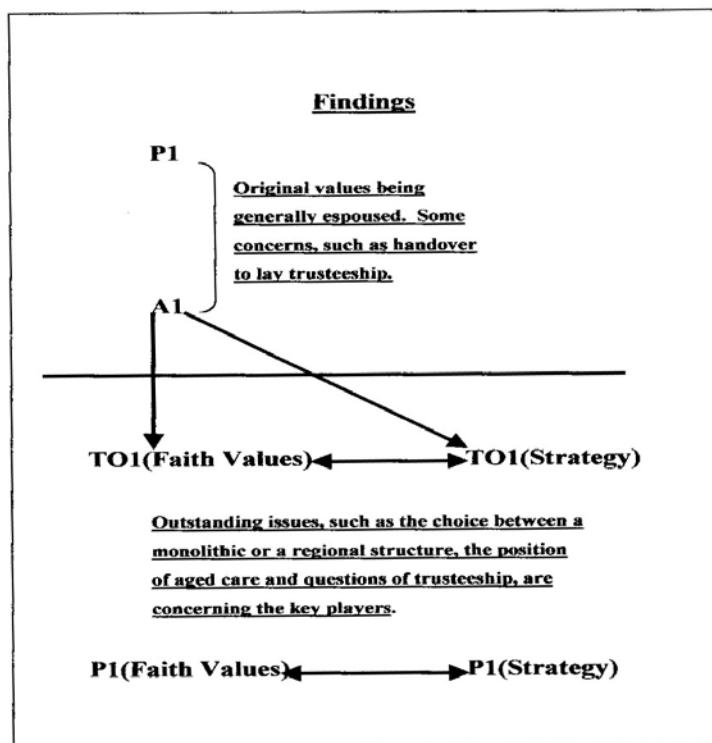
Respondents identified some of the unresolved issues in the Integration 2000 process. In many respects, they did not represent strategic drift, or even non-alignment, so much as a progression towards harmony between the strategy tradition and a faith-based value system. There was a coherence about Catholic health and aged care practices in general, which should avoid what Whiteley (1997b) terms strategic drift, or *decision implementation drift*.

The differences could not be said to represent tension in the adversarial sense of the word. Rather, the strategy tradition and some powerful triggers, such as the Moreland Hospital sale, funding pressures and the strong influence of the for-profit health sector, set Integration 2000 in motion. The strong cultural base of the religious orders, while it may be conservative, is supportive of the espoused values.

Inevitably, in such a disparate group of entities, there were some unresolved issues (as at early 2000). The evidence suggests that, over time, the alignment of the fundamental belief system, and the need for strategic change, can be expected to become closer as the strong foundation on which Integration 2000 is based pervades both the faith-based value system and the approaches of corporate strategy.

Before this happens, the outstanding strategic issues will need to be dealt with (see Chapter Four). Also, there seems to be some ambivalence about the place of private hospitals as properly reflective of the basic philosophy of an option for the poor and marginalised and the issue of distributive justice as it applies to access. There is also a subtle ethical challenge in public hospital operation. Respondents reported that Catholic public hospitals will specify in their contracts the procedures they will not undertake. Other respondents posed such questions as: If the Catholic public hospital is the only health service available, say, to women in a district, is it consistent with the values of compassion and holistic care, to even operate the contract?

Private Catholic health has some opportunities for strategic drift, as economic strategies may cut across moral strategies. Catholic public hospitals emerged in the findings as vulnerable, where they do not align fully with the values of the societal groups in charge of funding. In both cases, the underlying strength of a foundational philosophy and assumptions is grounded in a deep faith. This will make strategic drift less likely, but much more serious, and the misalignments much more pronounced.

An issue related to consistency with the PATOP model may be the perceptions as to how far integration will go. As mentioned earlier, the principle of subsidiarity would seem to favour a regional, federally managed structure. At the same time, the change in mindsets to accommodate integration is developing a collaborative set of assumptions and philosophy, an integrative foundation. Whatever the basis, the key players in Catholic health, with few exceptions, seem to be comfortable with cooperation and

collaboration, and hence might be relaxed about a monolithic corporate structure. CHA Inc. might fit that mindset, in which case strategic decision-making drift might not occur, or be seen to occur, if the CHA Inc. scenario is played out. At the same time, it is contrary to the principle of subsidiarity, and to the long tradition of inter-order and even inter-facility rivalry. The judgment that CHA Inc will or will not work, or that everything needs to be regionally based, needs to be viewed in the new context.

From the context of just how comprehensive the changes must be, Arbuckle has developed a set of nine guidelines for successful healthcare mergers. They may be broadly summarised as

Guideline 1: Evaluate the mission and values of the organisations to be merged

Guideline 2:Recognize the philosophical difference between for-profit and non-profit healthcare organisations

Guideline 3: Identify the symbols and myths which must change

Guideline 4: Evaluate the cultures to be merged

Guideline 5: Recognise that in-depth organisational cultural change is slow

Guideline 6: Symptoms of culture shock will obstruct the merger

Guideline 7: There must be appropriate communication at each stage of the merging process

Guideline 8: Refounding leaders are necessary as myth-revitalisers or myth-makers.

Guideline 9: As groups and individuals experience grief because of cultural changes, there is need for this grief to be expressed ..... (2000:281-301).

These guidelines refer to full mergers, rather than the range of collaborative arrangements already beginning to occur in Catholic health and aged care. Again, Fr. Arbuckle might be seen to be taking an anthropologically oriented view of his topic. Given this, there may be more sense in erring on his side than taking on mergers and other collaborations without carefully preparing the ground. Those people who have achieved successful mergers may not have had all of the pain and trauma that these admonitions and guidelines imply. None of them have said that the process was easy.

Not every respondent accepted Arbuckle's notion that the changes in mindsets will take a long time. Rather, some assert that there is not enough time for a long drawn-out cultural change process. The guidelines highlight the potential difficulties and the progress already made. If the final shape is to be a form of CHA Inc., the cultural changes required will be profound, and Fr. Arbuckle's prognosis will be compelling.

The evidence of the widespread use of an emergent approach suggests that Catholic health and aged care will have the opportunity to *learn* its way into the adoption of Integration 2000 principles. This is notwithstanding that issues such as the regionalisation/monolith debate and trusteeship will form a major part of that learning process.

Chapter 6

Insights/Future Research Agenda

This research has supported the view that prescriptive planning approaches are more appropriate to the implementation of strategy, rather than to the developmental activities that go into strategy formation. This might be validated in similar settings, such as welfare agencies and other personal service entities. The GENSWOT idea, explained in Chapter Five, might be expanded to suggest a part for a positioning analysis to provide background to more emergent strategy as well as to support traditional prescriptive approaches.

Insights were gained into the analytical tools used in the setting of strategy at several levels, related to the stability of the environment and the different levels of planning. Figure 6.1 is a suggested model which could be the subject of further research

Fig. 6.1 A Planning Matrix: Models Used

PLANNING LEVEL / ENVIRONMENT	OPERATIONAL LEVEL PLANNING	CONTEXTUAL LEVEL PLANNING
STABLE	DESIGN / SWOT	LEARNING/ENVIRONMENTAL / SWOT (SUPPLEMENTARY)
TURBULENT	PLANNING (CONSULTATIVE) / POSITIONING STUDIES	EMERGENT/LEARNING/CULTURAL / GENSWOT

The matrix attempts to describe the planning models which might be used to accommodate stable and unstable environments, and the different levels of planning, namely operational level planning and the broader contextual planning which sets the scene for operational "strategy." The various situations can be described as follows

- in a more stable environment, the shaping of broad strategy would follow the learning/environmental approach, but could be

supplemented by SWOT (strengths, weaknesses, opportunities and threats) analysis to scan the environment for emergent issues. Objectives and strategic directions would be articulated and passed to the operational levels for programming and implementation

- operational planning in stable conditions would follow the design school and be highly prescriptive. A stable environment would imply the ability to think through future trends and prognoses. It could be expected to be less consultative, and would use conventional SWOT analysis, which would match assumptions of stability and would fit the design school mindsets

- in a turbulent environment, an emergent-learning-cultural approach would be used to define the context and map strategies to deal with emerging or unexpected issues. This would be an opportunity to use a resource-oriented, 'generative' SWOT analysis (GENSWOT). Objectives and strategic directions would be articulated as far as possible and passed to the operational level

- operational level planning would, in unstable conditions, use a planning model, supplemented by positioning studies and providing feedback to the big picture planners. Operational level planning, using a competitive scan, could be expected to provide the overall planning mechanism with a flow of emergent issues. Under these conditions, planning, even using a prescriptive model, would be expected to include consultation.

Mintzberg et al (1998) postulate a matrix of strategy content research, in which they identify four kinds of positioning school research. This is set out below as Figure 6.2.

Figure 6.2: A Matrix of Strategy Content Research

	Single Factors	Clusters of Factors
Static Conditions	Linking particular strategies to particular conditions (e.g., diversification to industry maturity.)	Delineating clusters of strategies (e.g., strategic groups) and/or clusters of conditions (e.g., generic industries) and their linkages.
Dynamic Conditions	Determining particular strategic responses (e.g., turnarounds, signalling) to external changes (e.g., technological	Tracking sequences of clusters of strategies and/or conditions over time (e.g., industry life cycles.)

threats, competitive attacks)	

While this model is pitched at industry level planning, and the model in Figure 6.1 is more appropriate to intra-organisational strategy, the concepts are at least comparable. The theme of adapting strategic responses to conditions is common to both models.

A line of inquiry which illustrated the validity of the model in Figure 6.1 would provide useful insights into what does happen in strategic planning. It might take the form of an action research intervention in one or more of the entities within Catholic Health Australia. Such a study might need to be longitudinal to accommodate the differing environmental conditions.

Within Catholic health, there are two areas of research which would, in the medium term, provide useful feedback to the ongoing Integration 2000 process.

-*State-of-Play Study.* There is a need to identify all of the integrative actions and collaborations which have already occurred, or which have failed, and to check plans and intentions for future integration which are independent of the Integration 2000 process. This information should pay special attention to what has been done in the aged care and welfare fields. Analysis should include identification of patterns emerging, as well as serious barriers encountered. This should give CHA invaluable information as to the "art of the possible." Such a study should not distract from collaborations which are continuing to occur, such as that between the Mercy North Sydney congregation and the Sisters of Charity in Sydney.

-*Regions vs. Branch Offices* An economic/attitudinal study of the comparative merits of a regional structure versus central control through branch offices should provide strategic direction, and offer a degree of comfort to the key players, if it has not been pre-empted by events. One possible way to do this research might be a joint venture between CHA and the Mercy Sisters to sponsor an action research

exercise centred on the development of a Mercy national system. Such a study would give useful insights into the Faith/Strategy interaction.

Chapter Two charted particular lines of strategy thinking. One centred around formal design and planning, another around a more emergent/learning approach. The third was a strategy approach consistent with organisations which operate, at least some of the time, in a far-from-equilibrium state. Each was considered alongside the findings, and a conclusion was that the formal design and planning approach was more suitable to strategy implementation, while the emergent/learning, process-oriented approach was more appropriate to the main activity around which this study was based, namely strategy formation.

Concerning the far-from-equilibrium literature, although Integration 2000 gave the impression of being so radical as to force Catholic health and aged care out of equilibrium, the foundational beliefs and values provided a systemic anchor which would always draw the organisation back into equilibrium, even a new equilibrium. The differentiating point was that there was no conscious effort to seek disequilibrium conditions.

This research has pointed to some inappropriate use of formal strategy tools in the formation of basic strategic context, which was seen to require an emergent/learning approach. It has uncovered a role for SWOT analysis as a tool in such approaches.

The research concluded that tools and artefacts from the design and planning "schools" could well be adapted to suit the process-oriented, generative assumptions of the emergent/learning school of thought. The concept labelled "GENSWOT" could, it was concluded, be applied to other design and planning tools, such as PEST, Political Economic, Social and Technological analysis ("GENPEST"). The implication is that the "GEN" represents dynamism, inclusivity and constant iteration, in contrast to the static, reductionist implications within traditional SWOT-like tools.

Integration 2000 still has some crucial issues to resolve, such as the role that faith-based strategies play in delimiting strategic transformation. A

conclusion from the findings is that strategy formation and change can only be achieved above and within the basic foundational system of values and philosophies which epitomise Catholic health and aged care. If this is not so, the long-term future of Catholic health and aged care might be in jeopardy.

The final conclusion is that there are many possible lines of new inquiry and many fruitful sources of new insights surfaced by this research. Those mentioned above are a few of the possibilities.

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STRATEGY TRANSFORMATION AND CHANGE:

CHANGING PARADIGMS IN AUSTRALIAN

CATHOLIC HEALTH AND AGED CARE

John Joseph Ryan

AUGUST, 2001

VOLUME TWO

Appendices

TABLE OF CONTENTS

Introduction

The Appendices contain the detailed analysis of the research interviews. Interview transcripts have been examined, and pieces of meaning assigned to tree nodes arranged into concepts, categories and sub-categories, as detailed in Chapter Three. Table 1 overleaf sets out the concepts and categories. Each Appendix will tabulate the relevant sub-categories.

Node Coding reports were prepared for each concept, category and sub-category. These were pasted into the appropriate Appendix. The paragraph references, the interviewer's questions and extraneous headings and remarks were edited out. The interview numbers remained, to provide an audit trail for the researcher. These have been recoded to make anonymity watertight. That is, a respondent who, by definition knows their interview number, could track some of the researcher's itinerary and identify respondents in their area. This will not be possible with recoded numbers

These Appendices are set out in the sequence of the Interview Guide, and form the basis of the analysis in Chapter Four. The extracts in the Appendices have been further edited in Chapter Four to highlight the most important pieces of meaning.

Table 1:Concepts and Categories

No	Concept	Category
1	**Integration 2000 Process**	1.1 Distinctive Features 1.2 Meaning 1.3 Evolution
2	**ACHCA/CHA Role**	2.1 Integration 2000 2.2 Catholic Health 2.3 How Effective? 2.4 What Different?
3	**Philosophy/Values**	3.1 Understanding? 3.2 How Stands Up?
4	**Planning Agenda**	4.1 Agenda 4.2 Impact 4.3 Organisation Features
5	**Strategic Issues**	5.1 Mission 5.2 Handover 5.3 Aged Care 5.4 Financial Stewardship 5.5 Declining Religious 5.6 Lay Leadership 5.7 Charism/Culture 5.8 Private Hospitals-nfp 5.9 Catholicity 5.10 Ownership 5.11 Regions
6	**Planning Models**	6.1 Formal 6.2 Emergent 6.3 Organisation Development
7	**Future Shape**	7.1 Orders Joining 7.2 Orders Collaborating 7.3 Collaboration Nonprofits 7.4 Collaboration For Profits 7.5 Collaboration Government 7.6 Consolidation

APPENDIX ONE

**EXTRACT OF RESPONSES TO CONCEPT I:
INTEGRATION 2000 PROCESS, CATEGORIES 1.1,
DISTINCTIVE FEATURES, 1.2, MEANING AND 1.3,
EVOLUTION.**

Category	Sub-Category
1.1 Distinctive Features	1.1.1 Consultant
	1.1.2 Communication
	1.1.3 Leaders/Owners
	1.1.4 Survival
	1.1.5 Moral Imperative
	1.1.6 Why Compete?
	1.1.7 Talk vs Action
	1.1.8 National Systems

Category	Sub-Category
1.2 Meaning	1.2.1 Structure/Process
	1.2.2 Expression of Ministry
	1.2.3 Handover
	1.2.4 Continuum of Care
	1.2.5 Cooperation

Category	Sub-Category
1.3 Evolution	1.3.1 Environment Pressure
	1.3.2 US Precedent
	1.3.3 Moreland
	1.3.4 Meetings/ Conferences

**CATEGORY 1.1: INTEGRATION 2000 PROCESS,
DISTINCTIVE FEATURES**

The question explored in the interview guide was:

1.1 What were the distinctive features of the Integration 2000 Process, in terms of converting the insights and thoughts of Owners, Leaders and Managers into formulated strategy?

CATEGORY: 1.1 DISTINCTIVE FEATURES-GENERAL

//4: I don't much know. I came in towards the end of it. I went to a few of the large meetings, and I was a bit befuddled, I must say, with what it was all about, but while we're going through such a huge shift to achieve question mark what. I mean, there's an achievement already I think, in terms of public profile, public image, but when it gets down to hospitals on the ground, it's much harder to justify//29: I don't think Integration 2000 for everyone is at the same level. There are some who would not have any real strategic thinking about it whatsoever. It's just something happening out there//45: I'd be taking a bit of a stab really about whether there's anything distinctive about it apart from any other strategic process//9: I think the Integration 2000 may just have been a catalyst for something that was already going to happen, anyway//1: the difficulty for me is what to compare it to//20: To my mind, it wasn't engaged so much in strategy as in more refining the vision//28: Integration 2000 has been happening for a long time//

SUB-CATEGORY:1.1.1: CONSULTANT

//47: I think also, using an outside consultant to assist//4: they've had two or three or four years of consultancy and I don't know what else, working up the new model//27: The success from my point of view was getting outside consultants to do it. They weren't hampered by "God, you can't do this. They won't let you do this, that, so they picked up levels of involvement and non-involvement and got discussion going at all levels in the hierarchy and kept writing interim reports and feeding the information through//17: Well, I was at the conference where it started up//13: --------had done a fair bit of work//20: '95, May '95 at the annual Conference, there was a resolution that consultants would be engaged//22: It might have been ninety-six-where they took the decision to engage the services of a consultant. That study of ------ all the language etc. was very technical//35: But I think there was a little bit of dissatisfaction that the consultants weren't really listening. Now that was probably not that they weren't listening, but that the Owners and Leaders

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were not articulating very clearly what it was they wanted. They may not have been listening//33------and I found him brilliant in terms of explaining things//

SUB-CATEGORY 1.1.2: COMMUNICATION

//43: My experience that those people don't know what's going on, and they don't have an understanding of the fact that there is a new structure,, and what that structure actually means in terms of national communication. We send information to a certain point in an organisation, and assume that it's filtering down//1: was an incremental process, and it was an inclusive process//27: "Do you think they're aware of what they've just agreed to?" the enormity of it was now in place//21: I suspected that we'd put a toe in the water and go with model A. And instead there was a commitment to model C, which was terrific, but in retrospect, I now realise that it was a commitment to total lack of understanding//45: I think there's a lot of consultation that's probably the biggest//5: I mean, it wasn't a fast process. It's been a process of talking and listening as far back as the nineteen eighties//1: Certainly it was exhaustive. It was also quite complex//2: communication was extremely difficult, to get through to all of the facilities//10: I think the patient, persevering, respectful lobbying was the important part of that strategy//12: Well, there was a lot of consultation//14: slow process//16: And then a general inclusiveness instead of sectorial, instead of the CEOs running it, or the Leaders and Owners running it, or whoever, family business of the sisters , have no depth to the understanding " we're doing all this because that's part of Integration 2000 agenda" And they haven't got a bloody clue. It's that continuation of that dialogue that's gently bringing it together//18: should be about Integration 2000 , almost going to have to re-invent a language here//22: It's that quiet, persistent sitting around, being bored out of your brain by argument over the table//26: I thought they put an enormous amount of effort into communication and documentation and regional meetings, of bringing people together//30: But then with the changeover now, the preparation of all the documentation that's been done, has been exemplary, really. And that has been led by very, very dedicated women//48: I think it's

been handled reasonably well, that it's gone slowly//37: So, that says to me that the communication's certainly effective//

SUB-CATEGORY 1.1.3: LEADERS/OWNERS

Secretariat Responses

//43: Leaders and Owners to go ahead//47: Leaders and Owners themselves took ownership of the process. 1997 Conference, the Leaders and Owners then took ownership of the project//41: Well, it probably had three phases. The first phase was that we started with a consensus from the existing membership that there were major challenges facing the future of the services, mandate of action. The second point is that there had been a growing anticipation on behalf, particularly of lay boards and lay managers that the religious congregations needed to send a direction about where they wanted everything to go in general. So that led us to the major shift in the process was to institutionalise in the process an authority for the sector, based on the ownership of the sector, the Leaders and Owners, and so we ran the process through them. We had to move much more towards a Church-based strategy, rather than a congregational-specific strategy. That was reflected by Leaders and Owners endorsing a more consolidated, collaborative, governance-driven approach, governance-driven reform, not a services-driven reform. We've shifted from a legal entity that was just a loose association of services to a legal entity of the Owners. So we've moved much more to a consolidated authority entity//45: now the Board and the Commission have more authority. It's actually written in there now and they've got some authority and it could be listened to//44: getting all the support and all the Leaders and Owners to the process. About eight things that needed to be done. When the Leaders and Owners committed to it, that really gave it some authority that people then viewed it as a future thing that's going to happen and a reality.//

Congregation Responses

//4: split between the ownership by the orders in the form of the Stewardship Board, and the running of it by the Council, appointed by the Stewardship Board, which is probably a division of function that's desirable//15: It's been the Leaders and Owners who've really worked for it//5: I think it probably evolved from the religious congregations themselves//12: Well, I think we do have a direction now, and a shape around the thing. You know, with the National Stewardship Board and the National Commission, was driven by the National Board, rather than by the national office. So, not every Leader and Owner was as switched on, as I think the Steering Committee might have liked us to be//20: big shift was that the Leaders and Owners exercised their responsibility "Look, you know, we do have responsibilities on this. And we have to exercise our stewardship. We do this, we do this very much because that's the responsibility. We're stewards of this. It's come to us you know, down through the years, centuries for many of the providers. And how can we ensure that it's going to keep going through. I think it's vital, on behalf of the Church." Because they're the people who, they used to pay the dues, if you like, the membership and they were actual members, even though the major providers were also members. Now the floor of the Conference really didn't have the authority. The major providers are each represented, and then the stand alones and the aged care and the diocesan ....culture resists change. Doesn't matter what culture. And we're certainly talking about change//22: "We have to start to get a voice." One is that the Leaders and Owners became, if I could use the phrase, a recognisable identity with a name on them. And a perception grew up that the 'suits' were running it, if I may use the phrase, and not the owners (1) to take action, and (2) if they take up a position, that they communicate that to their CEO's and their administrators and whatever and say "That's what you've got to do." Suddenly Catholic health, owned by religious women, was represented around the table where I sat as chair, by men. Now that's a very significant factor. That was the period in which these leaders and Owners were out here, and these guys were around the table making decisions//24: There is the Stewardship Board, which represents, and is composed of, Leaders and Owners. There is the National Commission, which flows from,

and is responsible to, the Stewardship Board. The sense of Church as against the very strong individualistic religious congregation. And the sitting around the table, certainly, it's a case of when you share, you realise just how much you do share, and you realise that somebody has already invented the wheel. So you don't have to go right back to taws//26: The next thing, I suppose, I thought was a very good insight was that they called meetings of Leaders and Owners, and they could bring whatever advisers they wanted to, to combine both groups, so they didn't fragment them. We actually need both. As Leaders and Owners you have a particular role, as executives you have a particular role with different information//42: there was a level of frustration with ACHCA as it was, I mean, there wasn't a strong sort of leadership dimension to it. Congregation leaders weren't involved in health care. One of us was, whoever was the senior sort of health person. And they almost left it to you because you knew about it. But I think that pushed the leaders to become involved in their own facilities or systems, and then they in turn could see the bigger picture. I think it was almost a confidence building for them to take ownership. And I think definitely, -------and ------- have pushed that, that the Leaders must take the ownership. And then we got other volunteers, but I felt it still looked to a religious to lead it. And I think that was right//46: religious sisters or brothers, what really got the leadership in was the Sisters. Leaders and Owners took the reins//6: That no religious Leaders and Owners back off the agreement//35: a commitment among many of the Leaders and Owners anyway, to make the thing work, because they saw it was necessary. Steering Committee really were the ones that got the whole thing on the road.//15: Leaders and Owners said "Yes, you can, but you need to invite them to call them together."//

Diocese Responses

//1: Leaders and Owners, complex on the communication between, say the Leaders and Owners and the people who actually run the institutions//10: we need that Stewardship Board, because without the very close collaboration of the congregational leaders, it wouldn't happen on the local level//

Non-CEO Responses

//27: they pulled all the key stakeholders together, and predominantly that was the Leaders and Owners. Now that level of authority is in place now, in the structure in the name of the Stewardship Board, Leaders and Owners, rather than in chief executives//23: concept of Owners and Leaders making the decision together and becoming a new entity, as distinct from the executives of their facilities working together in some sort of way. Executives will look for their own career advancement. But I think the real difference in Integration 2000 is that Leaders and Owners (let's call them as it were shareholders) then set a value on working together//3: And so, when the Steering Committee was formed, I think the most striking thing was the differences, the variety of the orders coming together in terms of the people being nominated. It was the easiest working group I've ever been in. We felt anointed in some way//2: You had the provincial leaders who were very often in the background, and back with whom they had to check. You had the ACLRI exerting another influence, a legitimate influence//18: owners level//32: we had to get the religious orders or the owners, who are the ultimate decision makers, together to see if they wanted to be party to it//39: Steering Committee and sub-committees. In May '96 was the Leaders and Owners took control of the process//

CEO Responses

//21: I don't see the current format of the National Commission working well. National Governing Board. And on that board ought to be the Chairmen of the four majors, and thence, under that National Governing Board, you should have a National Executive Group//11: [Were you on that Steering Committee?] Yes, and I think for some it could be argued of course, that it might give them a chance to pull back some of the power they'd lost and the control they'd lost//7: Santa Sophia, or somewhere, they had a meeting and people said "Look, the Leaders and Owners, they were still being called, we'll set up a working party, you've done a job, now we'll set up a Steering Committee. They agreed that the Owners would be the people responsible. There's only one senior manager on the National Commission//8: inspired by the ownership, the Leaders and Owners. It's not usually this attempt to get

this huge number of people across the line. I have a feel that it came from past leaderships, now long gone, who could see the consequences of the aging of the communities, the religious communities//16: Leaders and Owners of the American Catholic health system. And their Integration 2000 equivalent is called the New Covenant. "Leaders and Owners." That actually came from ----Perhaps could have caused the Leaders and Owners to get back into the saddle. There are key powerbrokers in the game that wanted it to happen//28: "Well, by chance we all happened to be at this one particular coffee shop together at the same time. And by chance we brought with us our green papers. And by chance, one of us got it out of the bag and realised that it wasn't what she wanted. And by chance, by the end of coffee, we just wanted to let you know we won't be going any further." Now we're saying to them "It's time to give it over." The head says "Yes. Integration 2000." The heart says "How can we create a subterfuge to delay, if not to deny that outcome?" The whole process hasn't yet dropped below the shoulder level//40: the process itself forced a number of people to talk who had no previous forum for talking, and particularly it engaged the Owners in a way that hadn't been engaged before,…… sponsors, which is a better term. Keep the Owners involved, create the Stewardship Board//33: because again being at that National Commission level, it's reinforced more and more as we meet……//

SUB-CATEGORY 1.1.4: SURVIVAL

//11: Now that sort of thinking is doomed because it's more than just a bail out proposition. I don't think it's been challenged properly and I think that will just come in the fullness of time is that there are some activities and organisations who should be allowed to wither on the vine. Now some people mightn't like that, but I think that's the reality. It's not about propping up everyone who's out there, because some people might be where the action isn't. When you think, well, why are we supporting the service. And a case in point is-------------//22: unless you pulled together, you could be picked off//38: it wasn't done because that's the only way we could survive. It was done to further the whole concept of Catholic health, and take it into the

future in an optimistic way. So it wasn't just survival and maintenance. It was development and expansion. Two hospitals wouldn't have survived. We would have ---- would have gone first, because it was the smaller. But ------- would have gone too//40: "We either get together or we perish in the long term." Would Catholic Health Care die when the last sister turned out the light//42: increasingly apparent that, unless we worked more collaboratively as individual systems or individual facilities in many instances, Catholic health would lose its momentum and its impact in this country//

SUB-CATEGORY 1.1.5: MORAL IMPERATIVE

//22: a basic Gospel imperative there. Not a take it or leave it one//40: that's where, I'm absolutely sure, that a moral imperative for us to merge ----- --------I presume someone's caught you up on that. The moral imperative was Integration 2000, without a doubt. CHA is fundamentally a, you know, a moral imperative , creating a moral imperative, a number of things , part of the moral imperative to integrate.//

SUB-CATEGORY 1.1.6: WHY COMPETE?

//11 : why are we, within the same town, fighting against each other?//7: why do we have to compete with other groups? I mean, who said there was a Gospel imperative to compete with these people?//22: "We're not going to be lobbied by fifteen, twenty-five, thirty different people. We just don't have the time or the energy"//32: the first item was to develop a set of an atmosphere of trust, so that the different orders, and they were predominantly religious orders //34: The second factor was the recognition that by combining together they could continue to manifest a Catholic health presence visibly, viably and stronger//40: You know, really probably the first example of a true collaborative venture between the congregations. And I think there was a deliberate choice by the Owners , the sponsors, to try and make it, to create new organisational forms that would ensure its continuity into the future as a strong force, just that it was a simple message: don't compete. And that got formulated into some very important strategy. At least

you can get rid of competition and that was the most obvious example. Catholic health care is now a lot stronger than it was then. There are some really good people now. Cousins, not competitors//46: it has been one way to make people talk to each other, first of all, share with each other, what we are doing first of all, and help us to see that there are ways and means to do things better, also ensuring that these other Catholic hospitals or functions are there for us to work together because the chains hospitals of business people become bigger and bigger, because they see the benefit//37: why are we competing against each other?//35: there is support, at all sorts of levels, much more networking//9: What on earth are we talking about competing for?//

SUB-CATEGORY 1.1.7: TALK vs ACTION

//25: We had the hope and the dream, we were in a typical Australian way. We didn't really start much action and much moving until we were almost forced to//8: It's not usually this attempt to get this huge number of people across the line and that's part of the problem in that it ends up being so vanilla that it becomes inoffensive, and there are too many opportunities for people to not be part of it//10: To me, it means that a commitment which I found here in this archdiocese shared across religious congregations and the diocese and groups like the ------- , ----------, the -------, have been a little bit more hesitant about committing themselves//18: often that is misinterpreted to a co-operative approach that often results in the lowest common denominator, all in the name of consensus. Some courage still, some brave steps forward but not to hesitate because not everyone's going to come. I mean, they just aren't, anyway. It probably doesn't matter how long you wait. It's probably 80:20 rule. Getting that further sign-on with the substance as opposed to the glossy theory will be much more problematic//28: initially, it was fairly poorly delivered and the strategy was not sound in that the leadership which was a fairly small group, centred around the executive management blueprint, which was very sound as far as strategy goes, as far as outcomes go, etc. The difficulty was, it wasn't achievable, in the context of reality //34: And I think

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they all sat back and wallowed in the feeling of goodness that came out of all this. Oh yes, but I mean, it was easy to say the words. and that's all they did. Frantically and flew all over the bloody country and------- in each others pockets and saying everything was great. And of course they didn't make any decisions//46: And there was probably a lot of goodwill in the early days without too much action-sort of everyone thinking it's a good idea, nothing ever happening, apart from, the talk was there to say "Should I do it?"//46: everybody's here with very much interest, and then, when you go home, you do your own thing, of course//

SUB-CATEGORY 1.1.8: NATIONAL SYSTEMS

//5: I think the other strategy that probably has added to the momentum, is the strategy taken independently, but not quite independently of this, by the individual religious congregation such as the LCM's, the Mercies, the Charities and the John of Gods, to integrate their own systems. And I - there's been some to-ing and fro-ing about whether that was inconsistent with the whole idea of Catholic Health Australia. I think not. I guess my vision would be that, until the systems are in place, and the system boards can - or the system leaders - the leaders of the system, are talking together that will form actually, the umbrella //34: The third one, I think, was the recognition that the scene in health was changing enough to warrant the formation of big battalions//44: so how do you contribute that block of services to a larger integration if you don't integrate them first//39: so there was a lot of activity going on within the --------. I mean, the ------------- had already created a corporate entity. Is what I'd call the development of a set of systems//31: various systems got set up, and that in some ways militated against the national group being set up, too but there wasn't a national entity; we'd do one, and then eventually merge into Catholic Health//

CATEGORY 1 2: INTEGRATION 2000 PROCESS, MEANING

The question explored in the Interview Guide was:

1.2 What does Integration 2000 mean to you?

CATEGORY 1 2: MEANING-GENERAL

//4: nothing too much//45: Really the whole Integration thing is about change to me. It's the way that the ministry has to move//9: Very little, until the last three months. I think it needs to get some positive results//8: natural extension of what the--------- group have//20: a new dawning of understanding of their responsibility//22: cluster of shared values//24: In a trivial way, it's going to mean a lot of hard work//40: I think it's just a moral imperative at the moment//15: I've often wondered around what integration really means//

SUB-CATEGORY 1 2 1: STRUCTURE /PROCESS

//47: structured process of facilitating and assisting. Structured way to better organise Catholic health and aged care ministry. Accent was to establish a structure for it to happen. I think it's impinged on the mindset in two ways. I think firstly people didn't really understand initially as to whether it was possible to have a process or structure, a process that could lead to a structure that would achieve the goal//41: simply a process a mutual process conducted by, if you like, a disinterested entity, called the Association………. leave their clubs at the door, and talk about the future//23: a new structure//16: about that continuum of where we are heading//18: it's essentially a direction at the moment. We've got to put some more meat on the bones to truly deliver it//22: The continuum, that we've got a goal, that we've got a shared goal. There are lots of things we share//28: there are personalities. There are egos, and there are little 'p' political agendas. And they sometimes get in the way//

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SUB-CATEGORY 1.2.2: EXPRESS MINISTRY

//41completely consistent with what you'll find in any mission statement of a religious institute that carries out the health care ministry//29: the Integration 2000 will demand that we develop more a Catholic ethos than a specific order-based one//27: part of Christ's healing ministry//25: what would Jesus do in this situation? How would he handle the alcoholics, how would he handle the lepers, how would he handle the prostitutes and the gays?//23: mirrors Christ's ministry//21: continuation of the healing ministry of Christ//19: I think I see it as being a way of supporting the ethos that we try to work under//45: It's about strengthening and promoting the organised expression of the ministry, really, and that's our core business.//10: Well, it is a conscious commitment to the coming of the kingdom of God that the vision of God at work in the world and His human being in the skill of the people who serve//20: It's getting to an organised expression of Catholic health care as a ministry within a mission within the Church//24: being part of the Church in the ministry of health//38: I see Catholic health and service in the aged care, as an extension of Christ's healing mission//42: healing mission of Jesus//31: promoting the healing ministry of Christ//15: a matter of using your charism and the strengths of that charism to take something new into the future and talk about the mission of Jesus. And I don't know that I'd look at it in terms of what somebody has a right to, so much as what we have a call to give, and, yes, one is looking at it as one who receives it. The other is looking at it in terms of what we have to give//

SUB-CATEGORY 1.2.3: HANDOVER

//25: and we're one of them, had spoken, fifteen years back about handing over and letting go//11: I think, in many ways, one of the things it does mean is giving up to gain more, feel obliged to maintain it in perpetuity, because, if we respond to needs, and it may well be that hospital. And I don't know the details, but, in broad terms that that hospital might have served its need from a Catholic point of view//5: it will mean loss of autonomy, loss of

independence, loss of individual charism. It will mean being change-agents, and that's never easy. So it's two-tiered//18: where they, not unreasonably, as they're handing over this work, would like to hear from us how we're going to look after it, but it's difficult for us to do that//44: And involved a vehicle for the congregations to move out of the mission that they've provided, into another entity they know will provide health care with the same mission and values//39: Yes. So that's why that is important. It is multi-congregational, and it has laity involved, so it has an ability to continue. It's not dependent on the religious being around forever. And that's something that people have to realise that if you're going to create something , it has to be able to be long term//33: I would see that they would be handing over their facilities in whatever way. By handing over, I don't mean lock, stock and barrel, but through a process//

SUB-CATEGORY 1.2.4: CONTINUUM OF CARE

//27: We focus on the healing model, which is the restoration of holism. It's not just the priest, it's the presence//21: there's a whole continuum of care//17: health care has to be developed as a seamless model and we've got to get the continuum of care, which means we've got to ensure that community care and hospital care are more effectively working together//13: I think the rivalry there was counter productive to being able to provide a continuum of care//18: need to understand their business in a clinical sense, ….…mixture of the healing art and the exact science//22: primarily I think, John, the recognition that aged care was going to be in for an absolute bashing with the new regulations that came in ninety-seven. All of us recognise that aged care is a most significant part of the Catholic offering//26: if you are committed to health, you are committed to the whole of a person and their life. Therefore health is a question of housing, it's a question of GST, it's a question of tax relief, it's a question of support for health promotion, all of those sorts of things//34: And therefore they've got to start marrying health and aged care and welfare together. The model, on a microcosmic basis …is exactly what -------- is setting out to do//46: So our

aim is to care for the people//31: continuum of care, bit by bit by bit, but not letting go of that long term vision of it being a continuum of care//

SUB-CATEGORY 1.2.5: COOPERATION

//47: And they use the term Integration 2000 as being like an umbrella//4: putting into one basket all those involved in that//27: we know at times that the economics of scale are such that, if we come together, we'll survive//21: suddenly you are a force and you can survive and you can eventually get economies of scale, you can lobby governments and you can get your voice heard; and I think ACHCA was a good umbrella for having all of those bodies because some are tiny//13: I would see it as encouraging the owners to work together in a cooperative manner, umbrella organisation rather than//11: I think it will require us to also be far more open and collaborative with others than we might have had in the past. Fundamentally change our approach to what we're doing//9: I was very surprised at the fragmentation, the lack of cooperation, just the lack of communication. In Victoria, I believe that's improved, you know, just tenfold//5: it means the possibility of the continuation of the Catholic, of Catholic health care into the next millennium//3: consolidation of the ----- hospitals is almost a foregone conclusion. There's an expectation now, whereas before it was based on the goodwill of individuals. People just call us and come down. While there was some interaction before, now it's, I guess it's like you're in a different place, you want to go to church or somewhere, or you're part of Rotary or whatever it is. You feel comfortable being able to do it, to turn up and//2: To me it means the survival of the Catholic influence in health care and aged care, commercially and morally//12: I always had this little bit of a suspicion and maybe it was an unfounded one, that perhaps the real agenda was getting us all together as one Catholic system, so to speak//20: Well, integration has been misinterpreted. I mean, there's a whole spectrum of collaboration and partnership. A lot of people think automatically of the most radical merging, you know. And it does not necessarily mean that//26: the best chance for Catholic health and aged care to survive; ecumenical movement of the

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Catholic Church//30: one voice on a national basis, embrace the business of Integration 2000//40: Integration 2000 means the co-operation of different health and aged care facilities in the Catholic umbrella, to further the purpose of the Gospel; impact that the Catholic Church, in the wider umbrella//34: Health .....private health in this country is in big trouble. Independent, little, stand-alone organisations are in real big trouble//38: I think it means the survival and the development and the expansion of Catholic health care in the country//44: At the moment, it probably means something in the future, some future more formal ownership and governance of the sector. We're not there yet//46: to work together more for the benefits of the patients and for the financial benefit too, is there anything, you know, we can integrate with somebody else//39: very significant step along the way to the rationalisation of Catholic health care in this country. I think it is inevitable that sometime down in the future there will be one governance structure in Australia for Catholic health care//37: for about the first time in the Church's history, people decided to work together, we need to be working together, with other religious groups, we need to be sharing our resources//33: hopefully, Catholic entities will come together in whatever way, whether it be in real partnerships with some of the orders it would be the orders that are struggling now//31: and also the concern for the stand-alone private hospitals and the stand-alone aged care facilities who were not going to survive, all Catholic health and aged care being integrated into one group//

CATEGORY1 3: INTEGRATION 2000 PROCESS, EVOLUTION

The question explored in the Interview Guide was:

1.3 In your view, how did Integration 2000 evolve?

The question was qualified and elaborated by supplementary queries about who and what triggered Integration 2000.

CATEGORY 1.3: EVOLUTION-GENERAL

//41: Oh, It was kicked off by the ACHCA Council//4:I don't know//25: I think, even the health care environment in the country, the whole financial situation, the realisation congregations//19: Well, it certainly evolved in the East//16: So an opportunity for leadership would be another one//24: I can't really answer that//39: very much in the early nineties//

SUB-CATEGORY 1.3.1: ENVIRONMENT PRESSURE

//43: current market forces have determined that there had to be a very strong voice//47: substantive changes in the way health funding occurs in Australia, with the way the market was driving the nature of complex, expensive, acute episodic care//25: realisation that we need to have a Catholic voice in this country in health care/17: financial pressures everybody's saying, bigger is better. I think they're trying to eliminate the smaller operations//9: my understanding is there's seventy-two different owners of health care facilities I think the economic realities will drive the decision. Unfortunately for some, that adopt too late, it will be a very bad decision//5: I think some of the impetus has also come from outside the system and what has pushed the private hospitals into working together and to looking at a coordinated system has been the pressure from the for-profit group//3: in terms of financial viability//2: It was driven by business necessity, a need to take a more business-like view than the orders of sisters had been able to take over a period, economic rationalism as a government policy whether they called it that//10: a peak body that was more understanding of the need to

protect, in every way possible, the Catholic ministry to health and aged care , because the pressures were beyond institutions and congregations. So that they would be a body of mutual support//14: increasing concern at the threat to Catholic ethics//16: hospitals, the growing of the for-profit chains. There was an opportunity for some leadership. The Association was formed in 1974-5 after the establishment of Medibank, and it was a direct response to ……….. the Catholic system had been taken by surprise//22: landscape was changing rapidly, and by that I mean, the whole health landscape nationally, not Catholic health only//24: if we did not unite to form and to present a total one Catholic health sector, then we might as well leave the health sector//26: lot of what they call the stand-alone providers were feeling vulnerable. I think there was concern for Catholic hospital survival//34: I don't know who called the first get together, and said "Listen girls, what are we going to do about this?" But I presumed something like that happened//42: we were very vulnerable//46: mainly at the small-end hospital we're going to go down the drain, we're going to close seeing all these for-profit chains up//48: pressure of the market place, pressures of the business, difficult environment. The new Victorian government, the Labour government, is doing the not-for-profit hospitals a favour//39: The Kennett government down there was very active in restructuring health services and bringing about some pretty fundamental reform and I think, once again, the Catholic sector felt quite vulnerable to those reforms. To try to get a very concerted Catholic approach//37: total chaos. Well, I don't agree that the problem is survival. We've got a five hundred-year history in the Church//31: there'd been a lot of concern about competition. It was between orders and between Catholic hospitals//

SUB-CATEGORY 1.3.2: US PRECEDENT

//41: Then when we also had the opportunity to see that the Americans were running a process called New Covenant, which was trying to look at broad strategic reflection. The time was ripe for us to run something similar, albeit differently//17: the Daughters of Charity were the biggest Catholic

health care provider in the whole of the United States. Now, when I was there in '95, They'd just finished a three year process of regionalisation, because they saw that nationally they needed regions. And what I like about Catholic health care integrations is their recognition of the importance of the regions//45: US, Covenant 95 or something//3: what was happening elsewhere in the world, and that, if we were going to be successful in the future, we would have to adopt similar strategies//8: experiences of the United States squarely in front of them//16: And in America, where their reforms and changes were up to, there was a meeting called in Chicago of the Leaders and Owners of the America Catholic health system. And their Integration 2000 equivalent is called the New Covenant. And it was probably a first quarter, or second quarter meeting of the New Covenant programme. It was called in Chicago, and they actually work-shopped it. And the whole kind of concept of the method of how to do it, and the concept of involving people, and the use of the term in Australia, the "Leaders and Owners." That's where it came from. And it was used in the 1996 National Conference of the Association here in Australia//39: U.S. experiences//33: And he was over in America, I believe, when this started over in America, and fuelled very, very strongly from a Catholic perspective, that this should be retained, this whole health area//

SUB-CATEGORY 1.3.3: MORELAND

//47: that hospital in Melbourne, which was sold to a private, for-profit the Catholic health system, the last thing we really want to see is a diminution of a Catholic presence in Catholic health care//27: Certainly a trigger that shook the sector to its bootstraps was when the Sacred Heart Hospital in Morelands in Melbourne was sold to HCOA. They wrapped it up in a commercial-in-confidence, and told them they couldn't tell anybody//23: Yes. In Melbourne, a group sold up and went somewhere else. They sold to Mayne Nickless. The origins of Catholic Health might actually be at Moreland Road in Melbourne/Sacred Heart Hospital in Melbourne//17: Melbourne was full of Catholic hospitals and the ------- had handed over one of their hospitals to ------- but Moreland, when they sold to HCOA, it was; and they were going to

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use the money for their works elsewhere and they were a very small group. I think they had every right to sell. None of us knew about it. I think they wanted to get out//13: I think people don't know all the facts was the sale of Sacred Heart Hospital Moreland, they had to protect their assets//11: It was a wake-up call to the rest of Australia, the sale of a Catholic hospital in Moreland, and our thinking was such that we were critical of the sisters that owned the hospital//7: That was a pivotal historical moment. They needed the money, and they had a right to the money//1: where a for-profit operation had actually acquired a not-for profit facility//12: probably goes back to the sale of the Sacred Heart Hospice in Moreland/16: And --------------actually did some work to try and address that. And --- actually called a meeting workshop//18: I mean that helped those few who needed to be hit over the head with a sledgehammer//20: [the Sacred Heart Sisters who sold that hospital in Moreland were out of order?] No, there's a proper process, see, we can't hand over, we can't alienate the mission. That's a constraint of canon law//22: change of attitude of particular bishops and a general shift in general in attitude. And it's in that context, I think, that they nearly flipped after what happened in Melbourne. So. Sacred Heart was put up for sale. I think it was the sudden flare that lit up the scenery, and sort of said "Well, listen. Where are we in all this?" That was a Catholic hospital, that suddenly goes out of the family. And we were diminished by that//26: lot of what they call the stand-alone providers were feeling vulnerable//32: a Catholic hospital run by a group of nuns in Coburg. And that was sold to Mayne Nickless, and the bishop didn't even know about it//38: I think that, more than anything else, galvanised Catholic health in this country. When we bought ----------- we thought "Well, this is putting back into the system another Catholic hospital, when that was lost."//40: It was in the context of Sacred Heart being transferred across to HCOA and, I think --------- was commissioned to figure out how we could avoid that happening, you know, so you could provide management support to struggling Catholic organisations, and also an option for transfer of ownership in a situation like Sacred Heart. I just saw it as being triggered by the Sacred Heart Hospital event, one and two, a National Catholic Health Care Conference where ------ got up and said "Well, are you serious or not, about being a Catholic sector?"//42: Oh, that was the turning

point. That was a trigger. That was definitely a trigger, and, at that stage, of course, the for-profits were riding high. Different story today//46: Moreland; but, I mean, the sisters did the best they could. A hospital in ----- was put up for sale and there was nobody who was able to buy it…//33: think it's ------- at the moment, who have worked with the ----------//31: it was in the early nineties. Anyway, I think that Sacred Heart hospital in Moreland was sold to a for-profit group here. Approached a number of congregational leaders//

SUB-CATEGORY1 3 4: MEETINGS/ CONFERENCES

//43: it wasn't until those couple of first meetings were held in.'95 and early '96, April '96, I think, there was a big meeting as well here in Canberra//47: 1996 National Conference//41: when I returned, I suggested to the Council that we scrap our agenda for a National Conference and make it a two-and-a-half day strategic planning workshop//27: Now, we had Conferences and the theme of the Conference was promoting that//13: But I think it came out of one of the conferences//20: And the Leaders and Owners then appreciated much of that report. They accepted much of that report, but they reserved the right to explore further potential structures. And then the Stewardship Steering Committee was established at that May National Conference. There was quite a bit of pressure from the executive level, and there were varying levels of movement towards integration. They went for the most radical. None was more surprised than the Stewardship Steering Committee. I think it garners the wisdom of all those who are facing all the issues of why we're doing this at all. You get the wisdom of the larger group and that will tell them pretty well where to go//44: that Conference , annual Conference we had, about four years ago, that was a big turning point//39: happened in May '96 was the Leaders and Owners took control of the process at that May '96 Conference. They decided to take what had been done and use it as a foundation Steering Committee, basically option C, which, if you read the papers you'll see the setting up of the Stewardship Board, the setting up of the Commission//15: After we'd met three or four times, they formed a Steering Committee ……….. that would be a Conference that was called Integration 2000//

APPENDIX TWO

EXTRACT OF RESPONSES TO CONCEPT 2: ACHCA ROLE, CATEGORIES 2.1, INTEGRATION 2000, 2.2, CATHOLIC HEALTH, 2.3, HOW EFFECTIVE, 2.4, WHAT DIFFERENT?

CATEGORY	SUB-CATEGORY
2.1 Integration 2000	2.1.1 Guide/Facilitate
	2.1.2 Champions

CATEGORY	SUB-CATEGORY
2.2 Catholic Health	2.2.1 National Voice
	2.2.2 Facilitate/ Drive
	2.2.3 Advocacy/Policy
	2.2.4 Peak Body/ Forum

CATEGORY	SUB-CATEGORY
2.3 How Effective?	2.3.1 Effective
	2.3.2 Less Effective

CATEGORY	SUB-CATEGORY
2.4 What Different	2.4.1 Regional Issues
	2.4.2 Consultants
	2.4.3 Boards

CATEGORY 2 1: ACHCA/CHA ROLE/ INTEGRATION 2000

The question explored in the Interview Guide was:

2.1 What has CHA's role been in the thinking behind the Integration 2000 process?

CATEGORY 2.1: INTEGRATION 2000-GENERAL

Lay Responses

//41: With the creation of Catholic Health Australia, Integration 2000 has become the core business//45: been fairly integral//3: I think, on one hand, being active promoters, really getting around and telling people this is important, supporting people, talking to people about it, encouraging them//18: before CHA, I'd think you'd say very little danger of seeing much of the work done off the table, we're all terribly time-poor. So, for example, I need to be backfilled here. I need to spend time to actually build a working relationship with people. We do pray at the beginning, but we ask a lot of God really. What's the old expression "You should work as though everything in life's dependent on you, and pray as though everything depended on what God wants"//28: to be fair, without them we wouldn't have one//30: because we're a bit out of it over here, I can't really give you anything, other than that//

Religious Responses

//29: Well, not very well//17: Very strong //1: I don't know. It was an association matter//10: We're waiting to hear that//20: role given it by the Leaders and Owners That supports the role of the Commission and the Board//22: Been huge. Been the primary role//24: I don't know that I could//31: shouldn't underestimate the role that ------- played//

SUB-CATEGORY 2.1.1: GUIDE/FACILITATE.

Lay Responses

//43: to support, to try and help the sector to identify the issues, or to put a voice to those issues, very much a facilitator, but directed to a certain extent//47: a guiding vehicle to achieve the end goal//27: We've promoted it, probably nurtured it, very actively//21: I believe that they've facilitated it//11:Very much the broker//9: You know, from day one it was pretty clear that they should have a very prominent role//8: Well, they've been the only, well one of the few forums which brings together executives and Owners and

Leaders//16: honest broker; and the big four or five owners of the Australian health and aged care system were signed in to the Association //18: I think it's seriously up to the National Commission, actually to lead it//32: facilitate and to initiate interested parties, predominantly the Leaders and Owners/34: /I think it's a sort of a de facto focal point at present//48: they've been the unifying force behind it//39: I think it's had a major role as assisting in pushing the process and managing the process//33: I would suggest, vital. I think it's been the lead player//

Religious Responses

//4: they've been the facilitative organism, the administrative organism that's moved the process along, and they're charged with being the political and social voice of the group, and that's what I think they'll do//25: Oh, it's been the engine. It's been the driving force//5: Oh, they've been the drivers of it, actually//12: this was driven by the National Board, rather than by the national office//26: And I believe they facilitated the conversations. They also funded it. The National Conference every year has helped that sort of vision//42: I think they've certainly taken a much stronger leadership and through --------//46: became the leaders, if you want to call it, or they put a mechanism in place//37: Oh, they've been the key driving force//35: probably not the driving force, but certainly the supporting structure behind the whole thing//15: they were a catalyst. I think they had a coordinating role, and I think they had a mirror role//

SUB-CATEGORY 2.1.2: CHAMPIONS

Lay Responses

//47:I think it has been fulfilled very effectively, and it's been effective leadership that ---- has shown in this//27: One of ----- outstanding skills is as a ---------------- a commitment and a solid background of the Catholic healthcare system. ------ --------//23: I think led fairly much by ----, I'd say. I think ---- in a sense masterminded it. Then you've got two individuals------------ - is seen as a very articulate voice//21: ------ was certainly heavily involved in, full-time I think helping with various working parties and getting the paper,

and so was -------Oh, I guess that -------- has been a driver, a significant driver, but there have been other people that have seen that that's the way to go. ----------//11: -------- was certainly a significant player in it. I don't think -- was the only player, ------- and ------, -------. Yes. So, you know but the key players were always there//45: ------- among them, obviously few people who are pushing ahead and are like the Leaders and pushing ahead and seeing that this thing needed to be done; ---------; yes, --------//9: ----- attends the meetings//16: ------. And -- -- understands the fairly complex economic problems going on//18: a few really important people, the, ----------the --------- -, -------//28:-------- I think, had a tremendous impact//30: ------- and that, but --- pretty powerful. I've always found ---, in --- responses to things that have been issues, responding and things, -- always seems to be very eloquent//34: recognise ----- as being some sort of body who's there//like -------, -----I don't know who it was at that stage ---------, --------, probably going back even further, ---------- supporting it//39: And I think it was probably left to a few individuals, like -------- and -----------, and people like that, -------, to actually see that they needed to take hold of it//33: I've always worked very closely with --------, because --- used to be ---------. My understanding is, ----------; I think ------- has been the prime mover behind it all//

Religious Responses

//25: And the people who've been on, particularly on those transition committees and ACHCA Council//19: I myself found them very helpful to us, particularly once ---------came on board//17: and the Owners and Leaders Steering Committee was quite an effective way. I mean, -----------, we weren't moving quickly enough for ------. Nevertheless ------- planted the seeds//13: ------- has probably been the one who has been very much the --------. ---------- , I think, has a number of advantages. I think the very best------//5: I think they've been good//1: Certainly they're impressed by --------//10: I think we had leaders with that development vision like -------- and they had a -------- //20: ------------ role is in a transition phase. I think the major providers; smaller providers and they haven't got together the clout. Backbone of it is the major providers//22: --------------------And the major difference between that and the next stage was the emergence of these Leaders and Owners.

That's what I couldn't stress too much. So instead of being removed and operating, leaving it to ACHCA, the Leaders and Owners then become, as I said, identifiable and themselves commissioned the work, like -------. Like------. Like -------//38: People like -------- have done a wonderful job, people like -------- and the Council of the Australian Catholic Health Care Association were very influential in it//42: I think they've certainly taken a much stronger leadership and through -------46: if we don't have a Catholic hospital association, we wouldn't have probably been able to do that//37: Executive Officer of ACHCA, which has now been disbanded, has become the Executive Officer of CHA//35: --------- headed that group. ---------- was significant on it. So were a number of other people, --------, I think, --------, you know, some fairly key people within the organization, not all Leaders and Owners, but either executives or Leaders and Owners who really did consult//

CATEGORY 2.2: ACHCA/CHA ROLE-CATHOLIC HEALTH

The question explored in the Interview Guide was:

2.2 What is CHA's role in the Catholic health sector?

(this question was supplemented by a qualifier: **" ……. *Or is Integration 2000 the main game?"*)**

CATEGORY 2.2: CATHOLIC HEALTH-GENERAL

//27: Well they're probably intertwined but there are different levels//17: But I think they're quite influential//11: And I think that's where the new CHA model has to feel its way a bit//8: No, I think Integration 2000 is the Catholic Health Association. I mean, their problem is it's going to have to be 2010 pretty shortly, rather than Integration 2000//16: It's changed//18: Catholic Health Australia has to become the main game. That would be my feeling. Integration 2000, again, this is just my own, the way I have taken, has been a tool//24: I would say that Integration 2000 would be receiving the greatest emphasis. I can't answer that//26: I don't really know//28: I think it's

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the only game at the present time//34: It's not the main game at present, because it hasn't happened. It's still just talk//38: I don't think it's the main game//42: I think it's been the main game//31: really continuing the whole healing ministry of Christ//

SUB-CATEGORY 2.2.1: NATIONAL VOICE

//27: process by which we will be able to enact a vision of becoming a national sector. Integration 2000, and that will get stronger, as we become a sector//25: unifying force//23: unless Catholic Health speaks with a single voice it will become marginalised//13: "HCOA speak for more, speak directly for more hospitals and more beds than you do. And that's it." //45: leadership role really in perhaps bringing a national voice//5: without losing its diversity will be able to speak with one voice, and will have one leadership//12: there's a certain knowledge and a certain comfort in the fact that there is a group, a national group that can, or has authority, to, speak on behalf of the Catholic sector and a national group that can be involved in high level policy formulation, advocacy with government and that kind of thing//14: co-ordinated voice//16: It will either be the single player, or it will be defunct//18: leadership within Catholic health, leadership and nourishment/20: They certainly are the national voice now, for Catholic Health Australia. So a unifying voice for those in the Catholic sector. being the national voice and the capacity then with that unified voice to influence policy in government for the good of the community. So that's one of its major roles//22: a catalyst for the emergence of a strong voice for Catholic health care, generally. And I think there is no doubt that, ------ and more specifically ------- have been a credible voice for that sector -------. And I say --------- really ------- was doing it all, huge job-------- been a really key player//34: The formation of a unified Catholic health system in Australia, where there is one organisation, in some format//38: getting a voice in Catholic Health care/46: keep us together, that our voice has got to be together/15: That is, you could come as a lobby voice, with the background of all Leaders and Owners and organisations//

SUB-CATEGORY 2.2.2: FACILITATE/DRIVE

16: held the big acute care players together, thirty or fort percent of the agenda moving//26: one of the needs that they said was in terms of integration//44: they're the driving force, clearly, for the process//46: so to foster this co-operation, not that we want to make a melting pot out of the whole ---------//

SUB-CATEGORY 2.2.3: ADVOCACY/POLICY

//4: Advocacy and policy. I think so. I don't know what else they could do//23: representing the entire industry. I think the big issue in Catholic health will be behind the scenes setting the direction of policy, before policy is announced//21: which is policy, strategy, lobbying, raising the profile//45: the role that we actually play in being able to formulate or change policy at a government level, I don't know that that would have been that was really appreciated a few years ago//7: National policy on big policy issues in private health, public health and aged care, it was the national Catholic association that intervened on the nursing home bonds question, and intervened and changed it dramatically. Now that goes down to our bottom line//12: it's more in terms of the Medibank debate//22: but at the level of, if you were talking to any of my confreres in ------- would be there. -------//30: Well, their role is to preserve our presence, and to promote it, and to attract funding, and to change some of the thinking on how funding's distributed//38Well, I certainly know there's a lot of advocacy and policy development going on, which has to go on//40 CHA is fundamentally a moral imperative. And I think CHA, if it lost its advocacy/policy function, that would be, I mean, as an interest group, I think very effective, and as shaping the collaboration agenda, absolutely critical; and I think Catholic Health Australia's got a good role in that, because it's got credibility in aged care advocacy and information exchange//35: advocacy, there's support of ………in terms of services and there still is support of the whole integration movement; I'd say advocacy//33: And that has got political clout, whether people like to acknowledge it, or not//

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SUB-CATEGORY 2.2.4: PEAK BODY/FORUM

//43: hear the concerns of the sector and to therefore to be able to facilitate a forum for discussion//25: more expertise at the industrial levels, industrial level guidance, financial assistance and advice and guidance and those sorts of things//21: You know, what we're going to put in place is the forum vehicle to do that, and CHA can provide again the forum for that//45: needed…CHA to do …the crunching I suppose, the really grinding work about just going through the process and making people feel like they were involved and part of it//5: strengthening role over the last ten years or so, and it has become a meeting place, it has been the place where some common policies were defined and driven//1: to get information about you know, benchmarking to lobby//12: So, I don't think I see them as being involved in that operational strategy. Or even high level planning strategy at the local level//16: a real alternative, an alternative an important alternative to the aged care, Catholic aged care sector//32: peak body in the actual provision of services, ACHCA didn't do anything apart from the establishment of the Catholic Health Care Services. But then that became a separate entity in its own right//40: But you've got to remember that it is an association, and is a representational group//44: One of the roles is to provide operational support to the sector, which -------------. Eighty percent support of our part of the sector, and twenty percent, or less, is the integration side of it//46: purchasing together//35: I mean, you know, if CHA's role is a coordinating role, nationally, do we need our own coordinating role, nationally or, you know , "For how long do we?"//33: not really been a peak body, but it will be now as Catholic Health Australia. Yes, yes, particularly from a lobbying point of view//

CATEGORY 2.3: ACHCA/CHA ROLE-HOW EFFECTIVE?

The question addressed in the Interview Guide was:

2.3 How effectively is that role being fulfilled?

CATEGORY 2.3: HOW EFFECTIVE? GENERAL

//41: My hunch is that they've got to stay on the things that we know we can be good at, and, you know, you've got to stick to your knitting//1: I would hope that we don't end up in a battle?//12: I'm not too sure that they've actually got their feet under the table long enough//14: A lot will depend on how they develop the regional entities, because it's only at regional level that you'll get bodies talking and so forth. And at regional level you must have some form of secretariat//

SUB-CATEGORY 2.3.1: EFFECTIVE

Lay Responses

//43: I think very well. I think in terms of the outcome of Integration 2000 which we reported at the last Conference, a month and a half, a month ago//41: Oh, to date, fairly effectively, because we got the thing up//27: It's very good at fulfilling its role. But it hasn't had unlimited resources. Done the best that it could do. One way is to give them authority//21: Nationally, I think they're good. CHA now is very effective at national level//45: I would say with very limited resources it's probably, it's done a pretty reasonable job//3: I think pretty effectively//8: CHA is getting its act together. It's not there. And what it does is it gives you enough of a future vision to sensitise people to the issue//16: I think it's been quite effective, up to date. We're behaving like an association as opposed to a Commission//32: In that role, very effectively, I think, but in the ultimate aim, I don't think it will ever be successful in its fullest sense, but I do think the co-operation and amalgamation where it has been, has been very good//40: Well, very

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effective//44: I think effectively//48: I think they've done reasonably well//39: I think they have been effective in providing most of the secretarial assistance, but I don't think CHA has the infrastructure to implement Integration 2000. Now some would say it has the authority because of its ownership, but it doesn't have a corresponding operational structure to enable that to happen//

Religious Responses

//4: There'll be no way of knowing. I mean, I think the secretariat does a good policy sort of job, good lobbying job. Well, they haven't been going long and I don't see much of it, but they seem OK to me so far//25: From where I stand, I think they've done it very well, and very professionally and very consistently. I think they're starting to improve their resource, because the demands weren't there before//17: this year's Conference was excellent, because, for the first time, they started talking about Catholic identity as being distinguishing //5: I think they've been good. I think without ACHCA, there'd be no Integration 2000//1: sadly there may be a transition period, where ----- and ----- need to get their resources up//20: feedback from the Commission that it's shaping up very well//22: I think they've been very effective.//26: I think they're doing really well//42: I'd say in the last few years very effectively//46: was some efficiency and efficacy that is going on in this movement, certainly better than if we didn't have it, I think//37: They are very under-resourced, for what we have to do. Well, their authority comes from the Stewardship Board, really//35: Now, certainly, I think ACHA's, in my perception, done a very good job in carrying the Integration 2000 process forward//31: I think ACHCA fulfilled its role well in some areas//15: think those dimensions that they have done, done well.//

SUB-CATEGORY 2.3.2: LESS EFFECTIVE

//: I'd say, not at all. That's my view; for the private sector, probably borderline counterproductive, because they speak with two or three hats on. The private insurance debate, they were sort off trading off social good for a good for my hospital. Now, that's his call. But, you know, he's started the

three-hat syndrome. You've got to query when you get into horse-trading politicians. It's out of my league. There's been very much: Don't rock the boat. There's a lack of strong leadership//8: Not very, at the moment, because they're struggling to develop their own authority. The Commission might have been auspiced by the Owners, but it's not yet been auspiced by the system//16: I don't know that there was enough depth in the science behind each of the issues//28: It gets to the trust issue, and that question has put a trust question mark//40: and I didn't like the analytical work that was done. It didn't acknowledge the organisational forms that were being created in Catholic health and it didn't celebrate them. There was no analysis of what are the forms as they stand now//

CATEGORY2.4: ACHCA/CHA ROLE: WHAT DIFFERENT?

The question addressed in the Interview Guide was:

2.4 What might be done differently?

(This question was qualified with **" ………or what might have been done differently?"**)

CATEGORY 2.4: WHAT DIFFERENT: GENERAL

//43: I really don't have any criticism of the process that led to the outcome we've just seen//47: I suppose I would like to have seen it been a faster process. However, of course, if it had been it had of been, if it had of been pushed faster, it might have fallen over. So, to be honest, I can't see that anything could have been or should have been done differently//41: I'm probably too complimentary of the process to see too many holes in it at the moment, but I'm sure there are some//4: It hasn't done anything yet, never mind do anything differently//27: look at the implications of the changes to the constitution we've just approved, and see what best needs to happen to enable the implementation of those changes//23: the Catholic sector has to reach a

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decision by its nature in a different sort of way than commercial enterprises, consensus sort of model in that it takes time. We're not very effective in terms of relationships by comparison to some of the major commercial operators//21: Yes, they need to be careful. I actually don't believe that they should get into a supply management, group purchasing role in a big way, or industrial relations in a big way. I don't think that that's their role. I think that we can provide those services ourselves and one of the things that could be done on a regional basis is that one of the big players, --------------, could offer IR expertise and backup to -------------. Now those are the types of things, corporate services areas//13: So I really can't see if anything could have been done differently//9: Look, we should have national purchasing//5: could have waited until they, the systems were all up and running//16: tried to influence a bit more consistency in some of the theme and players through it. I'd probably play it even tighter together//18: I don't know that it would probably have happened any other way. Outrage that it was so bloody difficult. And yet we witness this really quite sort of anti-Christian behaviour amongst really supposed leaders and owners of it, but people will be people, egos will be egos, and history will be history//20: And I don't think you could do it any other way and I think you couldn't do it differently. Yet we're all the same environment, we're all being impacted by the same environment. --------- and -------, particularly, I think the road there is going to be far from smooth, because there's so much history and I don't know what residual myths and the rest there are//22: Well, the thing that I wanted done differently I think's been done, and that is that Owners and Leaders have openly and publicly acknowledged their responsibility and assumed it corporately, through the Stewardship Board//24: I don't think I could answer that//40: I don't think there was enough looking at the total picture of health and aged care.----------- is a bit different from some of the other groups//34: I think it would depend totally on what format Integration 2000 ends up with. If they form themselves into one company, public or private ...Whatever, and they appoint a national board, and they appoint a national CEO of Catholic Health Australia, then the person who heads that up becomes a key person, obviously in terms of strategy and in terms of operation//38: I don't think I know enough about it//42: well, I think we could have talked integration sooner//46: there

probably was not any other way. And I bless the courage of a few Leaders who brought it up to this point//48: It could have moved quicker, but I think that's probably dangerous, but deliberately so. There's never a right pace, no that's the good thing about what's growing now with the Executive Directors, Chief Executives of the hospitals. We're saying "Well, to hell with that."//39: I mean, the fundamental issue is, what is this entity that's been created? Is it really just there to fulfil the roles of an Association, that is, advocacy, policy development, you know-education- those roles or is it to have corporate function? Is it to actually be there to implement Integration 2000?//

SUB-CATEGORY 2.4.1: REGIONAL ISSUES

ACT Responses

//45: link between what's happening at the really local level and being able to translate that into national policy; this is the big sticking point, really. Because we've still got operating, or pseudo operating State Associations, who were in fact members of the previous Council. There was no line of authority between the National Office and these State Associations, so they were pretty much doing their own thing. There's nothing in place yet I think it's going to be different for different areas. I think each region is going to take on a different form, depending on what they need now, at their local level; it's that issue I was talking about before, about trying to make national policy without a regional input. It's the regional issue that could cause this thing to come unstuck. Yes. So it's an issue there, where you can't lose them, you can't switch them off, and we still have state associations//

NSW Responses

//1: the second area is the relationship between this body its national and the regional bodies. Talk about a branch model, versus a federated model//8: You know, the lack of clarity how to organise regionally is probably one of the big omissions//35: My problem still is visualising the regional structure, and the difficulty, of course is that each region, or some regions, have gone ahead and planned how they would like it to happen, without consultation with other regions//

Queensland Responses

//27: principle that's underlying the new structure is that we will act locally, but think nationally//12: there might have been a more positive approach to regions and I think that possibly the regional agenda and the national agenda could have been worked up at the same time//14: In other words, they could have delayed the top formation until they had the regional bodies more developed; you can always change things//16: voice nationally, act locally, there'll be regional entities. Now it's come time to implement regional entities, and no one needs them, and they're actually trying to get out of doing them, particularly aged care//26: there's been a little pain in the transition from what was happening at the state level to what is possible now with the national structure that has changed; some pain among the aged care providers that their needs will be//

Victoria Responses - WA Responses

There were no responses on this issue from Victoria or Western Australia

SA Responses

//17 Well, I think that the regionalisation has to be looked at,

SUB-CATEGORY 2.4.2: CONSULTANTS

//25: Maybe I wasn't quite close enough to that to know what could have been done differently in the past. I think in the future, that they remain open to suggestions, that they're prepared to enter into discussions and be prepared to listen to criticism, be it fair or unfair, be it valid or invalid//35: Now what could have been done differently? I think that maybe we need to look at how we've used, you've got to pick consultants who will have your agenda, and not their own. But there still are points about what ------------ have said which don't fit the organisation//

SUB-CATEGORY 2.4.3: BOARDS

//1: The members of a board of directors.   Will they feel not, disenfranchised is not probably too strong a word.   You know what I mean//44: I think involvement of the Boards, hospital boards, might have been useful//

APPENDIX THREE

EXTRACT OF RESPONSES TO CONCEPT 3: PHILOSOPHY/VALUES, CATEGORIES 3.1, UNDERSTANDING AND 3.2, HOW STANDS UP.

CATEGORY	SUBCATEGORY
3.1 Understanding	3.1.1 Gospel Values
	3.1.2 Poor/Marginalised
	3.1.3 Image of God
	3.1.4 Dignity of Person
	3.1.5 Subsidiarity
	3.1.6 Compassion

CATEGORY	SUB-CATEGORY
3.2 How Stands Up	3.2.1 Well
	3.2.2 Not so Well
	3.2.3 Question Mark

CATEGORY3.1: PHILOSOPHY/VALUES, UNDERSTANDING

The question addressed in the Interview Guide was:

3.1 What do you understand by the terms a Catholic philosophy and Catholic values?

CONCEPT 3: PHILOSOPHY/VALUES-GENERAL

//4: I mean, there isn't much by way of Catholic policies in health and aged care. That's always been the provenance of the orders, and the bishops have nodded in the background//29: and I think, you know, if we can't stand by the values, then there's no difference between us and another hospital, and yes, standing by the values that we're currently enunciating, I think it's finally going to put us out of business//25: That's almost a question about what differentiates Catholic hospitals from any other kind//9: If you look at my board agenda for tomorrow night, you'll notice one of the very early items is " Meaning of Catholic health care." But I think there's a lot of myths about private health. One that gets overlooked is, when you look at people in health,

private health are mainly old. Most, the vast majority, are not rich, so there's a spiritual side to the health care delivery//16: Some of the expression of it, though, is really quite naïve//22:shared vision, the sense of the mission, benefit of the people that we are serving//15: A philosophy for me is a way of, or a framework of thinking about something//

CATEGORY 3.1: UNDERSTANDING-GENERAL

Lay Responses

//23: To be specifically Catholic, I think it's within the tradition of the Catholic Church and the specific beliefs, the theology//11: I think we need to really understand the Catholic Church's position on a whole range of issues. I mean, we can talk about Catholic in the sense that the Sisters of Soandso own this place and that's Catholic and therefore//7: So, I don't think there's any peculiar Catholic value. There's a Catholic faith, which will then support common good human values that can be shared by a lot of other people. "There are many mansions in my Father's house." When you get down to the guts of it and find what drives people, what do they really believe in and not this patina of Catholic values. If you're the only choice women have in that district, and you're not going to provide a full range of services. I don't think you can do it//8: Well, there's always the issue of Catholic identity as opposed to a Christian identity. The difference with the Catholic system to any other one of those not-for- profits is that we are actually operating across every part of the Australian health care system. public hospitals, private hospitals, aged care, palliative care, rehabilitation. community care in many ways linking our social responses into our health care systems, often through the owners. But it's culture. It's what the Catholics just do, and now we'll link across Catholic providers, and even across non-Catholic providers, if they'll share our mission//34: The mental health problem in our society is appalling …… if you've got a big battalion doing the fighting//40: "Mission is caught, not taught." So I think, you know, that's where it fits into the mission/philosophy, is making sure the limited expertise is pulled//44: And, in a less formal point of view, that's very evident that the people in the Catholic sector that I deal

with are very friendly, more approachable, good people. There's a basic goodness about the people you deal with//48: And if you say "Catholic hospital," it immediately means it's a good hospital//

Religious Responses

//4: I think the particular spirit of the particular orders who've set it up and run it//29: The image of the women at the foot of the cross is the hallmark of Catholic healthcare. We are the people who will not abandon you however hopeless the prognosis. We'll continue to honour the humanity, respect the dignity of the one suffering//5: not for what we do, but the real why of what we do//46: they are not-for-profit//7: in line with whatever Jesus preached//15: there's an ethos to a Catholic philosophy that needs to be felt and spelt out. I mean, religious congregations were the first to ever talk about mission statements. The real Catholic philosophy calls us to be collaborative with others. And that, I think, can be a challenge in a competitive market//

SUB-CATEGORY 3.1.1: UNDERSTANDING-GOSPEL VALUES

Lay Responses

//43: Gospel imperative//47: scriptures//41: grounded in the vision of the Gospel//27: A Catholic philosophy in health care has to come out of the Scripture, the parable of the Good Samaritan. Now, if we look at that, that gives us that holistic model as opposed to a curative, or episodic model, and that challenges us to be out there and fulfil all those elements that Our Lord tells in the Good Samaritan story//23:Gospel ministry//11: "Oh, you know, it's observance of Gospel values, and so on." But the Anglican's have observance of the Gospel values//7: So, unfortunately, people say philosophy is ethics, in other words it's moral//2:the standard moral issues, euthanasia, type of things//28: Gospel values, practical demonstration of the Gospel values and philosophies//32: preaching of the Gospel//44: views were that the things that specified Catholic sector from others were there's absolute consistency in some rules, particularly in reproduction and health care, and all that sort of

stuff//33: Gospel values, ethics//

Religious Responses

//29: drawn from the Bible, basically//25: Gospel values//19: Mass and the sacraments//13: I think it's faithfulness to the Gospel of Jesus Christ and the values that are Gospel values//1: whether a hospital fulfils the ethical directives of the Catholic Church//10: we can't just go wishy-washy into an ethical hailstorm//22: Gospel//24: Gospel values, even in its approach to accountability, and stewardship. it comes from, as it were, a gospel root//26: the ethical component of it. Part of their task is to get ethical guidelines. Sacraments, Pastoral Care Commission, and all those things have that really, really strong focus in the work that they've done.//38: Christians they're not optional//46: even to receive Communion//7: even the Anglican, has got the sacramental connection//15: Gospels and, say, Vatican documents, particularly, I would say//

SUB-CATEGORY 3.1.2: UNDERSTANDING POOR/MARGINALISED

Lay Responses

//43: classically, marginalised people//47: regardless of their socio-economic circumstances//41: preferential option for those less well off, disadvantaged or marginalised, be that in socio-economic terms or in personal terms//27: marginalised everything else//21: And secondly, we actually don't know what we mean by priority options for the poor and disadvantaged//11: "Well, it's someone else's worry to look after the poor. You know, if we looked after them we'd go broke, so we just can't do it". And I think that's a fundamental challenge, and I think that's what Catholic Health care should be about. I think it should be about really being at the edge//3: we have a special mission to those who are disadvantaged//2: Love thy neighbour. Do unto others. Look after the disadvantaged//16: "Of course, poor does not necessarily mean economically. Everybody's poor when they're sick." National health system actually causes access to the system on clinical

prioritisations. So if you're crook, you go in first, and the two-tier private system also has access based on ability to pay, socially disadvantaged. And epidemiologically disadvantaged. I couldn't say that twenty-five percent of my work here is about looking after people who are within earshot of this hospital or an indigenous Australian//28: significant ministry amongst those who are disadvantaged//30: Catholic system doesn't treat too many of the poor//32: service of the poor, the looking after of the marginalised//44: commitments to the disadvantaged//33: social justice, poor, marginalised//

Religious Responses

//25: options for the poor//5: poor and the marginalised//1: fundamental option for the poor. We talk about accessibility, but what does it mean? We talk about the poor. What does it mean? And I don't think we've got an answer//12: Gospel values of compassion, healing, ministry to the sick, ministry to the dying the unfortunate you know and that's borne out in lots of parables like the Good Samaritan and so on//22: new era of poverty and that's the poverty of those who don't understand or have access to modern communications, don't have access to those media or live in rural areas//42: preferential option for the poor, and we're strongly that, and the marginalised//37: for the marginated of the community. Now, in reality, whether that's happening, I have a big question mark//15: accessibility for the poor//

SUB-CATEGORY 3 1 3:UNDERSTANDING/IMAGE OF GOD

//41: sanctity to life, not just quality of life//29: are made in the image and likeness of God, so that they're due respect, even reverence and that that is a qualitative thing. There would be something of the image of God missing. On the other hand, it also has a very clear view of the fact that humans are limited beings. Also Jesus appeared to go willingly to his death, and we do have a tradition of martyrs. Which is to say there are things more valuable than life itself//19: sanctity of life//13: image and likeness of God//33: being

witness to God's presence through that mission. God will not witness or play witness to incompetence//24: "You are of value because you are a human person created in the likeness of God." then, if that can't be picked up in some shape or form, then it's not really a Catholic organisation//40: they are valuable people made in the image of God. Therefore the not-for-profit approach, the Catholic approach to how we do things is important//

SUB-CATEGORY 3.1 4: UNDERSTANDING/DIGNITY OF PERSON

Lay Responses

//43: enhance the dignity of every individual//41: inherent dignity of the human person. Catholic Church's social teaching on the enhancement of the common good, underpinned by distributive justice, whereby we don't treat people equally, rather we treat them fairly//27: dignity, compassion, justice//23: justice//21: hospitality, respect, compassion, excellence//45: dignity of the human person//7: honesty, integrity and compassion, thereby respect of the other person if managers lord it over other people and don't treat them with dignity in their jobs, well, I mean, they're not Catholic//2: Look after them in a way that preserves their dignity//28: care partners, rather than our residents//30: we value the individual from conception to senescence//44:move now is to have fixed term contracts and more casual staff, and that's more contrary to the way they expect to work, but I think it's the way of the future. It means that people start looking for other jobs in the year before they go//48: provide proper employment for staff. I mean, we're a very big employer in this neighbourhood //33: access, access, access, equity, equity, equity.//

Religious Responses

//19: Dignity, care of our staff//13: respect for the human person//5: dignity of the person, equity of access//1: access, and that comes down to accessibility//12: Gospel values of compassion, healing, ministry to the sick, ministry to the dying the unfortunate you know and that's borne out in lots of parables like the Good Samaritan and so on//20: Respect for the individual, the right to access to the necessary means of maintaining health are there. And if that's not possible, then, you know, life with dignity, just allocation of resources, another factor that has to be seen to be there//22: dignity of the person//24: respect for the human person//42: dignity//46: dignity of the person in mind first//35: respect for the person//31: respect for the dignity of the individual, and justice and compassion. I would, no matter how you articulate your core values, they come out of those three//15: real implications for our staff relationships//

SUB-CATEGORY 3.1.5: UNDERSTANDING-SUBSIDIARITY

//45: issues around subsidiarity. I suppose that decisions are made as close to the local decision-making process as possible so it means, you know, if something's to be done with someone on a local level, it's done and not decreed from on high necessarily//7: principles of subsidiarity and all the energy and effort was supposed to be regional, very strong themes put it into place. What's the matter with that//31: principle of subsidiarity//

SUB-CATEGORY 3.1.6: UNDERSTANDING-COMPASSION

//47: compassion//27: dignity, compassion, justice//23: compassion //21: hospitality, respect, compassion, excellence//13: respect for the individual, compassion//7: honesty, integrity and compassion, thereby respect of the other person//12: Gospel values of compassion, healing, ministry to the sick, ministry to the dying//42: compassion da-da//31: compassion and caring for the human dignity of the person. It goes parallel with education, as I see it

as a critical ministry of the Church ------, ---------- and compassion. I would ,
no matter how you articulate your core values, they come out of those three//

CATEGORY 3.2: HOW STANDS UP

The question addressed in the Interview Guide was:

3***.2 How does the structure of Integration 2000 stand up alongside***
the philosophies and values of Catholic health and aged care?

CATEGORY 3.2: HOW STANDS UP-GENERAL

//41 All ministry in the Church is sponsored at both a canonical and a
civil sense//23: if there isn't a compelling reason for that ministry, why don't
the sisters sell up and get out, not necessarily to a commercial operator, but to
a benevolent organisation, perhaps, and redirect their energies in some other
way//2: Let me answer the process and structural question first. The idea of
the Stewardship Board is that it ensures that the Commission does what it
should in that area. The function of the Commission is to place that ethos in
place //8: Well, I think it certainly maximises the view of Catholic identity//14:
Well, it certainly spells out in the Directions//18: it's too early to say how
does it stand up //40: I think Integration 2000 has helped to actually define
some of that. It has grappled with it. "Do we want to be in this area of
mission, or not?" How does it contribute to it?//33: I would suggest they
mirror-image each other//

SUB-CATEGORY 3.2.1: HOW STANDS UP-WELL

Lay Responses

//43: structure is inclusive. I think the fact that the structure's headed
by the Leaders and Owners gives particular authority to the decisions that are
made, and therefore to the voice that comes out of this organisation. I think,

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as long as the needs of individuals continue to be met, then, yes it does//47: I think it stacks up very well in the sense that it is, it is all about enhancing the organised expression of Catholic health and aged care ministry//27: Well, Integration 2000- I don't see it as having a structure as such, because we're all coming out of the same value base//23: I think it's all very much consistent with them, but again the definition, the actual articulation of what is unique and different//21: That's fine//3: you may well want to contribute to worthwhile activities or you might want to establish services and whatever//28: I think that it does it in several ways. I think it's right the Integration 2000 fits well with those sorts of philosophies and values//30: Well I see the Catholic health care standing up. The two things have got to be married together, really. Otherwise nothing will stand up//32: very well, I think//44: I think it's supportive of it and I think the good will of the Commission, and the fact that the Stewardship Board is comprised of the Leaders and Owners will ensure that that philosophy and those values are carried on.//48: Yes, I think so//

Religious Responses

//29: Well, I think Integration 2000 is clearly based on it//25: Well, its motives reflect them more closely, and own them more truly//19: I see it as being very much part of that//13: I think it's very much in accordance with that, involving the fact that we should cooperate//12: Well, I think Integration 2000 is really committed to enabling the Catholic system, or the Catholic system generally, to sustain its mission in Australia and, if possible, to grow that mission//20: It stands very well. They're the values that are enshrined in its Constitution, compassion and care for the person//22: asset that is committed personnel//26: I believe it does very well, because the people there refused to say "It is just a business. It is an organisation."//38: I think it won't succeed unless it supports and encourages and enhances those values//42: I actually think it fits it quite well. I mean, throughout the discussions there's been that respect, consultation//46: I think it is consistent. People have to see the benefit themselves, you know, single places//35: I think integration is firmly fixed on, well, access for the poor//31: has really focussed

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on those areas on the people who are most marginalised, and so forth. And, I think, particularly in recent years, they've done that well//15: I think the new structure should stack up well//

SUB-CATEGORY 3.2.2: HOW STANDS UP-NOT SO WELL

Lay Responses

//11: Catholic health care has not been a particularly honourable partner in the not-for-profit area. The short answer in my view is "No." I don't think that Integration 2000 has gone anywhere near that sort of stuff yet//

Religious Responses

No comments recorded

SUB-CATEGORY 3.2.3: HOW STANDS UP-QUESTION MARK

Lay Responses

//28: female orders have been seriously abandoned by the wider society and even their own Church. Well, OK. How can their aspirations and needs be better responded to?//

Religious Responses

No comments recorded.

APPENDIX FOUR

EXTRACT OF RESPONSES TO CONCEPT 4: PLANNING, CATEGORIES 4.1, AGENDA, 4.2, IMPACT AND 4.3, ORGANISATION

CATEGORY	SUB-CATEGORY
4.1 Agenda	This category was not divided into separate sub-categories

CATEGORY	SUB-CATEGORY
4.2 Impact	This category was not divided into separate sub-categories.

CATEGORY	SUB-CATEGORY
4.3 Organisation	4.3.1 Governance 4.3.2 Managed 4.3.3 Incorporation

Because individual system, facility and congregation planning agendas were discussed, confidentiality has limited the extent to which these responses can be reported. The purpose of this discussion was to prepare people to discuss their planning models, rather than report on the details of their planning.

CATEGORY 4.1: PLANNING-AGENDA

The question addressed in the Interview guide was:

4.1 What has been your organisation's planning agenda over the last five to ten years, i.e. how involved have you been in planning?

CATEGORY 4.1: PLANNING-AGENDA-- GENERAL

Secretariat Responses

//47: Integration 2000 plan, and, really, that has been our principal planning agenda//41: and our planning agenda in the early days was to plan around a traditional association agenda. Once the Integration 2000 process

came on board, our planning agenda changed ……… some human resources//45: I have difficulty answering that//

Congregation Responses

//4: it's separate in each place//25: That gradually, we will withdraw from active involvement… we have a strategic plan, congregationally and professionally//19: In a sense we are only just starting to plan for the future//17: the national board's been established and we've all had input into that. ----------- helped to organise that. I'm more inclined to a decentralised, cooperative liaison rather than complete centralisation, continuum of care//5: our focus was very much on education, implementation of Integration 2000//12: Well, I guess we've always had: how do we come together most effectively as a ------- group in Australia?//20: Helping to supplement needy services from those that were doing better, if the need was there in the broader community. So I suppose you would call it a rationalisation of the services that had grown up hither and thither, but again, it's the organised expression of that is happening through the --------------- which is getting a lot of its resource from the organisation//24: not only I really couldn't say, but I don't know, but we are involved through our facilities in outreach as we are involved here with the community --------------- team//26: I haven't been at all involved in the health care side of it//38: it's only been going for five years, To establish itself, was an important one//42: For us it's-------. And bringing that together. We had --------- board members, because each facility had their own board. We selected-------//46: to serve the community where we are, keeping the hospital up to the state-of-the-art. Other hospital systems there, to see what kind of service can we do together//37: set up more community-based services, continue to upgrade our present hospitals, to, you know, to meet the standards required …………. happy to fund community based services that would reach the wider community. I think they're only too pleased, the funding bodies are prepared to go and set up something in Albury, in Muswellbrook or wherever, where there's no service//35: really the incorporation thing//31: Well, we've had a whole planning agenda that goes back ten years, when we made a clear decision in the mid-eighties, that we could no longer continue with sister-administrators in each hospital, and that

was the key for us was that, at that stage, we thought we were going to be withdrawing from each hospital, bit by bit. We can't just give up. We've got to find a different way of doing it. So that was when we really went into a whole discernment process of, how are we going to do it, and looking at the whole Vatican 2 translation of the role of laity in the Church, saying quite clearly we have to transition to a partnership with laity within our governance structures. And so we began that process//15: the religious congregations in - -------------- collaborated in order to ensure that there was aged care provision for the members of their congregation//

Diocese Responses

//13: They don't give any directions, but they have issued a couple of pastoral statements no, there's been no planning, no strategic planning at all to this date. The bishops are autonomous in their own dioceses//1: I have to honestly say, there's been no planning in one sense, so Integration 2000, I think is, at least, putting that on the table. People have got to address it//

Non-CEO Response

//27: And so from that point of view, there necessarily hasn't been any coming together, because there hasn't been any other facilities to come together. Yes, the order is considering its long-term future involvement with its facilities, because every congregation in Australia is; because it will become a ministry, sponsored by the Church, rather than the congregations in the years to come//23: -------------- as you realise, private hospitals from a strategic sense we have tended to look at our hospitals and continue, almost unquestioning, that, because they're where they are they'll continue on//3: what's happened is that the ---------- has been extremely successful in certain areas, and for a period of time it's been all about developing those particular services//2: The issues are, amongst others, Aging in Place, where the government can look after six times as many people for the same dollar. If so we are getting away from institutionalised care "The more commercial you are today, the more charitable you can afford to be tomorrow" //14: Getting people together, informing them//18: in broad terms we've shifted from being a kind of level two player to a competent credible provider on the Australian

stage, big shift//30 Survival. And then being available to care for those that are financially disadvantaged, as well as those that have a need//32: the planning agenda as I see it, is to further develop the variety of different services that they have had, "womb to tomb."//34: I would call it pretty bad. Evidence, I think, to suggest that people went to sleep on it. Not really designed to meet the requirements of today's health environment, in terms of numbers of people who've got insurance and numbers of people who are using it, which is what I think people should be thinking of. But there's still got to be some hard strategic planning done on the whole basis of what ----------'s about.//

CEO Responses

//21: And I think that, yes, mission is integral to everything that we do, but that we actually ought to be identifying some priorities like, should the key areas be ------, ---------, for us. We are involved in -------. But we're changing direction; it's been a learning exercise, and we've taken it very slowly, we've kept it very simple, and we've set our time lines short, and the discipline of getting things down onto dot points//11: true to say that there's been, over the last five years particularly, a fair amount of planning, although it's yet to end up in some concrete courses of action//9: I'd say, ad hoc. I come from a business world where strategic plans tend to highlight around numbers. Soft around the edges. (Our plans have) got some pretty hard numbers in there as well//8: Over the last ten years it was about strengthening individual activities and looking at developing a greater degree of co-operation between them //16: operational-type. There is now a tactical decision that we will-------------. At the higher level, we've actually been struggling with what is the future of Catholic health care//28: significant ministry amongst those who are disadvantaged, so it's the empowering of our -------s. But the bottom line again is that word "relationship." That's what we've been aiming for//48: Strategically, we see ourselves as a ------------so we've worked on being a great-----------//33: Well, for the last five years, we've literally been in a state of flux//

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CATEGORY 4.2: PLANNING IMPACT

The question addressed in the Interview Guide was:

4.2 What has been the impact of the planning done over the last five to ten years? How have the organisation and its members handled planning?

CATEGORY 4.2: PLANNING IMPACT-GENERAL

Secretariat Responses

//47: I don't think all of the steps were understood at the beginning, and, because it was an evolving process and was incremental, the planning process has been a dynamic one. I think they were a bit lateral in their thinking, so I think they've handled it well//41: we came off a very low base. We'd delivered on the mandate//45: it's pretty much been driven down//

Congregation Responses

//4: Most of the nuns in the street, really, you know, it's neither here nor there//25: About as many reactions as there are people//19: as easy as possible for the older sisters who had to move. But it's worked out very well. And it mustn't have been easy for them//17: I think it's been a pretty rocky road because. But I saw that when we set up local boards of management. They more or less said "Well, the nuns are out and we own and operate the place." I was province leader and you were, you know, sort of wiped off the planet as though it was their hospital//5: The twenty percent who were already involved and committed remain involved and committed. The other eighty percent are watching with interest//12: So I wouldn't say they're disengaged. They're interested, but a lot of them would not see themselves as having the knowledge or the background or the interest any more to get involved in the debate//20: I think the sisters in health care were relieved//38: for the average nurse or cleaner at the ---------- or the average office worker up at ------nurse at -------, none, or very little. For senior middle management, there were a few redundancies. CEO's, very good experience//42: Well, I think we're seen as a

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viable group now//46: the doctors and the managers are excited about it. Some of the people say "No, they're skinning the budget, and they're going to build."//15: I think it's been a positive impact, certainly in --------, which we received from the ---------- back in the ----------- //

Diocese Responses

No reportable comments, due to confidentiality.

Non-CEO Responses

//23: I think it's helped clarify where we're going. We're not dynamic enough, I think it's the word//2: We have the brickies and the bean counters, we always have had. The brickies being those who want to build. The bean counters who want to save all the money for a rainy day//14: Yes. Always a good reaction, yes//18: exciting; attracted some extraordinarily clever people//30: we've had to become a lot more professional in our operation//32: I see it as a positive influence, and therefore the impact on the staff has been invigorating//34: unwanted note of fear. "Why wasn't I consulted about this?" and "I want to have my say on this." A friend of mine used to say "The world is filled with people who are anxious to serve in an advisory capacity." I think there's been very good acceptance of the merger//

CEO Responses

//21: Yes. It's been really good//9: Now, I think, at least people know where we're going and why we're going there//8: Well, it's slightly confused by the fact that the same time as the reorganisation, there'd been new executives appointed, so the executive dynamic is different. But in that, the focus is still, often, facility orientated//16: some people are kind of overcome with the enormity of it all. Others, however, are rising to it//28: The staff found it fairly difficult first of all; they found it fairly hard to adjust and a number of them left//33: I'd say, with a great deal of passion//

CATEGORY 4.3: PLANNING-ORGANISATION

The question addressed in the Interview Guide was:

4.3 What sort of organisation is it today?

>*-Diocese managed?*

>*-Order managed?*

>*-Professionally managed?*

>*-Nationally integrated?*

>*-Regionally integrated?*

>*-Stand-alone?*

(reportable responses were limited by confidentiality. Respondent numbers not reported)

SUB-CATEGORY 4.3.1: ORGANISATION: GOVERNANCE

//Order-owned//a national system//It's incorporated, it's professionally managed, order governed, with a board// the Congregational Leader and Council are the trustees// order governed, a board in place, which is really technically, to the letter of the law, an advisory board, but they hold, delegations, the equivalent to reserve powers in an incorporated body//Well, I think the services thrived because the Sisters took the responsibility where they were//It's order-governed, professionally managed/ order-governed still. We appoint the members of the Company and we appoint the board//Order governed. The order is a public juridic person//It's order-owned. Well, there's some accountability to, if you like, health commissions that come out of the proprietor role//

SUB-CATEGORY 4.3.2: ORGANISATION-MANAGEMENT

//Very professionally managed. We have an excellent Group CEO// professionally managed// professionally managed//

SUB-CATEGORY 4.3.3: ORGANISATION-INCORPORATION

No reportable comments

APPENDIX FIVE

EXTRACT OF RESPONSES TO CONCEPT 5: STRATEGIC ISSUES, CATEGORIES 5.1-5.11,AS LISTED.

CONCEPT	CATEGORIES
5 STRATEGIC ISSUES	5.1 Mission
	5.2 Handover
	5.3 Aged Care
	5.4 Financial Stewardship
	5.5 Declining Religious
	5.6 Lay Leadership
	5.7 Charism/Culture
	5.8 Not-for-profit/Private Hospitals
	5.9 Catholicity
	5.10 Ownership/Mission
	5.11 Regional Issues

CONCEPT 5: STRATEGIC ISSUES

The question addressed in the Interview Guide was:

5 What are the strategic issues facing Catholic health and aged care?

CONCEPT 5: STRATEGIC ISSUES-GENERAL

//25: I think from a Catholic stance we have to note boundaries, and know what are non-negotiables//11: No one ever asked the question "Do we still need to be in health?"//8: At the moment we don't have somebody in charge of Integration 2000//22: degree to which we can make our contribution to some of the major emerging scientific and technological//28: being able to better deal with this reality issue// the big groups - and there are three or four of them - that are organised, tend to think that they're the dominant ones and they're going to, they don't dictate, but they use their power, to achieve an end//33: I think it depends on how it will be structured//

CATEGORY 5.1: STRATEGIC ISSUES-MISSION

Secretariat Responses

//41: how does the Church evangelise through health? They're the fundamental, intimate questions for Church-driven people. That's not often said by many of our CEO's. That is the stuff that congregational people get out of bed for//44:I still have a bit of bother trying to integrate aged care with hospitals, continuum of care. Because of a lot of the elderly medical patients don't belong in hospitals. They belong in appropriate aged care facilities//

Congregation Responses

//19: One of the grave difficulties is mentally disabled people, even younger people, who are assessed for aged care. Nobody will take them//17: But how do you identify outcomes like people feeling welcomed and secure and things like that? How can you measure every outcome, particularly things that really count//20: we share governance with the Board of Governors. Now they have to share the responsibility too, for the mission. How do we ensure that the mission stays alive. I'm convinced Catholic health care is at the heart of mission of the Church. Now where does adult faith education happen these days. But it's creating a new form of Church for today and tomorrow//22: The evangelisation of the hospital will be different from the evangelisation of the school. The challenge of the mentally ill in our society. I think that's an area of poverty//26: I would wonder, when we do have our dialogue with social welfare and social justice, because I do think that does need to come under the umbrella of Catholic health or what you call it, it will be an interesting dialogue//38: conception to death//46: Because the patients are going only one day instead of two weeks. They really like to be able to have their whole circle of life, and with the same people; it's the continuum, yes. Certainly there's very much work in the social services departments in the diocese//37: what about the welfare agencies that we operate as well. We run disability services, which comes under welfare-because it's not a health problem at this stage. But, however within that service, people get old. O.K.?//35: how to preserve the mission and how to really serve those in need in the private hospitals. If they are committed to

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our mission, they keep on making the effort, but it would be very easy for them to give up.//31: Structure is one thing, people's minds are another. "How can you measure the mission?"//

Diocese Responses

//29: probably more domiciliary care. Americans are saying that you'll evolve to the point where the nurse- practitioner is a self- employed person who works in a home. Health would be residential aged care , social welfare would be non-residential aged care//

Non-CEO Responses

//27: trying to promote this on a continuum, and a womb to tomb type approach. We are now being told, for example that, the issue for the new millenium is domestic violence. Some of that dialogue is starting. Many places delivered holistic care to their staff as well as to the patients, because the nuns were always on duty …...Don't be apologetic about it, market it//23: we've in fact got an opportunity for very brief contact, let's be honest. It's not the same as having someone with you for a few days, but it's an opportunity, taking some blood, doing an X-ray or whatever. It's also broadened just beyond now into hospitals out of the centre for the X-rays. Continuum, I think, is important; how do you actually touch the life of somebody who's only with you for four hours. Directors of Mission might actually have a headset on//2: continuum of care is a huge thing.//14: pastoral care. I think that's most important But it's only slowly developing in aged Care. Again you've got to train good chaplains and pastoral care workers. And sometimes the wrong people are chosen for that work as well. They're put into it, because they're sort of available, but they're not the right people//39: I mean, it's really around that our commitment to providing services to the whole person//

CEO Response

//7: My question would be: Well then, can you measure that in the way things are being done? And I'm not sure//

CATEGORY 5.2: STRATEGIC ISSUES-HANDOVER

//25: means a further letting go. We have to let go of our kingdoms. And that's not easy. You build up a place for a hundred and twenty- five years or something//11: prepared to lose something//9: I honestly think we're pussyfooting around by saying, you know: all yours should stay//1: to give up autonomy is the biggest challenge//8: I think in many ways, many of the religious communities would be driven to how do they hand it over, how do they keep it Catholic, how do they ...?//20: See, we can't hand over, we can't alienate the mission. Yes. That's a constraint of canon law//34: they have to be prepared to forego all the, I use the word power. It's not a word I would use lightly. I mean, without consideration, but it is power. I mean, these people are sitting on assets worth hundreds of millions of dollars//42: There's got to be a letting go by leaderships of religious communities//35: beyond, say, six more years we do not see that there's anybody who would want to be involved on a board in the Order. I'd say we'd probably have forty or fifty who still could be. But, I mean, you divide us by fifty, and forty or fifty becomes four or five//15: "I can do with less in order that they have what they need." That's what I'm talking about leadership, and that's what I'm saying here, that a truly Catholic philosophy will end up with that kind of collaboration//

CATEGORY 5.3: STRATEGIC ISSUES-AGED CARE

//47: Aged care. I think it's a bit different, because there will always be a number of providers, but, instead of there being one hundred and thirty, probably within five years that will be more like about eighty//4: Well, take in the sphere of aged care, they had one person in the office there regurgitating aged care policy which has already been attended to by the national and state aged care organizations. I found always that was just a recapitulation of what I'd already learnt elsewhere. And in terms of membership, there are many more aged care members. But they're little and they don't have the money or the power or the prestige of the technologically driven hospitals. So the

hospitals dominate, and aged care slinks along the back. I think the organisation is captive to the big end of town, and I don't see much chance of that changing. But which doesn't figure high on either Catholic Health Care's agenda, or yours. Whichever way you stack it up, aged care comes out the poor relation. In a funny sort of way, aged care lends itself to federalisation, because it's federally funded. Whereas hospitals are state funded, and it's always one of the problems of putting together cross-state operations in health. There's just not that much thought about it. And you don't get the high-powered operators in aged care that you get in health. You don't get the money, you don't get the status//29: It's obvious that the aged care is going to increase in volume//21: They're not interested in aged care//8: Well, aged care needs to have a response that's appropriate to aged care. It has to be integrated; at a service level there has to be an integration between what we are doing, because the future continuum of health needs to have an integration//12: And aged care is swinging that way with less emphasis particularly from a capital point of view in the government's mind on buildings and hostels and nursing homes, and more money into aging-in-place. And I think dioceses are probably more willing to get on board with aged care, and have got into aged care in a much bigger way. So, I could see aged care perhaps going diocesan, rather than total system-wide//14: there's been an increasing involvement by lay organizations, not so much in he health care, but in the aged care area//22: ----- is largely responsible for that//24: I'm not so sure that in the future, it's not going to become stronger than it is, again because, and a horrible reason, but because keeping people healthy and alive will be seen to be so expensive//26: Aged care was very vulnerable when they changed the policy about funding, and aged care remains vulnerable, because of their funding//28: from my perspective, it is an opportunity for the Church to harness its resources in order to maximise the outcome, for the benefit of older people. Aged care has always been the poor relation, always. The big six etc. operate essentially only within the private hospitals//30: But I still think they will see themselves as the side of the whole conglomerate, but, in actual fact, we're going to be a very big part of it, because of aged care numbers//34: And therefore they've got to start marrying health and aged care and welfare together//38: particularly in aged care, they were very

influential in influencing government recently//40: You know, but the theory was to try and integrate into modern organisational forms that, you know, in an environment of consolidation, lifting the bar financially in public aged care. They couldn't survive if they were sitting out there on their own. I think aged care sits in there as a pretty big issue//44: bit different for aged care than it is for private hospitals in that a lot of aged care facilities don't have any support staff. Not enough aged care facilities. There's a shortage now. It's going to get a helluva lot worse in the next ten years, and there's still a tension between aged care and the privates. Because they're not in the same game//46: aged care …… palliative care//

CATEGORY5.4: STRATEGIC ISSUES, FINANCIAL STEWARDSHIP

Secretariat Responses

//43: "no margin no mission"//41: wealthy Catholic health sector//45: management are meant to be running a good business, right, but they are also answerable to the mission and what the congregation wants and they don't always meet nice and neatly. Senior leadership in the businesses, people who are very good business people, but you wouldn't necessarily say they had a good understanding of the ministry. Some lay people you talk to who aren't really in tune with the mission//44: This is our price, and the health funds would say "Oh." They are now price takers and negotiate whatever they can, from the health funds. And generally, over the past four or five years, the fees hospitals have raised have either gone down, or broken even, at best. Well, those financial issues are having impact on the way hospitals are run//

Congregation Responses

//4: Fellows, you're not just going to a new business deal, you're going into a mission//12: So, for every say, obstetric bed they build at ----- they want to take an equivalent amount of cash out of -------- and send it down to---------//20: the stewardship of the resources. Now Catholic care, to stay alive, has to be viable. So it has to make a little margin, to re-invest so as to maintain

quality of service//22: to maintain a credible presence in the market place//36: There is great concern at the plethora of for-profit organisations which are springing up which will cut across some of the availability of staff and resources and that in the community. The people who do drive the bottom line, for whatever reason, have contributed so much to our entity as religious congregations owning facilities//26: it does require a fair bit of education, so that people understand the difference between purely business and what is important in terms of this organisation. Health care as an industry is enormously capital intensive. And I don't know how we continue to fund it//38 It's not only peculiar to Catholic hospitals. It's the whole health scene//42: We'd like a lot of money that we don't have//15: funding, of course. When the processes of recording become out of proportion to the delivery of the care. RN's don't want to work in aged care any more. It's not worth it to the conscientious person to stay in aged care//

Diocese Responses

//29: I think the real difficulty for us is to be able to keep going financially. We're going to have to accept government funding for that, and to accept the government money and stay ideologically independent and Catholic. I see there's the problem for this sort of health care. You know, fee charges. And I think, they'll shift more to the private, and I think it's going to leave a lot of people uncovered//1: "No money-no mission"//

Non-CEO Responses

//27: mission and margin//2: Yes exactly. Oh, the finances. One of the things is the balancing of the monies. And you can't really divorce finances from---//32: Stewardship's totally different. The mission is the stewardship, and the governance is the margin//34: As a not-for-profit organisation, they can make a profit, whereas from a business point of view, if you don't make a profit, you don't do any good works//

CEO Responses

//21: whereas now we're really saying ......We have a reflection at the start of our meetings, we talk halfway through the meeting about how have our discussions impacted on mission, we talk at the end of the meeting about mission. My priority is to have balancing budgets and generating of surplus as a given, so that we can put our energies and our thinking onto what makes us different. At the moment, we are being distracted, we are putting all of our efforts into that, so I've got to ......//11: there's a stewardship issue that has to be addressed there, saying, is that the best use of our resources//7: Also the Catholic health care sector, in nine years, has come from a situation of having money in the bank, under the good stewardship of the previous sister-administrators to being highly leveraged. The debt around the place is now quite frightening//28: economic rationalist approach from government will continue to challenge the support that we have traditionally received. We have to make the shift from the welfare paradigm to the market place paradigm. Squandered our stewardship, entry contributions; "Oh, we can't possibly charge. Because that's not Christian." And I say to them "When is it Christian to use your resources to foster the interests of those who are wealthy?" And it isn't. Charity is a hand up, not a hand out//48: But profit doesn't sit well with health services. Continual friction between the soft-edged people and the hard-edged people. I know the mission and the margin's been done to death. You've got to remain financially viable//

CATEGORY 5.5: STRATEGIC ISSUES-DECLINING RELIGIOUS

Secretariat Responses

//43: the declining number of religious personnel in the institutions and facilities and//45: one of the other issues you raised about declining religious. People like ------------ clearly say let's get on with it, be proactive about it and, and, you know be proud of what the congregations, what we've done in the past, but move on into the next century, do it in a positive way, which means you've got to be fairly prepared, I suppose, if you're talking

strategies, you've got to be prepared to make sure you've got good leaders, good lay leaders, and I don't know that we've got a good strategy for doing that at the moment//44: real stress, both financially, and also with declining numbers of religious, almost to the extent that some of the orders have got rules like that if they don't get new recruits within fifteen years, then they can't take any new recruits, and so the order's going to fold. I guess the declining numbers of religious, if you want, is an issue//

Congregation Responses

//4: The raw numbers of religious are declining, and the average age is in the seventies in most groups, so there is a frank decline. The pressure's on the women in their sixties now to keep going--I mean, I'm on ----- as well as in administration--are enormous. And all the recent deaths in our congregation have been sixties. The issue of the threat to Catholic health care because the nuns disappear, I think that's not a threat. I think it's a new time, it's a new opportunity. There are new mechanisms. But I think the solutions will come from the orders, not from Catholic health care//25: concerned with clients, have declined in numbers and all of a sudden the age group, the active age group, are getting older. Even with the younger, women, the younger people coming in, they are not interested in institutions. Catholic health would just die off. And I think there are enough of us determined, with the grace of God, that it's not going to happen//17: So a lot of orders in the seventies, sort of, took the idea that institutions were bad and social welfare, social justice was good//5: it will mean loss of autonomy, loss of independence, loss of individual charism. It will mean being change-agents, and that's never easy. So it's two-tiered//12: what is the future of religious congregations in health care//20: And the sisters really had no great yearning to do it as they'd done it up until then. And there are other unmet needs//22: ageing of the religious//26: At the end of this year, we would have twenty four sisters under sixty, that will be twenty four out of a hundred and ten. Our youngest sister turned thirty seven this year. Therefore, I think, the Church and the world need different people as religious, whether you are a vowed religious, or you're… //38: we still have people who still think the nuns should be doing all these things. //46: It's already gone. Even the younger

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people, they work in the institution, as soon as they can get out, they want to get out, more social work.//37: OK, we see a new form, definitely a new form of religious life emerging. Their formation is around the new style of religious life//35: whole aging of the Australian population, so, I mean, what do you do if you're a congregation that's got say, now, fifty members of whom, say, seventy percent are sixty plus now//31: And then, I think the other thing was that the whole notion of where is Catholic Health care going to go to with lay leadership and the declining numbers of religious, then we'd get a change of congregational leadership, you know, that happens every six years//35: I think another element that emerged was the one of people assuming that religious congregations couldn't take works into the future when they had declining numbers. When they were looking at numbers, rather than charism and leadership. Leaders and Owners change every six to seven years//

Non-CEO Responses

//23: a realisation by Owners that their time to influence, it's their ability, I guess, of having a pool of competent, of competent administrative sisters to actually make those decisions was coming to an end. Health entities, particularly the larger ones in the acute sector, and also the larger ones in the aged care sector, are very substantial enterprises//3: threat of the sisters reaching a stage of not being able to continue to manage the hospitals before they had some set some structure in place//2: It was driven by the lack of vocations//14: One would be the recognition that the religious orders were in decline. I think the lay organisations ---------are probably suffering from the same sort of problems that the religious are in so far as membership is down//18: This is just going to have to be what I've heard on the grapevine and what my theories are really. I imagine they realised they were running about a decade behind the rest of the world in terms of their own insights into the shrinking congregational numbers//30: diminishing number of religious//34: public recognition that the orders of nuns were getting older, and there was going to come a time when they simply didn't have the woman-power to continue to drive the machinery//39: internal issue of the declining number of religious, aging of the religious, religious who don't want to pursue leadership roles. A lot's falling on the shoulders of a few//

CEO Responses

//21: was the reducing numbers of religious, the aging number//7: I mean, do some of the CEO's realise that they are in a religious institute that currently has the hospital that they're working in will be extinct in twenty years? That was where a body like Catholic Health Care Services, part of its raison d'être was to be the vehicle for the continuation of those ministries. The common feature amongst the ------- is, a lot of --------- say "Oh, when we're out, with noone to run them, that'll be the end. We don't want to hand over to these men in suits."//16: "There will never be a day when a nun does not run this hospital"//28: I think it is a genuine attempt to address the real issues of aging and declining orders//48: declining number of sisters//

CATEGORY 5.6: STRATEGIC ISSUES-LAY LEADERSHIP

Lay Responses

//41: lay formation programme//11: they don't bring that sense of tribalism with them, because they don't belong to a congregation. Another element that's been advantageous has been the lay people in key positions//11: so you can move people around who can hit the ground running and know here are the issues that relate to this hospital in particular//45: deal with the formation of the lay leadership, appoint people to the Commission who you would believe would be good people on your Board, would be good trustees. And I'm not sure we do. Educare was meant to be about doing that, and it's not working in a big way. Lay leadership is a big issue, whether there's enough lay leaders, who are really in tune with the congregations//9: Cooperation, collaboration, caring. And it's not a search to punish the wicked, but more a search to identify best practice//16: That balance in people, that balance between professional competence, a willingness to actually take an ownership, and a grounding in a belief system, is a very rare trilogy to find in anyone//18: starting to understand that these super-committed, super-confident people to run these hundreds of millions of dollars worth of businesses aren't just lying around the street waiting for the call.

Whole spectrum of people in Catholic health care leadership. And again running a little bit late in realising they had to find some really competent people who are signed on to the mission to hand this on to. Otherwise they're completely stuffed//34: You know, you need a Joan of Arc to emerge out of the backblocks, to sort of get on a big horse and bolt on a banner and say "Come to me." I don't see too many Joans of Arc. You need someone with a bit of charisma who is going to emerge out and stand up and say "Look, this is what I'm proposing, and I want you to come with me."//40: And you can offer careers to decent people. And if there are so few people around that have got a sense of what the mission is. You can always find managers, but people who've got the mission, then you need to be able to offer them the opportunity to have a lifetime in Catholic health, which we can't really offer at the moment//44: when you talk about the tensions between congregations and CEOs, I'm not sure that it's totally gone away. There's certainly, from the ---------- point of view, there's the odd tension between some of the CEOs and the Boards. CEOs need an ownership, saying it's to our values and missions. When I started at -------------we had a Board, a Governing Board, and attached to the Governing Board was a Finance Committee. And the Chairman of the Finance Committee didn't tell the Governing Board what the finances were//

Religious Responses

//4: It's the education of the board that ensures Catholicity. There's more romanticism in the laity. You know, oh, ------- thing will go, it's got such an indefinable wonderful spirit. It has to go into the future, I say "you are actually receiving a call within the Church to be responsible for services to your fellow-men, and you've got to find out how Catholics do that, because there's no sister at the back to say: Oh, Sister will look after that."//25: We're blessed with an extraordinary number of committed, true blue Catholic lay people, men and women. Given that we have to live as Church, we don't have to make our laity into little religious. They have their own spirituality. They have their own mission, and it's different from a religious commitment or a religious mission or religious spirituality//19: in that Educare process. It's too expensive. We can't get over there, and there's nothing over here//17:

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We've got to promote the role of lay Catholics//12: I think we've got to look at how do we ensure that when the third and fourth generation of lay administrators come along, that the whole spirit isn't diluted that's not to say that the Sisters -------- have a mortgage on -------- We don't. But we've got a readymade structure so to speak called the congregation, that can do that sort of thing.   What sort of structure do you ensure carries this into the future?//20: They may be the dreamers. We stop being for mission, we might as well stop, we can sell up the business, because if you had people who weren't bound by canon law, then you run into trouble. Because you're talking about alienation straight away//22: Educare, I mean, a lot of us didn't give it the support I think it needed and I think the initiative was right. I don't know whether they're the right ones or not//38: I suppose, with us, the board drives the mission quite a lot, education of the staff at all levels, in the values, philosophy and mission of Catholic health. In some ways it's passing on the heritage of the religious order. But it's also developing the heritage in a peculiarly lay way//42: Then you got the new wave of lay leadership. And I think they didn't bring the baggage that a lot of religious orders brought.   I don't know that they're driving it but they are as fearful and protective as religious are//46: the education of the laity, Educare thing here that we have in motion, we haven't done too much with them, but we had some people going last year, and we decided this year to bring Educare here.   But their programme is good, and transportable//35: They've been excellent people who understand what we're trying to do, and have grown with the whole enterprise, but grown as we would hope to grow it with a whole focus on our whole philosophy of service of the poor. The Educare thing, I don't know that the fault lies at ACHCA's doorstep. I hate to say it, but I think they're not too well organized//31: The whole formation for leadership into the future is an area that we haven't done well//15: who would have a commitment to taking that particular spirit into the future. If you only have Leaders and Owners, then there's going to be a whole area of richness that you're not going to have. So how do you prepare your boards to be trustees of the charism, and staff to integrate their values and their professional individualism//

CATEGORY 5.7: STRATEGIC ISSUES, CHARISM/CULTURE

Lay Responses

//43: difference in charisms between individual orders. I think that people's patches the more they tend to want to protect what is quite unique and what has allowed them to provide the services that they have provided, often for a hundred years or more, and that have made the provision of that service quite unique.   Obviously, there's a lot of pride and passion involved around the charism of individual orders//27: we really were competing with one another, and so there was really that tribalism, alive and well//21: at the end of the day people will want to, I think, retain their identity and their charism//11: And I think that's one of the big issues,   doing away with tribalism//39: there's still issues of, you know, developing real trust between the congregations//33: Charisms//

Religious Responses

//4: Well, mergers often submerge the cultures. You've got to take five years to do it. Nobody's got the time or the money. The whole business is about the laity being responsible for their own Church, and using their gifts and skills to run their own Church. So it is going to be a different culture//25: Yes, quite tribal//42: And I think they didn't have, you know, that fiercely independent, like ----'s best or -----'s best or ------'s best, you know where we all protected our patch. Whatever integration means in the future, it's going to be the merging of cultures that will be the hard bit//

CATEGORY 5.8: STRATEGIC ISSUES-NFP/PRIVATE HOSPITALS

//43: the need to maintain our not-for-profit status is essential//41: tax status is but a means to an end. Tax status is not the essence of who we are. And this is part of the problem, I think, in the current understanding of this stuff .... in the case of the tax status, it's all about demonstrating why what the Commonwealth call taxation expenditures, in other words, our

benefits are justified. If we were for-profit, it would simply mean that the monies we generate could be given back to people who invest in us. What it would say to the community, I believe, the negative image it sends to the community is that we would like to profiteer out of their sickness. What's the greater good, the generation of capital to continue very essential services, or to die in a ditch over your tax status. It's important for the Church to branch out to the marginalised people, beyond private hospitals. At the end of the day, private health care is about those with the capacity to pay. Public health care is certainly not that, but, you know, increasingly it's harder for us to stay in institutional health care. And the challenge becomes, where are the new ministries needed//17: a way of ensuring that Catholic Health care remains viable into the future//11: "Well, it's someone else's worry to look after the poor. You know, if we looked after them we'd go broke, so we just can't do it". And I think that's a fundamental challenge; we need to be able to, perhaps, have the cash cows that can generate the funds we need to do these other things//7: "is that a public hospital?" I said "It's contracted to provide public services, with the government. It is a public hospital in that sense." Didn't matter what else …… I mean, we could have been running a weirdo outfit, or something else, and it wouldn't have mattered. If he doesn't want a private hospital, then, in terms of integration, he could sell it. But what's the matter with selling it to HCOA. If he's offered it to all the Catholics, and also they've made a judgment that they're not in private hospitals//28: So that we have a situation where a lot of our policy development has always centred around what is the impact on the hospitals//34: From just doing a whole lot of day surgery procedures on rich people//42: because you couldn't mix public and private. That's doctor talk//44: They're pandering to doctors and all the rich cousins and the aged care are scraping//37: Our private hospitals often have empty beds in them ……… public hospitals are overflowing//33: but they were just so acute-hospital biased, and it was very political, at the time//

CATEGORY 5.9: STRATEGIC ISSUES, CATHOLIC IDENTITY

Lay Responses

//41: making Catholic identity contemporary. Don't take our bat and ball and go home, because the ethical debates get too difficult. Not just abortion or sterilisation, it is about euthanasia, it is about genetic engineering, it is about manipulation of the human genome. Is there something distinctive about how Christians do ethics? Is there something distinctive about how Catholics deliver health care? And my argument is it's got to be more than the privatisation of the faith. It's got to be about social contributions. It's got to be who we deliver it for, not just how//27: somebody who's never had anything to do even with a Christian tradition before, and their first observation should really be "What is it about this place that makes it different?"//23: Catholic identity//11: that make it Catholic, and how do we continually ensure that those hallmarks are being maintained and enhanced as opposed to "Well, you've got the crucifix on the wall as you walk in." "Oh, we have a pastoral care department." .... but basically you've got nuns who work for a stipend//7: But I think, you know, that's what identified a Catholic hospital in the past, that it was either run by an identifiable religious group, and it didn't do certain things. And I think people have come around to see that identity is much more complicated and complex than that, and if it doesn't permeate every bit. Why do we have to compete with other groups? I mean, who said there was a Gospel imperative to compete with these people. I mean, why do we have to compete with ------- on private hospitals?//8: are we just doing this to be a stronger Catholic system. You know, what the South Africans would call "Forming a laager." No. It's not just forming a laager. It is about showing the community and therefore governments that we are an alternative way of delivering health that is different to the investor-owned community and different to government provision//32: Catholic Church as a whole wants to maintain its presence//40: The biggest strategic issue is keeping it Catholic//39: I mean that's certainly been one of the challenges

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with -------------- is how do we create a culture that is a new and unique culture within the Church, drawing on, you know, the history of the founding members, but also responding to the needs of today//

Religious Responses

//4: the assumption that there's a sister there and that equals Catholicity is quite false//29: but I think it will involve a relaxation of some teaching. It probably won't force the issue on abortion, but that's the kind of issue we're going to find. Funding may be contingent on the provision of all services. We're going to get better at diagnosis, and I feel very uncomfortable//19: keeping the philosophy in front of the staff and education of the staff in the philosophy and ethos of the, and those sort of heart-rending problems that will face us //17: But I think what you need is Christian-based health care. And if you can maintain Catholic focus, well and good, but a more important aspect is that it's Christian-based, or that it really is focussed on concern for the patients//13: I think it's just to maintain a Catholic tradition in the health field, and that would be the biggest challenge. Catholic identity may need to be more overt//1: how do we speak with one voice//22: There are real concerns about loss of identity and preservation of charism amongst religious orders. There were real concerns about capital, both in terms of property and personnel assignments. There were real concerns around governance and there were concerns about a common vision. Moral/ethical issues within the health care were floating to the surface frequently. For instance, there was euthanasia legislation before state parliaments right around this country. There were statements from, for instance, the aged care charter//31: ground rules for membership relating to Catholic identity//

CATEGORY 5.10: STRATEGIC ISSUES-OWNERSHIP
Lay Responses

//41: there isn't enough analysis of how robust our present ownership structures are for the future//21: they will want to retain their assets. I think that alienation of assets will get incredibly complicated, but we may well allow under using a vehicle of a public juridic person, the use of those assets for joint ventures. But that the actual asset itself, ownership will be retained//7: "We never hear from health care people, unless they want us to go to the government and get money." And the health care people say "Well, the bishops don't show any interest in us." They're looking to shift risk from the congregation to another organisation. Risks of redevelopment, risks of borrowing, operational risk. And they want their patrimony recognized. A couple of them said "Oh, well. If we set this up, you know, we're going to, you know, take the risk." I said "Well, how many of you have taken risk for all the religious congregations in your diocese." Private juridic person, to think that they're free of the bishop with that is just ridiculous. If they think that they can end up one juridic person only for the whole of Catholic Health Care in Australia, why don't we have only one diocese in Australia. To try and demand that is crazy because that's just contrary to any reality of Church//16: another dimension of that inclusiveness was the bishops. Is there going to be an amalgamation back to normal corporate involvement and can that dichotomy of responsibility be maintained or will we continue to put laity onto this level with that responsibility? The canon lawyers are perpetuating the three tier model. Top two levels have been handled by the same group, and the kind of spreading it out and teasing it out may be a feature of the transition at this time, the embedding of the whole sector to Church //28: there was a real push, which I opposed, of taking the steps necessary to become the juridic person. I think a lot of these things are man-made, man-developed and one has to wonder why//32: most bishops didn't want to be involved in provision of health or aged care. Probably you can have a canonical private juridic person or there's about six different types//39: you know, what role will the dioceses play in health care? Will we set up our own independent structures that will just continue, or will there be a stronger link back to the diocese//

Religious Responses

//4: private juridic persons. Now let me go back to this public, this private juridic person example, which is probably where you ought to be looking for contemporary examples of where the situation's up to. They will be the owners. They may well sub-let the contract for operators who may or may not be not-for-profits, or may not be another religious order. And they will have a board. So the owners sit, this group of lay people sit where the nuns now sit, charged with the responsibility to maintain this as an operation of the Church in the diocese and that's a canonical arrangement that's possible. [Why become a private juridic person?] Because they don't want to get mixed up with the bishops. [So why do you bother with being a juridic person at all?] Because that's their legal and canonical status, that they need to hold and operate this facility as a Catholic facility. Canon law provides for that//13: I think the bishops would be very fearful of taking over hospitals. Now I think that the bishops would be concerned about the Catholicity, the Catholic ethos of hospitals//1: it seemed to be that the bishop was the one who had direct governance over all the facilities. In fact, that wasn't true. One of the areas of confusion is the question of who can be members. The membership has changed from an entity organisation based, to an ownership based, not upon civil law categories, but upon canonical category//20: but our province leader appoints, and I don't think even in our instrument it says sisters//22: I don't think that the creation of a public juridic person would necessarily be the way I would go today//26: And I think a lot of religious women would be saddened if their contribution in health care vanishes to be replaced by the hierarchy of the Catholic Church, which has to be all men, if they become the sponsors. And I'm not saying they wouldn't do it well, or anything like that. But it's, I think, a tragedy that you have an organisation and I think a lot of our hopes have been that it was empowering and recognising gifts, If you try to move it to the Catholic Church, with their hierarchy, with women not allowed in those decision. In theory, I suppose, a public juridic person would be set up with the authority of the bishop, so, if you were crossing dioceses and boundaries and things like that, you would need their permission. And you would have to report back to them. I think

with a private juridic person you have a better chance of relating directly with Rome and relating even to the institute of the sisters there to say "Well, this is where we fit in"//38: I'm a canon lawyer, and I'm not heavily into public juridic persons//37: well, the whole issue of property and assets, because I think we should be looking at the whole value of what we're doing , and not so much the money, the land that we own, and this building. It's in the order's name, and if, for example, we folded up tomorrow, this could be sold or the assets sold here and it goes back to Rome to the General. We're here at the invitation of the bishops//31: So there was really a bit of concerted effort within each of the state associations, and at the national level, to try and quietly educate the bishops as to what was meant by a Catholic hospital//

CATEGORY 5.11: STRATEGIC ISSUES, REGIONAL ISSUES

ACT Responses

//47: Certainly the regional. I mean, getting a perspective from dioceses, congregations and lay organisations and also an understanding of what people are wanting at the regional level//identify, if you like, the leadership, the people who are really the movers and shakers at those regional levels who want to be involved in it or push it along. You just can't turn these associations into these regional bodies, given they are groups of providers. They're not groups of Owners necessarily, and Owners haven't particularly been heavily involved in those regions, particularly on the aged care side, the aged care people tend to be more operational management people . Is every state going to have a regional board. Aged care is not necessarily structured in a way that has a national focus. In effect, your regional Leaders and Owners ought to be the same as your national Leaders and Owners//

NSW Responses

// 4: I wasn't too sure what Integration 2000 was going to offer to that, order by order, not something that comes from the policy group//7: I actually

changed my mind. I said "I think the best way to go is regional organisations. Victoria, New South Wales and Queensland are big enough to be able to stand on their own, but this group is now saying that regional structure shouldn't take place either Why do you want a large national group. Different markets, different cost structures, plus the information we need to share we share already. The market is state, the industrial relations is state, and the health funds are state. Principles of subsidiarity. If there was acceptance of regional structure, a solid regional structure, then I could see Catholic health care, over a thirty-year period, gradually becoming part of the diocesan church. But I just think that if in fact, that you take the example of a national body that has the resources to try and buy things or whatever, and people are bailing out//5: Although, in terms of the regional entities, they were moving quickly in some states, then they stalled us, but I don't think they can stop that momentum now, either//3: I think certainly, we see the issues of how to manage in the local environment. This business of the local bringing together organizations within state boundaries, in some sensible way to work with each other - that's proving to be difficult, particularly in New South Wales …………..I know in some states it's relatively easy to do. But I don't think there's a clear path. So one of the things is how to integrate these big systems on the one hand, and all the other players around them with a need to come together locally, because geography is critical to health care. My personal opinion is that it isn't, at this point in time (Catholic Health Care Services as a model regional structure) I have some doubts as to whether it's the best vehicle [the option?] Just create another regional entity, independent of that body//8: the next move is to take a lot of these major systems and put them under one structure, and then within that structure you have regional providers//38: For example, just the other day, the vision, the strategy was to create a national network with a branch system. That is absolutely the right way to go, I am convinced. But it meant that ------- and ---- group of executives and the national leadership became el supremo. And the rank and file weren't going to have that happen. So it's been taken back, and now each state will decide for itself how it will function//39: So what was proposed was that this would go out of existence and some of the functions and activities which were still valuable, would be valuable and wanted to be continued. You

would create a new corporate entity here what I might call Catholic Health Australia Limited New South Wales Limited, and it would take on the responsibilities of the Association. That still wasn't dealing with the issue of what are they trying to create at the regional level. Are they governance structures or are they associations, to bring about a forum for exchange of information and collaboration? That's a pretty fundamental issue that I don't think has been addressed//35: I mean, our regional structure is probably, is certainly going to be different from what's needed for the sector, apart from the fact that our regional structure does exist//

Queensland Responses

//12: I think where it is still very, very unclear for me and for a lot of people would be at the state level, and I think there's a little bit of disillusionment out there, particularly with the aged care sector, because in Queensland, they have strong state aged care bodies. The regions are probably wandering around in limbo. It's the Australia dilemma all the time, isn't it, you know, the federal versus the states//14: but they have to develop something which is acceptable to all of the groups and all of the states. The main thing at this stage is to keep steam-rolling the development of the regional bodies. A lot will depend on how they develop the regional entities, because it's only at regional level that you'll get bodies talking and so forth. And at regional level you must have some form of secretariat//

Victoria Responses

//23: linked to some sort of regional structure. It's still very much in the melting-pot. The Commission's meeting next week. That issue is, in a sense, not stated explicitly. There are some draft papers for the Commission to look at, which raise that issue. I think it's something that has to be settled fairly soon, because otherwise what's happening is that time frames are stretching out. People are getting a bit impatient at a local level. That will also determine how the national body relates at a local level//13: That's where the activity has got to be, and that's going to be the big challenge//11: But it was always seen that Integration 2000, to be successful, had to be driven at the state levels, at the grass roots//40: put out a plea for regional

collaboration, because that's where the action can happen and the thing is that most will be achieved by the regional systems, because funding pretty much still operates with a state base, particularly with the public hospitals, but also with community-based services, and because of the personnel issue, the capacity to be able to be move personnel and draw on personnel exists in that geographic sense, whereas it doesn't exist. We're not going to fly up to Townsville to find that out. So I think the potential for career moves for staffing, advantages, expertise sharing at a state level is huge, and for strengthening your arm with government or with health funds is huge, too. Aged care is the same. Aged care is Commonwealth funded, but the actual, on the ground support, that sharing stuff can all happen at a regional level//42: I think there was frustration at regional levels.   I think it's going to happen regionally//31: how we set up the regional entities in relation to the national entity maybe we've got to look at an interim structure for twelve months to let them authorise a group to be the state coordinators or something. I don't know if there's any one way of having a regional structure. And then we need to work out a memorandum of understanding between the national organisation and the state organizations. A number of people are finding it difficult to live with that ambiguity. So, it seems that, whilst there's a structure there already that can form the regional structure, not as it is. It has to be modified//

WA Responses

//21:-----believes that there is strength in their regional model, because that's the regional model that will eventually be in place for Catholic Health Australia. I don't see it that way. In practical terms, I actually see a different model. we seem to be trying to go the other way, and let it come up. And I don't think it's going to happen. There is nothing any more at regional level//

SA Responses

//19: smaller places will always have a landing spot, that will fit in somewhere. I know that's probably in the regional area hoping that smaller places will be able to continue, and have a voice somewhere in the whole strategy mix of it//17: the Daughters of Charity were the biggest Catholic

health care provider in the whole of the United States. Now, when I was there in '95, they'd just finished a three year process of regionalisation, because they saw that nationally they needed regions. And what I like about Catholic health care integrations is their recognition of the importance of the regions//

APPENDIX SIX

EXTRACT OF RESPONSES TO CONCEPT 6: PLANNING MODELS, CATEGORIES 6.1, FORMAL, 6.2, EMERGENT AND 6.3,ORGANISATION DEVELOPMENT.

CATEGORY	SUB-CATEGORY
6.1 Formal	6.1.1 When Used
	6.1.2 Objectives
	6.1.3 Analysis
	6.1.4 Choices
	6.1.5 Strategies

CATEGORY	SUB-CATEGORY
6.2 Emergent	6.2.1 When Used
	6.2.2 Insights/Thoughts
	6.2.3 Critical Reflection
	6.2.4 Emerging/Unexpected Issues
	6.2.6 Strategies

CATEGORY	SUB-CATEGORY
6.3Organisation Development	(No Sub-Categories)

CONCEPT 6: PLANNING MODELS

As far as possible, the entire question set out below was used to open discussion on planning models. The examples were set up on cards:

6. Planning Models

Could we just look at a couple of models?

6,.1 THE FORMAL PLANNING MODEL
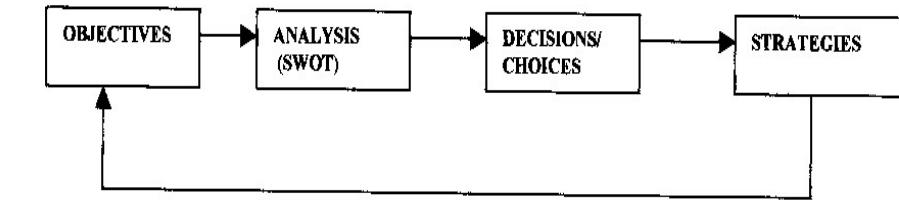
This is what can be called the formal planning model. If you use this, even some of the time:

- **Who sets Objectives? When? Where? How?**
- **How is the Analysis handled? By Whom?**
- **Who makes what sort of Decisions/Choices?**
- **Who formulates strategies? What form do they take?**

How much of your planning broadly follows this model?

6.2. THE EMERGENT/DISCOVERY MODEL
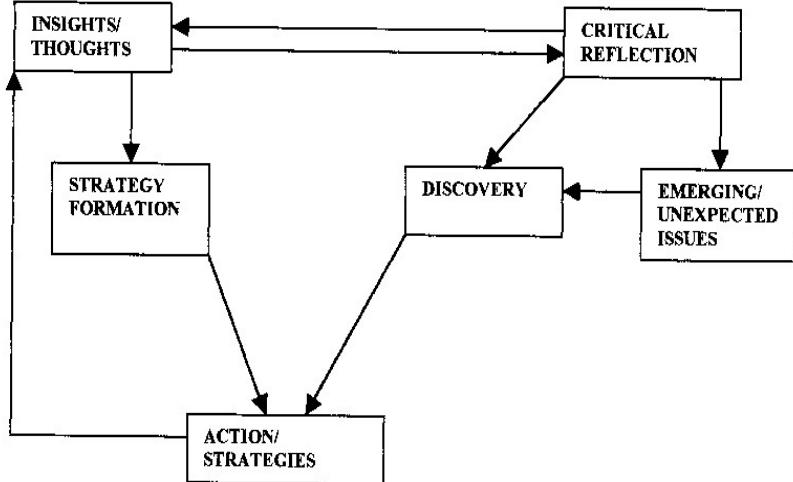
This is a much more interdependent model of what might happen. If this is the way you "do strategy", even some of the time:

- *Whose insights and thoughts are influential?*
- *Who undertakes the critical reflection? Where? How?*
- *How do emerging/unexpected issues become evident?   Who detects them?*
- *Who formulates strategies? What form do they take?*

How much of your planning broadly follows this model?

These are just two sets of possibilities.   Do you formulate your strategies in other ways? Could you describe your process?

CONCEPT 6: PLANNING MODELS-GENERAL

Secretariat Responses

//43: the nature of the way we do business here is to brainstorm most things as a team. I think often there's not enough planning done. And often we respond to issues, we react. Well, perhaps, we react rather than plan. But that seems to be the nature of the business, that people have special skills being able to work under those circumstances//47: Well our planning has not tended to follow a formal planning model where we sit down and do a SWOT analysis //45: you can say that it's done in that sort of way, but you wouldn't say it's done in any formal way. There's a lot of swapping and yes, it's much more a curvy road than a straight road. Be flexible to change your objective or to change your strategy//

Congregation Responses

//25: I don't walk in a straight line. I don't like straight lines//17: "How do you drain the swamp when you are busy killing off the alligators?"//5: But there are some people who couldn't see the big picture if they stepped off the end of the earth, but you tell them what you want, and they'll make it happen. They're movers and shakers//20: Yes, we sometimes go before this ...where do the objectives come from? Has to come from there (Emergent). For the health care, we let them do the hard work (Executives and staff)//26: it's a process a bit like Celtic art as far as I can see//46: long range planning committee. So it's a mixture of this//37: my experience is that

I looked at the -------- and they were, in the process, were doing a pastoral plan, too. And now the---------. Their provincial wrote their pastoral plan, in a week//15: like a revisiting thing, more like a spiral, like a spring spiral, where your spring touches down onto the one below it occasionally and tests that one out//

Diocese Responses

//1: The catalyst, of course, is often financial//29: We have not had a very good record of planning //

Non-CEO Responses

//23: You almost need a strategic plan on a whiteboard, so that you could rub it off and change it this afternoon and redo it tomorrow morning. I don't know that it would be quite as dynamic as that. And almost by the time the ink's dry and the photocopier's done its run, we need to do the next one. That's not an easy environment to work in. I think there's value in both sorts of models//2: But it's more if you regard this (Emergent) as a contemplative and this (Formal) as a mechanistic approach//14: then they decide to do a survey. Do a survey of the area and then they have a seminar, and out of which they have heaps of butcher's paper. I think this is where the problem is with the religious, is they've probably been used to rule, and they've been used to a common rule right through everywhere//30: So we have a bit of a mixture//34: I think it's a bit like black and white. There's a lot of shades in between. So I don't see that you can say that you use one or t'other. I think you do both all the time. I think there's two important factors. Number one, a strategic plan is not worth the paper it's written on unless you do something with it. And all these workshops become just a chore for someone to prepare a strategic plan, to present to a board to get them off his back. Ninety-nine times out of a hundred they stick it in the bloody corner and don't ever look at it again. They just get on with all this stuff (Emergent)//39: is that it may be just so big and complex that you really have to prescribe//

CEO Responses

//21: we've kept it simple because it's a dynamic document, and we're already amending it. What we did was identify some simple, basic strategies, and came up with really only six, ----- ----- ----- ---- ----- ---- you can actually come up with very verbose strategic plans, but they're actually not deliverable.   So I think what I've found is that we are becoming more conscious of the dynamic environment in strategic planning//9: both of these would not reflect my management style, which is much more participative. We do a bit of both//40: You're asking to define how you think//48: So, as I say, it's a combination of the two//33: I'm being difficult, but I'm not. I have to say eclectic//

CATEGORY 6.1 FORMAL: GENERAL

Secretariat Responses

//45: Integration 2000, you might say there was clearly an objective to come up with something, and we did go through a fairly ordered process about how it was done//43: once we decide to sit down at the table, you could probably say that it is done that way (Formal)//47: We're not all involved in everything//41: We started of with Integration 2000 in the formal planning model//44: I think, go back a stage. In the hospitals, it's more this way, more the formal, but it's almost ineffective and the process itself almost became the main game.   The eventual outcomes, and the actions that followed really didn't matter. Have to make up things to report to them so you can try the bloody matrix. I think they've appointed planners and all sorts of things. They have people gathering all sorts of information.   Demographics and things. Then try and come up with a plan that's cast in concrete and that may not be the right plan to use. And there's this real commitment to budget. I think the budget is a dynamic document//

Congregation Responses

//4: It's much closer to that (Formal) except there's a big intervening chasm there, which is the driving thing. It doesn't happen at board level. It

happens at owner level, the boards aren't driving this ---------- because they don't own the show//17: Yes, well we're still doing that. We're still doing that because the CEOs had a meeting the other day and they did a SWOT analysis //5: the only people who would use that are those that are still stuck in Taylorism. What was meant was what was written, but it was not what they were saying//12: I'd say, probably, if I'm really honest, we're still pretty much into that model (Formal). And most of the planning that's on the ground at the moment, by on the ground I mean about ready to turn the sod, has happened because of this (Formal). This (Formal) doesn't work any more, because there's so much to map. We're just about to----------- . Now I guess it's been worked up on this (Formal) model, but, in recent weeks, it would have been worked up more on that (Emergent)//20: And they have to work out how they're going to action that then to the governance and the management level//22: Spent all day Saturday doing that. Even those, when I talk to you about the formation of --------- that was more that (Formal)//24: it would seem to me that this (Formal) is something which appears to emerge more in discussion//26: This particular approach (Formal) we would have used with a strategic planning exercise we started in '97. And it was very typical, you know, in health. Consultants. So the congregation went through a formal planning process . Normally, you would do that sort of thing in preparation for your chapters, and in some respects it would be similar to this (Formal), but it's more cyclical than that//38: (Formal) might be a more logical model. The only thing we really went for, we didn't get//42: Now we're into the: How do we deliver it? We've set up a process//46: Then you put it down to action. It takes quite a while. It is one way, this (Formal). [Was that after you've done all that (Emergent)? After you've done the thinking?] Yes. It comes from the committee and others//37: Yes. That's right. SWOT analysis//35: Very masculine one, if I may say so. Doesn't appeal to me. I don't believe your objectives are ever as clear as that at the beginning//31: that would have. It's not classical, classically that, but I think that is the basis//

Diocese Responses

//1: Certainly, that's (Formal) what we're doing internally. For example, in the ------ we have a strategic plan

Non-CEO Responses

//23: predominantly that sort of model. If I could modify that with the sort of opportunities that may arise. In my five years, we've been through that sort of model, but more recently, the value in a SWOT analysis, is actually determining what is the opportunity, what is the strength//3: Traditionally, the board has really followed this (Formal) approach more than anything//2: Well, we try and have a planning weekend once every two years or so. We try to have a five year rolling plan. We never achieve that in a proper sense, or if we do, it ceases to be relevant. We've done the SWOT thing once or twice over the last ten years//14: Yes, and they'll do this (Formal). It didn't run along this (Formal) way at all. So you can't impose a rigid model. I think this could well be the problem with the Leaders, the congregations. They're used to a rule//18: The trouble about this (Formal) model, to me is this is far too much about the present//30: Yes, that would be the formal mode. And then we had a weekend of discussing where we want to be//34: strategic plan with a specific objective to it. For example, aged care. How are we going to handle aged care, within the structure of ------- I'd probably do that (Formal), a form of that. I think boards should be involved in the acceptance of a strategic plan//39: exactly. That's exactly right. A very formal, structured approach//

CEO Responses

//21: But in fact the starting base of moving towards that model (Emergent) is in fact in here (Formal). What I'm finding is that I am being far more flexible about this//11: I'd say that we probably started out with this sort of approach (Formal). We've gone through this. At some point here, it starts to get a bit murky, and it then becomes more apparent over here. As this shows here, it's a fairly linear process and, you move to this. But it's almost like we can't get off the track. We've got to keep going to the death. There's a budget set at the start, and yes, all these other things have happened, but that's the budget, and we've got to stick to it. And I think in many ways that this (Formal) is often the model we fall into, and yet that's (Emergent) probably the model we ought to have. So, I would see, to some extent, a

convergence//8: [The messages I'm hearing are that you will sometimes put together the grand plan that (Formal) way, and individual facilities often use that (Formal) for a framework]. Without a doubt our growth strategy came from that (Formal). They brought us to a point, and then the management have taken this forward//16: We're not doing that (Formal). Because that's too naïve//28: Because we struggle to conform to the formal planning model. And this is really interesting because we follow a planning process, and I would have said we find it hard to do, because we are fairly dynamic. It's academic and we keep a track of it, so that we can show somebody, I suppose. But it doesn't sit comfortably. I think there are a lot of problems with this (Formal) system//40: only really simple things like building a house, or something follow that linear approach//48: This one is used more for the parts within becomes quite specific. The more focussed it becomes, the more nuts and bolts it obviously becomes//

SUB-CATEGORY 6.1.1: FORMAL-WHEN USED

//5: I think on small issues that are not significant, not so significant, like space for ----------- we'd use something like this.(Formal)//3: we had a consultant working with the board and with management that basically used a very rigid planning model that was pretty much this (Formal). There wasn't a lot of time for reflection in that process I think it's only been since we terminated our relationship with that consultant//28: two counts. One, to sort of legitimise what we're doing. Second thing is, I think we go back to that (Formal) when we get nervous. So the outcome of policies is inaction "I can't do it."//32: This (formal) model would be done on the more business activities of it//34: "What are we thinking about for the next five to ten years?" Where are we really going? What are we trying to? What price, if they didn't do it at -----------? I would use formal planning for that. But that ignores the fact that I think executives in an organisation should meet on a regular basis, chaired by the CEO. And the executives should be responsible for planning. It goes across to here (Formal) for a strategy. You think you can do it. It comes back down here to an action plan. Then you've got to submit that to a

board. And you put it up as a proposition, and the board will probably go through that (Formal)//38: Very interesting. I think we tend to use this (Formal) model for what I might say internal planning, say to develop prior strategies//40: There is a degree to which you do that (Formal). When you take the broader view, and then you say, "OK, now specifically, --------------." Once you've made the decision, then you start to articulate//37: Not very much because we, we certainly would use consultants once we got beyond, well, not a consultant either. We use people to help us put the thing together, but we do the work, mainly through this experience here.(Emergent)//35: I'd say, not a lot. So, I mean, if you do have clear objectives, then I think it's probably a reasonable way to go. But I think the difficulty is to define the objectives. It would start with saying "OK, what are the challenges facing us?" Then "OK, what are some of the things we should do about it?"//33: And it's a good process to go through when you're doing a formal review. But real life isn't like that//31: the classical model is really what would have been the basis of our planning//

SUB-CATEGORY 6.1.2: FORMAL-OBJECTIVES

//43: one of us might identify an issue or we might identify a need//41: Well, basically, the objectives were set out of the Conference mandate//11: It's probably planning it down to a very local level. By and large, actually, it would start up with the executive of. The realities are that they're really set by the lay people and ratified by the board and others//45: Oh, I think most of the stuff is really done out of this office(Secretariat)//9: On an annual basis, the board. On a weekly decision we have the executive//5: Oh, if you're doing that one, you'd have your consultants or your CEO, or the person at the top//2: [is that very much the Board, or……?] Yes//1: the Board will say to the bishop and the trustees " What do you want from us?"//30: the board would, in consultation with the CEO//32: Again, the managers of the particular sections, the co-ordinators and the CEO. I would think the board would have less there than in the emergent//46: The objectives, I would say, are from the hospital. The sisters cannot dream them up, because the whole objective of

the sisters is to serve the people of God, you know, in this//39: Well, the key players are the board and the CEO. The congregation hands down a mandate to the board and the CEO and says this is what we want, go off and do it//33: from a draft point of view, I do with my ---------- manager, and then we have an external person//31: Chairmen of our Boards and ourselves in setting joint//

SUB-CATEGORY 6.1.3: FORMAL-ANALYSIS

//43: I think we all do//1: Well, the analysis would be handled by different individuals//41: Well, the first stage of the analysis was done by the use of a consultant and referring back to the ACHCA Council//11: Very much within the hands of the executive staff and the people within the organization//45: we'd each do a fair bit of that//9: We drill that down one of us, or our staff //5: The SWOT analysis in probably the token consultation now, these days, of everyone in the organization, at least down to middle management. Then you can say you consulted, and you're using a consultative form of management//3: To the extent which it is done, management would do the analysis, but there's less analysis in that approach. A lot of it is gut feeling and Delphi type//30: the staff would do most of it//46: Yes, it's almost - the committee. Almost that whole Emergent concept//39: that was certainly bringing together senior executives from within the ------------- //33: Again, the --------- manager really isn't a ----------manager, but that's ----- title//31: that was certainly facilitated by ------------ but it was done by using the senior executive //

SUB-CATEGORY 6.1.4: FORMAL-CHOICES

//43: Well, ---------- ultimately does, but is very open to what everybody else believes//47: down more to ---------//41: So, as we made any of those sort of decisions. The Leaders and Owners//11: The experience is that that would go back to the likes of the board//45: comes, it really does come back to----//9: I like to involve people in this. Hopefully, if the analysis has been done properly, it becomes pretty apparent what's the decision, anyway. Most of the time, it's not a consensus, because the decision makes itself//5: The decisions or the choices again made by the consultants or the CEOs, and the strategies may go back for consultation to these, but it will only be consultation it won't be collaborative decision making//3: By and large, the Board//39: [Is that getting back up to the Congregational Leadership Team?] Yes. There's a very clear structure in place to come up and implement- to endorse and implement that //35: Well, again, if you're talking Order planning, at the Chapter level, the delegates to the chapter who are elected by the congregation//33: In effect, the board. [Who really does?] I do, yes//31: The final choice was with the congregation//

SUB-CATEGORY 6.1.5: FORMAL-STRATEGIES

//43: Largely, they're in people's heads, and eventually will be written if there's a project developed//47: Yes, it'd be again a common thing. We would all contribute to the strategy development. I think it's because we are a small office, and, I guess in a small office you can sit down and discuss things and know that out of that process, then ultimately the decision// 41: Out of this office//11: [are they formal, if you're using that sort of model?] I think they tend to be, yes//45: Informal, rarely written, which, yes, I think reflects that they seem to change all the time as well//20: Yes, we throw it through from the group, in a simplified form//3: See if I've got an example. Highly prescriptive, very detailed, low level actions//30: most of them we would say that we have a document associated with them//16: Be formal, yes. Always//46: if it is a huge thing, like a new nursing home, it's got to come from the Provincial. Then the

strategies are formal here//39: develop a, you know, formal set of strategies and actions and by whom and by when//35: A lot of them walk around in people's heads//33: Oh, they're published. Also we put this out to stakeholders as well, who would comment. They would be staff, they would be relatives, they would be residents//31: No. They're published//

CATEGORY 6.2: EMERGENT-GENERAL

Secretariat Responses

//43: it's a much more creative process, I suspect. Saying it's spontaneous is a bit negative, really, because it looks as though you are only reacting all the time, but, really, I think, you're on the ball. And you're hearing what's happening. You're able to bring that back to a solid forum//47: an iterative reflective process where people will share thoughts and out of the sharing of thoughts will emerge a consensus of action and belief and approach. Certainly I think that the emergent discovery model is certainly the way we tend to do//45: This looks interesting. Well, maybe we are a bit more like that, because when you talk about objectives here, you might say a lot of what we come up with in terms of strategy are born out of just insights, thoughts, whatever and you might not necessarily have a clear objective. This is a kind of reactive model.//44: And I guess my view is that it's heading more towards this (Emergent) side of things//

Congregation Responses

//19: I mean, in lots of ways it's this. It's the critical reflection on how things are at the moment where you hear perhaps that there are needs. Those needs I would see that as fitting in there//17: You know John Lennon's statement? "Life is what happens to you while you're making your plans." A lot of our issues are an emerging discovery model, whether it's funding, or reacting or whatever you like to call it//5: there's so much that's unexpected, and so much that arises out of the insights and the thoughts of everybody, that you'd have to be using an emergent/discovery model. Whole process of the emergence of Catholic Health Care, has, I think, been this process

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(Emergent). I'd probably draw it something like this. Being a woman, it doesn't go in a straight line. I'd probably draw it something like that, where, you could possibly start at any place on the continuum//12: I think we're moving towards this (Emergent) in some things, particularly in our relationships with government and the public hospitals. But I think the health care environment and the aged care environment is getting much more unstable. It's usually more done at board level, because we do have what we call a governing board, even though they don't have any legal authority. We have delegated authority to them to make some decisions, make certain decisions. That (Emergent) would be more run out of the board. Then the MBF agenda comes in//20: We look at our role, we do it much more this (Emergent) way, big shape, the broad strokes and the philosophy. This (Emergent) is where you're developing your context, where you're doing your thinking//22: I really think that that (Emergent) model is a very feminine way of doing things. If you believe in the Incarnation, and I do, that was the messiest thing of all time. No good planner would have had Jesus born in Bethlehem. There wasn't a room in the place. They were miles from home. It was in a country that was under foreign domination. Which one of us would have done that?//24: This (Emergent) is possibly not unlike the model from which we are endeavouring to look at our new governance model within the congregation itself, or within the province. That you start with a well established basis in which there are insights and thoughts, basic to the area that you're going to reflect upon, and all that sort of thing. It's probably summing up a weekend that I've just come back from, looking at a certain area in the governance and things//26: We didn't do that for our last chapter. We chose a particular stance, and thought we would work through issues as they emerged, over the time. I think we're more respectful of intuition and processes and to say, well if people have a hunch about something, or a sense that this is not the way we would want, or that does seem to be an issue//38: (Emergent) more intuitive model, isn't it? The others all approached us. And you could say they came out of the blue//42: I think we'd use this (Emergent) one. We'd certainly use the critical reflection. A thoughtful process, until you get right down to having concrete objectives out on the table//46: lots of this insight, because we do quite an emergent one//37: We have a lot of reflection

in what we're doing //35: I don't even think it's the sensitive side of a woman that counts. I think it's the ability to think laterally. Looks a bit like what I'm talking about. All of that said, I guess that actually getting it done is our responsibility as leadership. But we try to function in that way. Which isn't totally democratic, but it is consultative//15: But a key thing is not doing anything in the present that would block your options//

Diocese Responses

//29: I think there's no question at all. It's that other one (Emergent)//1: Well, I think if you looked at the two, it's really this emerging, emergent discovery model. It's almost like an immersion model; we've all jumped into a whirlpool.//

Non-CEO Responses

//23: but we are moving more towards this sort of model, which is, I think, a lot, OK, they're both dynamic, and in periods of rapid change, the responsiveness may mean what was your SWOT analysis yesterday, for exactly the same issues, gives you a completely different answer, that the threat of yesterday is today's opportunity//3: In recent times, perhaps a little more of this (Emergent) more of a process of trying to understand where we fit in the scheme of things before we make decisions as we've moved from here (Formal) to this model (Emergent), this idea of strategic intent is much clearer, even though it's not all written down//2: we're closer to the contemplative, but we've got a mechanism within which we try and work it//14: I would have said we would probably relate more to this (Emergent) than to that (Formal). It didn't run along this (Formal) way at all. It was a gradual evolution. So, yes, so you've a long, slow process. A long slow process. So you can't impose a rigid model//18: This one (Emergent) Where-to or a goal and then, fundamental questions. Sound more real if it's messy. And life's messy for us. And we should focus interest on tomorrow//30: I think you've got to consider the energies that people have and the contribution they can make//34: As soon as you get into bed with government, you suddenly have a government agenda being put upon you. And you can do all the strategic thinking you like, and you can do all the bright things that you like.

If the government's going to come along and they put a sideways in saying "The government's decided we're going to do this" your plan gets shot to bits, and you've got to modify your whole plan to fit in with government thinking. And it applies to private hospitals as well. If government changes the rules that make ----- change their rebate rates, or whatever, your plans aren't worth------ //39: Now these, I mean, certainly some of those things have happened within the -------------- opportunities have come up that have been totally unexpected //

CEO Responses

//21: We're moving more towards this model. So I like this idea of, you know, critical reflection and discovery, and certainly there are fortuitous opportunities that come up//11: We've sort of gone through this, but there are other emerging unexpected issues that have started to come on. It just pushes the thinking around a little bit, and I think that what that highlights is , and I think that's the sort of model that we need to have with Catholic health care in Australia.//8: The latter (Emergent) is emerging, certainly far more now that we've been doing it, and we've almost, not serendipitously but we have been reacting to a problem, by the time you've set up the ------------- you suddenly find it opens up whole other issues, and as you //16: Well, -----------, how it affects us. We're actually doing this (Emergent) and so I say "We've got that thing whizzing that way, and we've got this one whizzing this way", we've got that one whizzing that way and rrrrr and this thing, if it's really. It should be able to float//38: but what we do is, these thoughts and insights and reflections and things pop up, which are the unexpected issues and things become obvious, which is this sort of discovery concept, and we sort of go along and all of a sudden think "Hang on" because this (Emergent) may be the answer. And I think that this (Emergent) has got a lot going for it, but it's not comfortable. So in this (Emergent) it's bringing together, or opening up a lot of opportunities for a wide level of participation.//40: Well, I think that's (Emergent) definitely closer to the truth. I've avoided putting a SWOT analysis over here (Emergent) because I think people would then just say "That's all we do."//48: I suppose this one (Emergent) is used more at a board level, in the big planning issues. And we're saying what are we doing,

where are we going, what's the overall strategic direction that we want to take//8: You are, because, quite often, what comes out at the other end is magic//

SUB-CATEGORY 6.2.1: EMERGENT-WHEN USED

Female Responses

//25: Oh, this one here. And also this whole thing of emerging, unexpected issues. They are going to keep cropping up all the time, because this is about the fourth or fifth route that we've taken//17: you've got these emerging, unexpected issues coming all the time/big shape, the broad strokes and the philosophy//22: that describes better for me what we've done in the last two years, or three years on Integration 2000. Communitarian aspect of that//38: at board level, often, in terms of the broader aspects, we might go for this (Emergent) model when they're shaping things,//42: Well, see, I think we'd use that when we're looking at strategy. There'd be a lot of discussion at both the board level and at the senior executive level, and then this goes backwards and forwards. What does that mean? Is this the direction we want to go? It gets refined, and so on before it comes to this, strategy formation//39: I would say that's a model which is more appropriate to --------- ------. And I think there's a number of reasons for that. It's a smaller organisation, it's a newer organisation. I don't necessarily know that it's more appropriate. I think that's been the outcome//35: "OK, we have a difficulty. What are we going to do about it?" is more how people function in real life. Start with the problem. It would start with saying "OK, what are the challenges facing us?" Then "O.K, what are some of the things we should do about it?"//31: this whole notion of unexpected issues has forced us to reflect upon the strategies//

Male responses

//41: Well, we use this type of model, particularly when we're at an option stage, the first set of options, when you've put something out. I've always found that. Going open-ended, for think-tank, love-in discussions is fairly counterproductive for our sector. It's much better if you're robust enough to put something up and let the mob tear it to pieces, because out of that will come something they live with and own//23: I think that's what you're saying, is that, when things change, you may revert to some of that//1: I don't know whether any process. I think it's a sort of a complex. It's more like this (Emergent) than this (Formal)//16: Ours is this one (Emergent), for a number of reasons. Firstly, fit. Whatever it is that we have to do has to fit within something else and therefore it's much more sensitive to how you can actually facilitate that, and second is timing. Sometimes you have to do things that are not classic textbook right now, because certain things will happen in a period of time, this little module will fit. And thirdly, the sheer complexity of the matter, actually requires a starting point of: the issue is upon you, and therefore you need to take into consideration what's going on around you, and format the way through it, given the restraint of low resources, high public accountability and acuity, and the mere fact that we're only one or two steps from direct hands-on patient care. And therefore you can't be abstract//28: Whereas here (Emergent) We're saying, well, "Why can't we do it?" or "What's the policy." "But we haven't got policies, so, why can't we do it?"//32: And I think in the religious context and the charitable bodies this (Emergent) is the model that you would use much more//34: And that model (Emergent) is exactly the way that I would conduct an executive meeting//40: Then you start to articulate. So it almost starts there (Emergent), and then you start to articulate.

SUB-CATEGORY 6.2.2: EMERGENT-INSIGHTS

Female Responses

//43: It's always the brainstorming stuff and it's always the visionary stuff and the big picture stuff, that everybody has the opportunity to have a

say, and that's what's so valuable about this team//25: Well, we cast our net very wide, but we have to prepare for the future, and in the future we will not have religious at all. Our board members, our congregation is involved and informed. Our board members will involve our staff, our medicos//45: It's collective and it's becoming a lot more, you're depending a lot more on external really. People aren't necessarily very up front and say "this is an issue, or we've got a problem here." It's often much more subtle and covert than that//5: Again I might take ------- because it seems a good one for that. The insights and thoughts were actually the insights and thoughts of a whole range of people. A range of people that went from the Owners and Leaders of religious congregations, the CEOs in Catholic health care, the people in Catholic Health Care New South Wales and probably in the other states, and Australian Catholic Health Care Association and some of us on the ground//20: The --------trustees [all religious?] we are up until now. They don't have to be. It's not prescribed//22: I think it's a lot of people. Some people see this as being untidy(Emergent). I don't believe it is. I think it's very disciplined. Religious women do this in their chapters. And the canonists used to sit there, tearing their hair out//26: Insights of the Sisters//30: it's the Chairman and the Board and the staff, because we're expecting really, we employed what we believe to be an innovative staff//42: board and the senior executive//46: In our committee there are some members of the Board, and a couple of administrators , and a doctor and somebody from outside. This is a mixed group//39: Very much, management and board. I mean, the Board of Management/

Male Responses

//47: the insights and thoughts we each contribute//4: private advisers of the Leaders and Owners are the most influential.//11: if I look at my own experiences, the insights and thoughts, certainly the sisters have a great role to play in that now//9: depends on the issues, really, I think. Hospitals have a lot of sub-committees. Is done through that committee structure. That slows us down a little bit, but it gets more bite//3 I think probably two groups. One is the influential Board members and the change that's happened is that we do have more reflective Board members//1: And it's more the insights of more

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than one person//2: To a degree it comes from the clients, it comes through the management, mainly. We have the advantage of having a very good CEO, in our view, very strong, very capable. So we certainly get quite a lot from him//8: To a very large extent it's the executive, facility and regional, plus our new partners//16: three groups. Mine, personally. Two, the leadership team, then the board//18: it was me, and now I have an executive team.//28: I think again, it's a team issue//32: Generally the CEO and the managers of the different sections. The Board is the one who ultimately signs off on it//34: An insight. Now that's something that someone's just thought about nothing crash hot. You give it some critical reflection, you bash it around a bit, you might do a bit of analysis of it. You come up and you think, OK, it's a workable idea//44: ----- has obviously got his ideas on some things that he thinks are critical, but as a general rule, we all talk directly around it, in an informal way//37: well mainly the Provincial Council//

SUB-CATEGORY 6.2.3: EMERGENT-REFLECTION

Female Responses

//43: and might bring that up and we'll toss it around and have a conversation about it//25: We're blessed with a number of people on our boards, and a number of men, and women, on our boards, and at congregational level, we have a congregational leadership team, and we have spent many hours and days in exploring issues. And we are blessed in that we have a powerhouse of prayer time//5: Critical reflection probably happens. Would get groups together - either focus groups as we call them now//22: I think it's a lot of people//42: board and the senior executive//46: there is the administration, and the CEO and the medical director are there too//39: Very much, management and Board of Management//

Male Responses

//47: a very reflective person//41: By rights it should be my Board, but, in fact, I did a lot of it//11: critical reflection process that allows this sort of washing around of reflections and//3: Board members who have. For

example we have the CEO of ----------, brings in material and really puts it on the table for discussion//32: The board would have this critical reflection role. But they wouldn't have it in the formal//34: You give it some critical reflection, you come up and you think, you know, OK, it's a workable idea//6: We spend a lot of our time reflecting

SUB-CATEGORY 6.2.4: EMERGENT-UNEXPECTED ISSUES

Female Responses

//43: Well, we all do. Through my wanderings//29: you're dealing with unexpected issues in the concrete//25: This whole ---------- project was very unexpected. Resistance to change. We all have to be open to that large and square box on your second line down there, the unexpected. But you know we have a God of surprises//45: People within this sector will feed us stuff if there's an issue out there that's emerging. We seem to get it in roundabout sorts of ways, some of the information, and yes, media//5: In Catholic health care, at the moment, it's the CEOs who are detecting them, so that's the next level down, often either panics that their power base is being undermined, or sees issues that the people at the top, who may be visionaries, but not practical, are not seeing. So these are more likely to come from people with some authority and some influence, but not necessarily the decision makers//12: Because they always seem to be coming out of left field with something. And even last week in the paper, you know, a report was leaked to the paper. The Premier denied that he had anything to do with it//26: it's normally in a forum like that, so that I'm hearing different voices//42: That's an emergent issue, yes (change of government in Victoria)//39: almost through this little box here, the unexpected. A phone call from ----------, saying "Help". Now how could you ever strategically plan that//35: That happens when the person you've got decided for this wonderful course, has a stroke//15: It's often your strategies that bring you into contact with your emerging and unexpected issues. An administrator at a local area will be so much in touch with what's happening there that he'll start to say to you --------

---------So often, I think, it's the emerging issues often give you a direction of need that no other planning will give you//

Male Responses

//47: tended to be detected by each of us//11: I think, that, if I look at where we are at the moment, with lots of issues, they can come through from a variety of points//3: At this stage, mainly management//16: tactical intelligence//28: said he was given this report about a project in ----------, and, would we have a look at it//32: when the CEOs and the management put the models forward, raise emerging/unexpected issues, you might do a bit of analysis of it//40: What's missing out of it is pressure from the environment. You know, I think that's the emerging unexpected issues//37: That's quite frequent for us. I had a phone call yesterday, from -------------- who has got this place in ---------------------, wanting us to see if we could take it over//

SUB-CATEGORY 6.2.5: EMERGENT-STRATEGIES

Female Responses

//43: We all do. Well, by the time it gets to a strategy, we're probably looking seriously at putting something, having to put something down//29: The development of strategy is a joint thing, you know//5: actual putting the words on the discovery probably is back to the people at the top. And this (Strategy) is definitely the operational people, the visionaries, the planners, some of them haven't actioned a strategy forever, wouldn't know where to start. Sometimes happen, and then they're formalised after the event//12: I think they eventually get to paper//22: Well, my experience is that it floats but at the end of the day, somebody has to put it down, and over the years, I have done that on many occasions//26: We try not to jump in and say "This is the solution to it."//30: there'd be preliminary papers, you know//46: Yes, of course, of course, yes(Formal)//

Male Responses

//47: he will probably invariably formulate the strategy, but we will comment on it, or say "Well, how about we tackle such and such this way? Generally informal//41: It was just a combination of the interim steering committees and this office. Formally what's gone out//11: You've got to get some formalisation//3: They're quite often in people's head//8: Well, a bit of both, I suppose. I mean, one of the problems within a national system is there's not quite as much interpersonal contact with people, and when you tell them the vision, it's too far out for them actually to take on//16: Probably both. Definitely both. Too much is in my head//18: ------- aren't good at a whole lot of process or writing a lot of things down, more because we have to write a plan to give to somebody//28: They tend to be less formal//32: well, predominately they would always, they'd fall on paper//37: however it'll go from us then down to the Strategic Planning Committee. Alright?//

CATEGORY 6.3:ORGANISATION DEVELOPMENT: GENERAL

//21: but I'm actually interested in organisational development and management and I think what has been ignored in strategic planning is the implications of these things, both ways. But we don't rejig our management or our organisation to perhaps deliver it. I'm a very committed advocate of a decentralised management structure ………… you know, the flatter and more involvement and team management, which actually gives you the ability to change. It's far more flexible. It's far more demanding//

APPENDIX SEVEN

EXTRACT OF RESPONSES TO CONCEPT 7: FUTURE SHAPE, CATEGORIES 7.1, ORDERS JOINING NO, 7.2, ORDERS COLLABORATING 7.3, COLLABORATION NONPROFITS +, 7.4, COLLABORATION NON PROFITS -, 7.5, COLLABORATION GOVERNMENT, 7.6, CONSOLIDATION.

CATEGORY	SUB-CATEGORY
7.1Orders Joining No	(No Sub-Categories)

CATEGORY	SUB-CATEGORY
7.2Orders Collaborating	(No Sub-Categories)

CATEGORY	SUB-CATEGORY
7.3 Collaboration Non-Profits +	7.3.1 With Catholic Identity 7.3.2 Without Catholic Identity 7.3.3 Qualify

CATEGORY	SUB-CATEGORY
7.4 Collaboration For-Profits -	7.4.1 With Catholic Identity 7.4.2 Without Catholic Identity 7.4.3 Qualify + 7.4.4 Tax Status

CATEGORY	SUB-CATEGORY
7.5 Collaboration Government	(No Sub-Categories)

CATEGORY	SUB-CATEGORY
7.6 Consolidation	7.6.1 CHA Inc 7.6.2 Federal/Regional 7.6.3 Systems 7.6.4 Governance 7.6.5 Embedding Church 7.6.6 CHA Role

CONCEPT 7: FUTURE SHAPE

As far as possible, all of the options were canvassed at the beginning of this part of the discussion. The question addressed in the Interview Guide was:

> *What is the future of Integration in Catholic health and aged care?*
> *How many of the following options are likely?*
> - *Amalgamation within the order or organisation (e.g. Mercies or Southern Cross Homes going fully national)*
> - *Amalgamation between Catholic orders or Catholic organisations*
> - *Amalgamation with other non-profits, maintaining Catholic identity*
> - *Amalgamation with other non-profits, not maintaining Catholic identity*
> - *Amalgamation with investor-owned operations, maintaining Catholic identity*
> - *Amalgamation with investor-owned operations, not maintaining Catholic identity*
> - *Government contracts and other arrangements*

CONCEPT 7: FUTURE SHAPE-GENERAL

//4: That's impossible to say. It depends what happens in the industry//27: Given the size of the Catholic sector, I think that probably all of those things you said are possibilities//25: It really will go on. You look at Catholic Health America, that took a long time//23: a bit of a matrix, which people are not used to//21: And it's a feely, trusty, evolving stage. But this model isn't going to achieve a strategic plan//19: I think that it will go a long way, particularly because it appears to me that the Leaders and Owners are very committed to the whole process//17: There's the push with the

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commercial hospitals, there's a change to the whole scene of health care dramatically, and I think that for survival into the future, I can't see itself as just a Catholic sector, but we may be excluded on the grounds of our ethical stance. I don't think that exclusively Catholic health care is the way to go //11: Well, if you look at the issue of the congregations and their identity, we've just got to wait twenty, twenty five years and there'll be none of them left anyway, so we won't have to worry about that. Then we'll just reshape it (Laughing)//9: I think it's a good analogy, what you just said. Not possible. They're happening now. We'd have a coordinated approach to the whole range of social issues//7: because, how can I vote on behalf of----------- to say 'yes' for a statement of philosophy or identity, whatever it was, and I still don't know what the finished product is//1: Well, I suppose my answer to the question, if we keep following the American system, we're moving more and more towards one//2: That will depend very much on the answer to your earlier question about ethics and those sorts of Catholic identity. Integration will occur unless the system collapses first, and as to the maintenance of the Catholic ethic, we hope and pray//8: Well, if we look ten years out, I think you'll see examples of all of them. I mean the smartest thing that could happen if we really believed in Integration 2000 would be to put the national offices of ------------------- all in one building//16: With the New Covenant, with all of the amalgamations and mergers that are coming together, the role of the American Health Association is changing, because people don't need to associate any more. Because they're owned. I think in the medium, medium to short longer term, three big chunks. Diocesan owned and controlled, mainly aged care. The orders will come together, acute care. And the social welfare arm that lies in the third order movements, ------------- will be bulking up at that three. New vehicle, health care ministry//18: we're just meant to keep the end game in mind//20: Nothing is very prescribed. I think underpinning it all for us, for me anyway, is that without a vision, Catholic health care will perish. The vision is the paramount thing to strive for//22: Of health care. Of health and aged care. I think we've got something to offer that is of value, and will speak powerfully in a world where health care is becoming much more high- tech and low touch//24: I think perhaps it might resolve itself within the big systems. I don't know that there will be just the one. I suppose

I'd see it as a mixture within both systems and the regional entities. It's really a very exciting area, Integration 2000. But when it comes out the end of the tube, I won't be about//32: if the ultimate aim is to have one corporate body and if, in the next millenium time, there's no religious orders, no religious people as such, and it's done by totally lay staff, then the philosophy of the groups would be dependent on the philosophies of the CEO's and management staff //39: the future is inevitable, I think. Small is not an option. In any large-scale service provision in the world today, all the messages are consistent. It's all about, size matters, globalisation, competitive tendering, all those sorts of things//its going to be an education process//37: I would always see that there would necessarily be a Stewardship Board. Now, whether that Stewardship Board would be, and I'm talking about really long term now, necessarily order Leaders and Owners//

CATEGORY 7.1: ORDERS JOINING NO: GENERAL

//23: I think at this stage they probably won't merge, probably not in the foreseeable future//21: I can't see ----------------- ever giving up its name, its identity and its assets//19: I can't see it changing a whole lot//13: No, I can't see that happening. I think that their formation is different//11: my view is that, with the effluxion of time, I think we're going to find fewer congregations and, with that, a form of merging, if you like. I think we do have to be respectful of the charisms and missions of individual congregations //5: Well, first of all, I don't think it will. The orders themselves will not combine, except in rare, rare instances, like some of the branches//16: I can't see the orders coming together. I think they will simply go out of existence and leave ministries in place, education, health care, welfare, which would be their gift from the colonial days of Australia in the late 1900's//24: I think not. Well, shall we say, not in our lifetime. Two very personal aspects of service, and with it goes reverence for tradition, founders, things like that. You look at members of the family. I think the difference is sufficient to make a complete merger in that way not possible //28: I don't understand it, the order stuff very well, but my gut feel is that they would not come together as an order. The

charism is the important thing.//30: I think that might be a problem//38: The orders wouldn't amalgamate. You can do what you want to do, without amalgamating//42: I don't think they'd merge their orders. That's the culture stuff, you know. I mean, we are different, we are very different. I know them. I've trained with the ------s, educated by the ------s, did --------- with the ------s, but they are very different//44: I just think that would be too much to ask//15: There's a difference between orders amalgamating and amalgamating of facilities. I don't think it will be part of religious life//.

CATEGORY 7.2: ORDERS COLLABORATING: GENERAL

//43: I suppose in the short-term, the fairly short term, in the next few years, that's it got a strong and bright future, because people are working collaboratively, the congregations are working collaboratively, and so are facilities and services, and, as long as that continues, I don't see any reason why it shouldn't have a strong and bright future//27: My preference would be to see Integration 2000, in the first instance brings all of us together. There are many possibilities in that. I think that you may form a business alliance with Congregation A for that purpose. You may also form one with Congregation B for another purpose. I don't see any difficulty in that. It's not the --------- story that's foundational, nor the -------, nor the -------, nor the -----. That puts the colour into the tapestry//21: the strategic plan for ---------- ought to fit in with the three year strategic plan for Catholic Health Australia//13: but the orders themselves will maintain some identity and will maintain their own identity //9: that's a rather interesting story in itself, trying to get the two orders to agree on what the new story is, taking it forward from the old story//7: if there was one decent payroll system//5: Their health care systems may combine, and I believe that will happen. Like, I would postulate that ------------, which is in the process of ------------its next step will be to maybe join with------//3: we would like to see something like Catholic Health Care East develop. That's seen as a not too long term, maybe five years//8: Irrespective of where we are today, we think that --------, or ---------, or -------- - are going to be together in five years time, ten years time//14: I think there

has to be that integration or sharing of resources between the Catholic facilities, for a start.//24: Well, I think already we have collaboration with religious congregations, --------, with the ------- and ----------, well, certainly collaboration but even co-location and that, unless the cultures involved are addressed, you will never ever have a healing//28: service delivery, there is sufficient commonality of purpose and that the values, the philosophy, that's where they will be. I think it is that evolutionary process, the work of the spirit//32: I can see the number of players diminishing significantly. And different groups amalgamating together//34: bloody Alan Fels and his group//38: Then I think, all you'd want, all you'd want to happen would be the -------- and the --------- to amalgamate, and it's finished//42: I think there'll be mergers and amalgamations and consolidation between orders, you know. And I think that will happen first//44: ACCC is a real sticking block. Unless you've got joint ownership, or common ownership, you're really going to struggle to get around all the ACCC implications of sharing information and getting together to negotiate stuff like that. Alan Fels will be on their back.// 46: So many other things. But to join for a project, yes. I see that. Even some of the orders that have joined their twenty or so hospitals, those that have done that, they haven't been that terribly happy.   I think much more collaboration, yes//48: I think there'll be substantial collaboration, but there'll always be competition, people will always be protecting turf, even in various institutions and orders where you've got a public and a private facility side by side. They compete against each other. They don't like each other. I think they'll get together to co-operate. We're just organising a meeting between --- ------------and-----------------.to get together to discuss issues of mutual interest. It's not an exercise in one trying to take over the other//37: I think it will end up being, like, all the facilities and all the different religious orders will be working in the one direction. I think a lot of the smaller congregations will be the first ones to move and there'll be joint ventures, there'll be collaborative ventures. There'll be a lot of testing of the waters//35: joint ventures and with innovative things, and I think there will be more and more of those//33: Well, I think they're taking place now//9: the first step in bringing these four major providers, or five major providers together, maybe that two systems have to come together and then a third one, and then a fourth and then it will sort of

fold into one CHA//15: working together inside facilities. I think that's in the very near future//

CATEGORY 7.3: COLLABORATION NON-PROFITS-GENERAL

//43: for our sector to be involved with the not-for-profit sector generally. I think they call it the third sector. I think there is a need to work collaboratively with other not-for-profit organizations, with each other, and then with a not-for-profit//25: Oh, there's already in the South, there's already integration with non-Catholic in a few places//17: I think that depends on the form of amalgamation, because you can't amalgamate completely/13: What it is, and be more upfront about your Gospel values. My view is that I think we have to work with other providers//45: I see it happening in an informal way. There's been, I suppose, a couple of examples where they've merged the service delivery //5: the whole thing of how we deal with our service partners who are not Catholic, and how we deal with the whole issue of integration and co-location, is a very real issue//3: admitting the first non-Catholic members to our systems, certainly three to four years maximum//12: And it's not always getting into bed with the devil, either, I don't think. Particularly other not-for-profits//14: I would say it would happen quicker in the smaller communities than it would in the metropolitan. But there could be operations situations, like ordering of food, reorganise your laundry, and that sort of stuff. As an early start, joining together in things where there's no philosophical conflict//16: And then I think as long as the Australian two-tier system exists, the for-profits and the not-for-profits will exist together. Because it's the dimension of the two-tiered system that causes it//20: we can work with other Christian organisations//22: partnerships I think will be with other Catholic providers, but it may well also be with other providers//24: we were considering that in ------- //26: I imagine some of that will have to happen, and people will just have to work out, what are the benefits, what are the losses. We can learn a lot from other providers whilst not becoming one of them//30: we're working quite a bit on benchmarking and a few other

things with -------- at the moment//34: You might find that someone like ---------- which is battling and maybe --------------- and a few other private hospitals around town would see there was an advantage in joining this group as associate members, or some such thing//40: But other not-for-profits, I could see us, down the track. See most of the not-for-profits operate in an isolated environment themselves, not part of a system. So, yes, you know, I could see, we could very well go in that direction//46: we will enter into other not necessarily just Catholic institutions//39: until we're close together with each other at the local level, and also, I think work with other not- for profit organisations, and maybe, for-profit organisations, maybe not necessarily amalgamations, but maybe creating integrated services//37: Well, we do work with other not-for-profit groups in the ------------area. We have liaison with them with maybe sharing some resources and things like that. I would see that continuing. But I wouldn't see it going much deeper than that, because there is a difference in the philosophy//35: Well, we've faced that too. ----------- is a case in point//33: I think that's terribly exciting and challenging, and needed. I think there are probably too many sensitivities around at the moment//

SUB-CATEGORY 7.3.1: COLLABORATION NON-PROFITS + WITH CATHOLIC IDENTITY

//47: I think that it will be driven by what people believe is necessary to expand the ministry and to consolidate the financial security of the services that they now provide. Yes, I think that that will be fundamental//41: but they do so in the full understanding that the nature and the identity of their ministry can't be compromised. You don't compromise the Gospel values that you're driven by//27: In terms of the non-Catholic, but Christian places, I probably don't have a difficulty with that, provided that, when you looked into it, we were satisfied that the Christian philosophy was alive and well, and lived//19: Yes, merging, but I would hope that somehow or other each of us would be able to keep our own identity//45: Has that maintained Catholic identity?//2: I don't know the answer to that. I would hope that the Catholic identity would

be maintained//28: Whereas the ----------, which you might say, is on the fringe of Catholics, it's not an order, it's a group of orders, etc. Their presence is very much acknowledged in the local community. If it's not about ministry, then it's not the work of the Church//40: That's for the two to sort out. Part of the judgment. I think you can't assume, in this day and age, that we're the only people of goodwill in the world. And that's what you're looking for. I mean, we've taken over two not-for-profit. I could see that working//44: I think the concept's feasible, providing there's more going to be a 'commercial amalgamation'. You still need to maintain your separate Catholic identity//46: So we don't lose any identity, or any of that//39: Yes. I think it's something that can be done//33: I think it would be essential to have Catholic identity, but I don't know how one would achieve //31: We don't see that as excluded at all-particularly with groups that share our values. I mean, that's the criteria for it [even if you were a minor partner?] Yes, I think so//I see that being possible, but I don't necessarily see the Catholicity of it declining//

SUB-CATEGORY 7.3.2: COLLABORATION NON-PROFITS + WITHOUT CATHOLIC IDENTITY

//47: There may be some of that, but not much, I don't think, because I think there'll be canonical issues around that//4: No, they would argue they don't, but they .... those amalgamations are set up so that the operations and the books are all separated out, even though they're in one company and they retain their Catholic piece in their Catholic piece//13: Integration 2000's trying to avoid that//45: before we change, we'd no longer be Catholic Health Association. I just think they'd drop out of the system //20: Once the philosophy gets lost, then it's lost. And there are canon law restraints on what it can do, too, and how far you can go//28: I don't hold much optimism about that. ------ hospital was never seen as a Catholic hospital//40: well that's what you've got to look at, you know, if you're faced with Catholic identity versus extinction, well, no Catholic identity in being extinct, is there?//44: Oh, you're losing your main purpose to be there . You may as well flog it//35:

Well, I think it's a very big barrier to face. Do we continue in any ownership role in that case?//

SUB-CATEGORY 7.3.3:COLLABORATION NON-PROFITS + QUALIFY

//41: Oh, it'd be on some people's agenda, but it wouldn't be a high priority of our agenda. I mean, Catholic Health Australia says who we are, and this is about who we are, and it's about the family business. Merging with other not-for-profits would only be in my view, a service-driven agenda, of necessity//29: That will work in the short term, but I think it can only be short term solution. I think where you have to do it, you have to have the whole of the healthcare people committed to keeping it going, you know, and they're not//23: I think that's going to be a bit of time off.   If we can't operate together ourselves within one family, it's a bit hard to then say, well, we'll try another family//19: I wouldn't be too sure how far it will go, because I've never been involved in any of those sorts of negotiations//24: I think that if we are looking at that collaboration, it will call for, truly it will call for a lot of giving on the part of the other body. Because we have our religious tradition and morals and ethics and we really do say to people "Now this is it and this is the way it will be"//38: I can see, perhaps, in a country town……that might be a proper scenario. But I would almost see it as a second-last resort, because I don't think it does justice. You know, if there's a good Anglican hospital down the road, I think it doesn't do justice to either tradition//37: no, not keen on that idea. This is Catholic Health Australia that we're talking about…and if we're going to be a force to be reckoned with, I think that's what we've got to be//

CATEGORY 7.4: COLLABORATION FOR-PROFITS-GENERAL

//43: Personally, I don't see how they can align themselves with somebody who has such a different set of values. When you put people first, you can't possibly focus on returning profits to shareholders. And in terms of full-on for-profit and in terms of us doing business with the for-profit sector, I mean, I think it's a long way off//30: I don't think so. Different agenda, but they're trying to sell to us at the moment//47: In general acute care. I don't know to be honest. I think that I don't see much in the way of involvement with investor-owned services//29: I would think not, based again on American background. There've been more cases of fraud and theft in the health care industry than in any other//27: In terms of the for-profit sector, I would like to think that we got our act well and truly together before that ever happened, and I'd probably like to see us not go down that path//25: The for-profits do have different ideals and different standards from ourselves and the old adage. The almighty dollar is their God. I'm afraid I still believe that that's very contrary to Gospel values//23: I think the problem with joint venturing on a major scale with a commercial operator is, how can that actually be a ministry? We're not here as a sort of investment of a Catholic bank or something//19: that might happen, but I can't see it happening. In my limited view, I've never ever contemplated it//13: some difficulty operating with a large for-profit operation who would be playing down the religious dimension of the place//45: Oh, I don't see any of that happening in the near future. I actually think what happened in terms of the APHA people (Catholic health entities pulling out of the Australian Private Hospitals Association). I think you'd have to see some serious fallout in terms of people going broke big-time before that happened. [Would those remarks apply also to aged care?] Yes, I think so//5: I don't see that you can amalgamate with for-profit, and retain Catholic identity//1: It's got its own difficulties. They do, you know, they come from a different perspective. It's "We're all good, we're the children of light, and these are the children of darkness." That's not true, because those people who are working in that area, you know, we're all working in the world, and

there's a whole basis of natural law, of goodness and ethics are there//14: I see union with the profit group a long way off//24: I think that would be the most difficult area. I'm just thinking of what might be seen as opposing values//32: personally, I don't. I hope that never happens. On a realistic basis, I don't think it will happen either//38: It's very different to marry the philosophies//40: Well, I don't think for-profit stuff works. I'm not much interested in it. The States have tried a few of those and they don't work//46: I don't see that, to tell you the truth. Because it is a bit too much of a difference. And I'm sure I won't live to see that//6: way down the track, I think//35: Well, again, I don't know why you'd do it//33: I'd have to say I haven't given that much thought, probably because I don't think it would work very well. I think there are just huge conflicts between the two//31: think there's just such a difference. I mean, philosophically, there is a big difference. Aggressive organizations there were that they had indicated that they would be in it for ten years, they'd make their profit, and they'd be out of it// 15: I'm not sure whether it's something we would probably seek to go out and choose. There's some contradiction in service. I feel that there could be some contradiction//

SUB-CATEGORY 7.4.1 COLLABORATION FOR-PROFITS WITH CATHOLIC IDENTITY

//23: We probably do have partnerships anyway. Let's just take---------------. It's within the umbrella of what could be seen as a Catholic identity//11: I think there probably is a need for more reflection with the for-profits, although we do have some small alliances with a for-profit hospital not far from here in terms of certain services we provide to them//5: But even with that, you've got to put fairly strict guidelines around that they're not doing things in their pathologies, like cloning in a back room, or something//2: I don't know the answer to that. I would hope that the Catholic identity would be maintained, otherwise we're wasting our time. The background services where you could share payrolls or stuff could benefit//39: you know, what element of Catholic identity would be perceived to be there, or not, at the end of the service chain. I just don't know// 15: I see that being possible, but I don't necessarily see the Catholicity of it declining. I'm trying

to think of what happened recently where that was very clear in terms of that, if you wanted to combine, you are very clear on your governance areas//

SUB-CATEGORY 7.4.2: COLLABORATION FOR-PROFITS – WITHOUT CATHOLIC IDENTITY

//43: do they say, well, we can't survive in behaving like this, therefore do we decide to change our behaviour, or do we decide to call it a day//4: No, they would argue they don't, but they--//45: what if that business, their manager, the CEO is able to influence the board in such a way that it does happen, and Catholic identity becomes less of an issue. It raises the issue about the formation of the lay leadership and whether we've got a good enough system to do that in Australia//39: I've seen a number of cases where basically in one of these integrated service networks, the Catholic provider has been in the minority. I would imagine that, you know, what element of Catholic identity would be perceived to be there, or not, at the end of the service chain. I just don't know [How much of an issue is it?] How much, exactly. How much of an issue is it really? And I think it's really horses for courses. Each case will have to be judged on its own merits//

SUB-CATEGORY 7.4.3: COLLABORATION FOR-PROFITS – COLLABORATION FOR-PROFITS +

//43: I think I heard a whisper that it's beginning to happen in the States. And, you know, with each other, and then with a not-for-profit, and then, who knows whether we would do business with the for-profits. I don't know whether that sort of ethos is so contrary to our own. My gut reaction is "no," but then it depends on who's leading and owning//47: yes, I think there will be some involvement with investor-owned services with maintaining Catholic identity, and also there may be some where Catholic identity may not be as strong. However that is likely to be in those services like pathology and things like that where a Catholic identity isn't necessary, because you're not necessarily dealing with the end consumer. And there are investor-owned

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services that would align themselves very well with Catholic ministry, anyway //11: Well, my view is that I think we have to work with other providers. That's without actually tagging them to be for or not-for profits at the moment. Because, to me, that's what it's about. I mean, you know in our game here, -----------we have an alliance--------------//9: Our bid team with the -------------------- has got for-profit partners//5: ------- ------ did purchase management services from -------- for a while, but the interesting thing that happened there, was the leaders of ------ were actually Catholic//1: we decided to contract ---------------- to manage us, and they managed. They became the executive officer really, of the hospital for a number of years. By the way, it was a good relationship//12: We always sanitise it by saying "We make the profit over here so we can put it to this very valuable ministry over there." Which is all very fine if it works that way. But, you know, I think it may be collaboration between for-profits, with for profits and dying in a ditch, too. You know, what is most important and what do you compromise on? And a lot of people just sort of see some of the major ethical issues as the big stumbling blocks. I guess up to a point they are. But I think there are also other things, like how, you know, your whole culture. It's a whole attitude. And I sometimes think some of the for-profits have got more of a handle on that than we give them credit for. Some of them haven't, of course. And, you know, I've heard some people say it's harder to bring two Catholic hospitals together than it is to bring a Catholic and an Anglican hospital together. I think we get very suspicious of our own. They don't live up to our high standards//34: [So you don't have any qualms about for-profit being involved?] Oh, not really//39: until we're close together with each other at the local level, and also, I think work with other not- for profit organizations, and maybe, for-profit organizations, maybe not necessarily amalgamations, but maybe creating integrated services//15:So you might run it as a for-profit in terms of one round of expectations//

SUB-CATEGORY 7.4.4: COLLABORATION FOR-PROFITS – TAX STATUS

//41: tax status is but a means to an end. Tax status is not the essence of who we are. And this is part of the problem, I think, in the current understanding of this stuff. In the case of the tax status, it's all about demonstrating why what the Commonwealth call taxation expenditures. In other words, our benefits are justified. If we were for-profit, it would simply mean that the monies we generate could be given back to people who invest in us. What it would say to the community, I believe, the negative image it sends to the community is that we would like to profiteer out of their sickness, and that is the problem. What's the greater good, the generation of capital to continue very essential services, or to die in a ditch over your tax status//15: However, the more I think about the GST, and the complications of the GST, and the difficulties in a sense for not-for-profit, I wonder whether, not from a mission point of view, but from a practical point of view, people might even change their status if you like, to make life simpler, and in that case might go into another framework, and then look at where their profits go to//

CATEGORY 7.5: COLLABORATION GOVERNMENT: GENERAL

//17: I don't know enough about, but I know that it's working in -------, isn't it? The ---------- they took over it on behalf of the government//7: bishops are happier with public health care, but some of the congregations, particularly from other states, say you shouldn't have anything to do with the government, at all. And that view was expressed strongly by -------------//46: Well, some hospitals are doing it//39: Yes, we're down that track in a fairly big way. ------ Hospital is on a twenty-year government contract. ----------- will be on a twenty-year government contract //

CATEGORY 7.6: CONSOLIDATION-GENERAL

//19: we can work together as national, because if this is not national, I don't think it's worth calling it Integration 2000//45: Yes, I think you probably would see it as that, we'll probably get to one body, Catholic Health Australia, or whatever it's called that is a system for all of health services and aged care services, and they all come under that banner. But I would always think that you would have individually out there each service, like ----------- in -------------, who's going to run its own service in its own way at a local level//16: one Catholic system, ownership system in this country, about that continuum of where we are//39: the implementation of Integration 2000 is the coalescing service providers and systems//

SUB-CATEGORY 7.6.1: CONSOLIDATION-CHA INC

//41: CHA Inc. I'm not sure that that's ever going to be a reality, in the medium term//8: most, I think will come under a common Church framework, where there is a common governance structure, and one national executive, and then there will be responses that are appropriate to the organisations under them that probably will be in transition, but will lead to that national group organising [how will people accept that, because you are really talking about a supremo, aren't you?]Yes, given time, it'll be fine. It would be a lot easier to get that going than trying to merge the ------------ and the ------------ //12: You know, CHA could be the Australian Catholic system. I think we're small enough bikkies for that to happen. In the United States, I think it's that big//16: So I think ultimately, one day, it will all come together [CHA Inc?] Yes, I think it will happen. I think it will happen, because for its longer term it has to be bedded to Church and the owners of the Church, the hierarchy, are going to want some vehicle to hold it in. They're not going to hold it directly onto themselves//18: One of the current theories running around at the moment is whether in fact the National Commission as such and the Stewardship board, I suppose, should become a PJP in its own right, actually start Catholic Health Australia Inc, Services Inc, or whatever it is. So that

they can actually own and run facilities. And while I see that as a long term, I can see some advantages in that working//24: Catholic Health Care, Catholic Health Australia literally being the big picture. I should imagine that, in the future, but just how near or far that future is, something like that may well occur, and it may well be the only way to maintain a Catholic entity in the health care//26: I imagine it will be an incorporated body in its own right. I imagine it will acquire public juridic status, so that it has its status as part of the Catholic Church//28: There are people that will say, ultimately, all Catholic service will be delivered by the one body. The reality is that will never happen. Apart from anything else, -------------- will never join, give up its role. I would think that it shouldn't, and I would hope it wouldn't ever finish up in CHA Inc. That would be an earnest belief and attitude//30: I think it's got the potential, but I think it has to be kept very streamlined//32: That's right, CHA Inc. I can't see that happening//40: The other good thing about is that, not having one monolith, so there is a degree of competition [And you don't see CHA Inc coming as, you know, the big public juridic person, or whatever big structure?] Oh, I don't see it for a while, no, I don't see it//44: I think Catholic Inc's a long way away. I don't think it's going to be monolithic, but it's going to be hospitals, or groups getting together//46: God forbid, I say//48: No. I hope not. And the idea of having one great monolith, if it ever gets to that stage, those models tend to fall over//31: the four major systems, or the five major providers would become merged into the integrated model of one Catholic health Association. I think too that, because we're small enough in Australia, even though we're very geographically dispersed, numerically, the critical mass, I think, is small enough to enable us to become one system. I can see that it may take ten, twelve years for that to eventuate, but that's what I would see could be the ultimate//

SUB-CATEGORY 7.6.2: CONSOLIDATION, FEDERAL, REGIONAL

//41: Well, one of the strengths, of course, of the Catholic sector is the local ownership of their services. And one of the dangers of any consolidated agenda is that you lose that sense of local ownership, and I think for wise direction of the future, you've got to hold those two in tension a bit, rather than pushing too much down a sort of national. We should try and see some regional consolidations//23: I think we will see emergence at a regional level, of entities that can have an impact. Complexity of being both local and national isn't something people easily sit with//17: I think it depends on the regional needs//11:I think the future, though, is going to see a coming together of health services within regions. I think that, for example, we may well find one real option is that --------- might become more a -------- precinct. I think we will need to look at regional planning, that can set the scene and say: OK, here's where we're going. This is what we're doing. Here might be a role people are going to play//7: Well, we have to have strong regional organizations. We still have to have a national overview as well as a regional sort. I think Catholic health care is too big and also is involved in so much low-marginal activity, not like -------, where it's just involved in pathology and private hospitals. The provincial structure of the Church has been around since about 314, which seems to me to be a helluva long time. And why can't they all be based on a state base and yet at the same time say that there are things that we need to do across the board. And that there are things we need to do nationally //5: It will have to have a strong regional base. I think it will be a monolithic national structure//8: but will lead to that national group organizing, and at a regional level, all the entities that are in that national juridic person, will be part of a regional executive management structure. In -------- you'll have all the ------ and ------- entity will be run by the regional office of this new group. In -------the same sort of thing, in -------- the same thing//18: regions are just another overhead that we just simply can't afford at the moment. You'd think we would have learnt from our own federal government system. Regional level is actually put in some very practical help

to the aged care sector, but employ them through Canberra//22: I think that Catholic Health Care Services provides one model of how it might go//26: Governing, yes. Not necessarily as a national body. I would presume it would end up as state or something similar. I think national's too big, really. I think it needs both. It does need a national, but it also does need to have something at a regional level, that is. Local area is sacred. And it will be a mistake if they opt for one other than the other. I believe you need both. A national over-riding body could still relate to what's happening at the ground//34: I would think you would have a national body with a national board, and you would have state or regional councils of some sort. And the activities, operational activities would be basically driven at a state level. But to me they're moving inexorably toward the idea of forming a national board. It might be a reasonably toothless board in the first instance. And then they'll form the national executive. Etc. Then you'll start seeing things, maybe regional centres being established. I think that's what everybody's waiting for. They're waiting for that to happen//38: I don't know. It's hard to tell in the Australian scene, isn't it? You know, we're more into federalism than. The health care is state based, isn't it? Although aged care's not. Different rules for different places//40: but, because of the way Australia's health care system is organised, and because it's such a large country in geography, I think that it's critically important that there be regional systems that go with that. Most will be achieved by the regional systems//42: I do think it will be driven regionally. Our relationship with government is regional//44: And it's probably going to be driven more by geographic location//46: because I believe we are never going to be as good as if we all join in different ways. A big melting-pot. You have to give some overall, but you have to leave much locally, if you want the people to be inspired by their own------------once you take that away, it's a communistic idea, but be sure to allow enough individuality, and also power, if you want to call it, to be local, but leave enough to the local//48: I think they'll get together to co-operate//6: you're looking at your state. The old state entities that were in place have to be demolished and new ones put in place. Now people were very comfortable with the old one, so why would they want to move?//33: but they were just so acute-hospital biased, and it was very political, at the time. There is such a

disparity between the states and what the needs are, from the health perspective//31: it would have to have regional entities of some sort//

SUB-CATEGORY 7.6.3: CONSOLIDATION-SYSTEMS

//41: I think what you may find is that the big systems of the health care have evolved simply because that's the nature of what's going on for them. That's not the story for aged care, it's not the story for community care services//8: the next move is to take a lot of these major systems and put them under one structure, and then within that structure you have regional providers//12: At the moment, in the medium term, I think it's headed probably towards four systems -------------//32: I can see the number of players diminishing significantly, but I don't see having a big brother or one player being there. I think, if, whatever, a hundred years, two hundred years or whenever down the track, there is no religious groups whatsoever, I still don't see Catholic Health Care being the supremo. I still think there will be lay run individual groups. As I said, there will be less of them, but they'll be different groups. And I do think that they could co-operate and facilitate each others' processing or planning//38: I think, the four major players, the ------------------------who are all either having got central, or are developing centralised national systems, will probably aggregate some others to themselves//40: if we got to a point where there were four or five major systems, Catholic systems, organisations in Australia, and everyone comes into that, that would be an excellent outcome. Major national systems. I think, you know, in a pure financial sense, you are probably looking at a two to five hundred million dollar turnover, in each of them. The future is you get the best of the national stuff, because the rules are made nationally. We might have two or three nationals and a couple of the states end up with merged state systems//

SUB-CATEGORY 7.6.4: CONSOLIDATION-GOVERNANCE

//47: whether in fact the National Commission as such and the Stewardship board should become a PJP in its own right//47: single governance system, that's to be evidenced in practice. It may be the case across the acute sector, but it won't be across aged care, because of the more decentralised nature of aged care//23: I think, to put it succinctly, what we will see is emergence of a governance model consistent with Church law, which will enable those parts of the sector who need that for their future, to be able to take advantage of it, or lock into a governance mode//17: It's the model that has to come. They haven't done much in America about that public juridic model with involvement of the bishops. The bishops traditionally have been interested in education//7: But it is also part of the philosophy of some people in Catholic health care that disagree with private hospitals, and therefore they would see the Commonwealth funding Catholic hospitals as a third sector. And that's been seriously mooted//1: Let's all become shareholders in one company called Catholic Health Australia which will run all our hospitals. I mean that's the most radical step. I personally think there is no other way, to go in than that//

SUB-CATEGORY 7.6.5: CONSOLIDATION-EMBEDDING CHURCH

//13: I think the bishops themselves would be reluctant to get involved, as long as the order owns the facilities. It's alienated if it's gone out of their control [even if the order owns the assets, the order doesn't have a role in protecting those assets. Is there a role there for the bishops?] I think that that's the reason why, with the Integration 2000, Catholic Health Australia might become a management role. That's what I would see happening. That's the reason why some of them are happy that this thing should grow and flourish, because that might become a management role. Or they could hand their facility over to say, the ------ to run it on their behalf ………… but I just

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can't see the bishops getting involved//10: maybe that the diocesan Church might have to take a more active role in the areas where religious have been maintaining these places by themselves//22: change of attitude of particular bishops, and a general shift in general in attitude, there's a general shift but the change in some particular bishops is quite extraordinary. I did not think I would see it happening ten years ago, that suddenly they realised all the factors you've been talking about. And it's in that context, I think, that they nearly flipped after what happened in Melbourne//

SUB-CATEGORY 7.6.6: CONSOLIDATION-CHA ROLE

//7: I don't see any role in operations. To say that they have one board with fifty hospitals and national. The Church doesn't operate like that. It's bad theology, apart from anything else//28: I would see it as being somewhere between an association and CHA Inc. So CHA Inc. is a provider of services. I don't see it as providing services. So it's that facilitation, brokering, consultation, trust base//32: They would be the lobby group to influence government, and also the facilitators to get different groups together. Broker, yes//38: All that sort of thing. Policy development//40: I don't see that the vehicle for that happening is CHA. Bit of brokerage role sits there. What they should do is be an introduction agency, rather than a broker if you chose. I don't see the CHA as being the vehicle for integration. We're big, bad and ugly enough to be able to negotiate bilaterally, if it came to that. I wouldn't get too preoccupied with whether Catholic Health Australia is the vehicle for a single Catholic monolith. I'm not even sure it's the right place to end up. If all ----- has to do is to get five of us to say "we'll all put our hands up for contracts to treat public patients in private hospitals, you put the option out." Or go for aggregate billing or something like that, well, we can deliver in a way you can't deliver if you've got to go to a hundred different agencies//42: I think it will have a strong lobby role, broker role. I think they actually fulfil that role now.//

APPENDIX EIGHT:

SAMPLE LETTER OF INTRODUCTION

<u>Research Programme</u>

Dear

    You will recall that we met at the Annual Conference of CHA at the Hyatt in Melbourne. This letter will outline my research project and provide some background for our interview. My project sets out to fulfil the requirements for a Doctorate in Business Administration from Curtin University of Technology in Perth. The basic question the research will address is:

How do organisations in the Australian Catholic Health and Aged Care sector transform shared strategic thinking into formulated strategy?

    The research will investigate strategy formation, which can be defined as the process whereby the insights and thoughts of Leaders, Owners and managers are converted into formulated strategies. Specifically, it will analyse the Integration 2000 process with the intention of using the context to develop conclusions as to the nature of strategy formation, as perceived by the key stakeholders.

    The primary objectives of this research will be to:

- Chart the evolution of change strategies, in the Catholic not-for-profit health sector, from a more fragmented to an integrated sector model, over the life to-date of the Integration 2000 initiative

- Examine the structural changes embodied in the integration model for compatibility with the stated health care philosophy and assumptions at national, regional and entity level.

- Relate and interpret the processes of strategy formation as perceived by the key players.

- Uncover theoretical conclusions from this research.

Some of the issues, which can already be identified, are:

-The need to reconcile the more secular strategic agendas of professional operating management with the faith-based ministry embodied in the missions of the orders, which own and lead much of Catholic health care.

-Declining membership of religious orders.

-The retention of not-for-profit status.

-The shift in mindsets from order-based groups to an organisation of Owners and Leaders

The sample will seek to cover the viewpoints of the key stakeholders involved. It will be guided by the Integration 2000 structural model. The Executive Director, CHA, members of his staff, the twelve members of the Stewardship Board, the ten members of the National Commission, two or more representatives of each regional entity, three or four professional managers at CEO level and two or three interested diocesan authorities will be interviewed. Members of the Stewardship Board and National Commission, as well as individual CEO's and diocesan authorities will be interviewed individually, while it may be more appropriate to conduct group discussions with regional entity representatives. Horizontal/vertical slice group discussions will be sought.

One-to-one interviews will be conducted as set out above. With your permission, our interview will be audio-recorded and transcribed verbatim. The recording and transcript will be available for you to review. Anonymity of respondents will be scrupulously protected.

I appreciate your agreement to cooperate in this research. I will use the opportunity to interview you to explore the issues identified above, and any other matters, which you consider pertinent to an understanding of the Integration 2000 process.

As further background, I would appreciate documentation, and/or access to documentation, which outlines your organisation's history, ministry and values, as well as its interface with Integration 2000.

I appreciate the fact that this is something of an imposition, and may require more than one contact. [I appreciate the opportunity to interview you on ….at……..] OR [I will contact you within the next few weeks to arrange a

mutually convenient interview time]. If it is appropriate, I will arrange a follow-up visit at a time to suit you.

I have agreed with Francis Sullivan to edit the outcomes of this research into a simplified paper, which will be supplied and, at an appropriate time and venue, presented to participants.

I have attached a professional summary of myself. This should give you some idea of the background I can bring to bear on this project.

I want to thank you very sincerely for agreeing to help me. I will work very hard to ensure that this research will contribute to the Integration 2000 process.

Yours sincerely

APPENDIX NINE

Node Coding Report—All Respondents
Node: /I2K Process/features/leaders owners

Treenode address: (1 1 3)

Created: 19/06/00 - 9:25:24 PM

Modified: 3/08/00 - 4:52:31 PM

Documents in Set: All Documents

Document 1 of 50 !int# 43

Passage1 Section 0, Para 5, 31 chars.

5:   Leaders and Owners to go ahead

Document 2 of 50 !INT#47ED

Passage 1 of 2 Section 0, Para 8, 59 chars.

8:   Leaders and Owners themselves took ownership of the process

Passage 2 of 2 Section 0, Para 14, 75 chars.

14:   1997 Conference, the Leaders and Owners then took ownership of the project.

Document 3 of 50 1nt#41 RTF

Passage 1 of 9 Section 0, Para 7, 197 chars.

7:   4: Well, it probably had three phases.   The first phase was that……..we started with a consensus from the existing membership that there were major challenges facing the future of the services………..

8:

Passage 2 of 9 Section 0, Para 9, 19 chars.

9:   mandate of action.

Passage 3 of 9 Section 0, Para 9, 234 chars.

9:   The   second   point   is   that   there   had   been   a

growing……….anticipation on behalf, particularly of lay boards and lay managers that the religious congregations needed to send a direction about where they wanted everything to go in general.

Passage 4 of 9 Section 0, Para 9, 246 chars.

9： So that led us to the major shift in the………in the process was to, if you like, institutionalise in the process………..an authority for the sector, based on the ownership of the sector, the Leaders and Owners, and so we ran the process through them.

Passage 5 of 9 Section 0, Para 9, 223 chars.

Set Report From a Node

Node: /ACHCA CHA role E/Integration 2000

Treenode address:　　　(2 1)

Created:　　19/06/00 - 10:44:36 PM

Modified:　　19/07/00 - 2:36:34 PM

Documents in Set:　　LAY ST

Document 1 of 27 1nt#41 RTF

Passage 1 of 1 Section 0, Paras 31 to 34, 148 chars.

31:　process called Integration 2000

32:　: Right.

33:　4: With the creation of Catholic Health Australia, Integration 2000 has become the core business.

34:　J: Right.

───

Document 2 of 27 int # 45

Passage 1 of 1 Section 0, Para 31, 22 chars.

31:　been fairly integral

───

Document 3 of 27 int # 3

Passage 1 of 1 Section 0, Para 74, 170 chars.

74:　I think, on one hand, being active promoters, really getting around and telling people this is important, supporting people, talking to people about it, encouraging them.

───

Document 4 of 27 int # 18

Passage 1 of 5 Section 0, Para 44, 46 chars.

44:　before CHA, I'd think you'd say very little.

───

Passage 2 of 5 Section 0, Para 52, 60 chars.

52： danger of ……. of seeing much of the work done off the table

_____

Passage 3 of 5 Section 0, Para 52, 81 chars.

52： we're all terribly time-poor for. So, for example, I need to be backfilled here

_____

Passage 4 of 5 Section 0, Para 54, 72 chars.

54： need to spend time to actually build a working relationship with people,

_____

Passage 5 of 5 Section 0, Para 56, 219 chars.

Appendix Ten

Data Collection Method (Field Work)

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┌─────────────────────────────────────┐
│ Background Briefing: Sydney          │
│                                      │
│ Executive Director/Consultant.       │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│ Contact Canberra                     │
│ Identify Issues                      │
│ Documentation                        │
│ Outline Sample                       │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│ ACHCA/CHA Meeting: Melbourne         │
│ Familiarisation                      │
│ Contact Respondents                  │
│ Documentation                        │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│ Design Interview Guide               │
│ Introductory Letters                 │
│ Initial appointments                 │
└─────────────────────────────────────┘
```

Interviews Sydney Canberra Melbourne Brisbane June 21-29

Interviews Adelaide Ballarat Melbourne Sydney Brisbane Aug. 21-30

Interviews Sydney Rockhptn Oct. 26-29

Interviews Melbourne Nov. 26, Dec. 1

Interviews Perth 1999

Canberra Interview Documentation Feb 2000

Transcribe Interviews/ Mail Transcript And Tape With Covering Letter Edit Transcripts Prepare for Coding

Final Interviews Melbourne May 2000

N-Vivo Coding/Analysis Document Analysis